

NOVO A/S ANNUAL REVIEW 2014

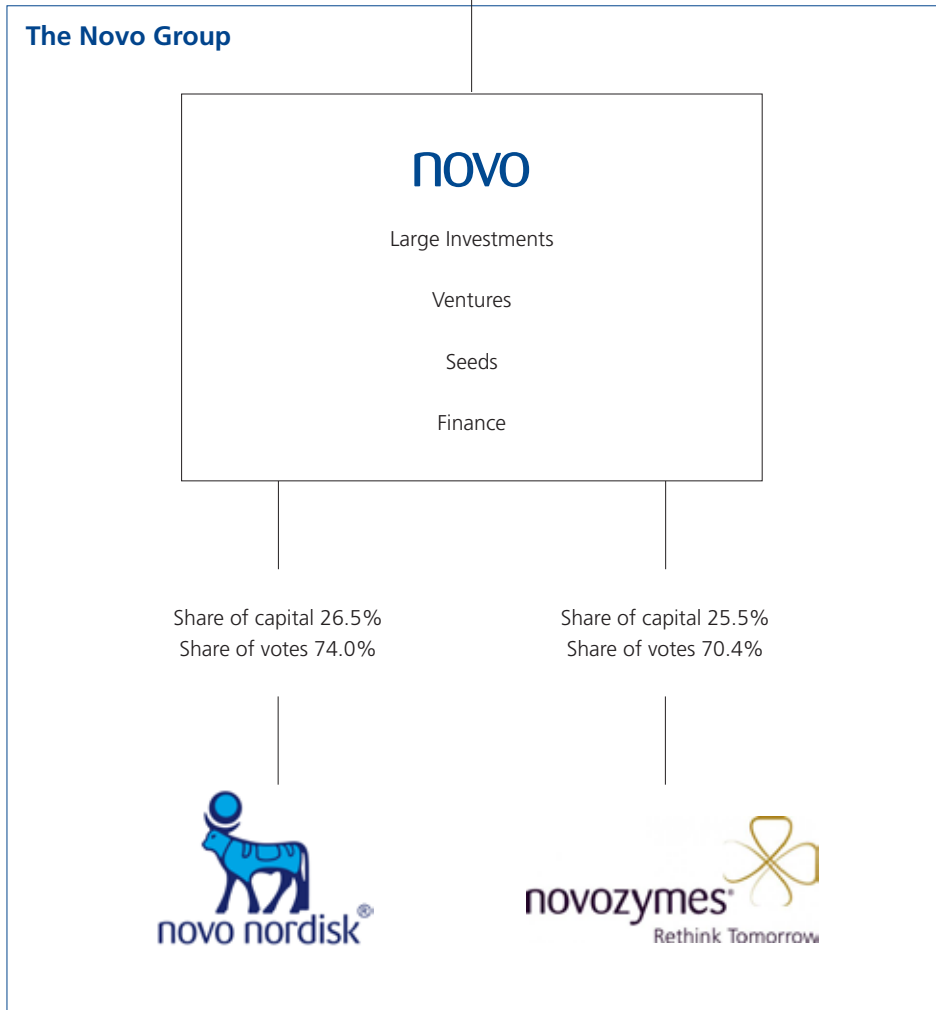
NOVO

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novo nordisk fonden

100% ownership



NOVO A/S

Novo A/S is a Danish private limited liability company fully owned by the Novo Nordisk Foundation. It is the holding company of the Novo Group and, as such, the controlling shareholder in the publicly listed companies, Novo Nordisk A/S and Novozymes A/S. Novo was established in 1999 prior to the demerger of Novo Nordisk, where Novozymes was established as a stand-alone, publicly listed company.

Novo's objectives are to meet the Novo Nordisk Foundation's strategic and commercial goals. We do so by being a strong owner of the companies in the Novo Group and by:

- complying with the rules and principles that are set out in the statutes of the Novo Nordisk Foundation regarding exercise of the voting rights of A and B shares in Novo Nordisk and Novozymes, respectively; and
- always maintaining a material influence on Novo Nordisk and Novozymes.

By investing in the life science sector, Novo can meet the commercial objectives of the Novo Nordisk Foundation and ensure value creation because:

- the Novo Group has a unique heritage and purpose within life science;
- the life science industry is financially attractive in a long-term perspective;
- Novo's capabilities as investor include life science investment competences, a strong industry network, financial strength, and a long-term investment horizon; and
- Novo maintains a liquid buffer to support any investment needs in the Novo Group.

Novo's investment objectives are to:

- generate competitive financial returns;
- gain the respect of its stakeholders as a responsible investor;
- help address unmet medical needs; and
- generate broader support for the life science industry.

The common denominator for all Novo's investments is that they must comply with – or at least not act against – the values and commitments defined in the Charter for Companies in the Novo Group and Novo's governance framework.



2014 IN BRIEF

NOVO NORDISK A/S AND NOVOZYMES A/S

Novo A/S is the controlling shareholder in Novo Nordisk and Novozymes. Both companies achieved very good financial results in 2014. Novo Nordisk increased its net profit to DKK 26.5 billion; in Novozymes, the net profit increased to DKK 2.5 billion. The value of shares in the two companies rose by 31% and 13%, respectively.

LARGE INVESTMENTS

In 2014, our investment in the Danish-based Sonion Group and the sale of Archimedes Pharma Ltd. were the major achievements in Large Investments. In addition, the value of our holding in Chr. Hansen Holding A/S increased by 25% or DKK 2 billion. The Xellia Group met unexpected challenges in the market and in its manufacturing, which required an impairment of its value in the books of Novo A/S in 2014. However, we remain confident about the company's long-term potential.

VENTURE INVESTMENTS

In 2014, Novo consolidated its position as a major international investor within life science ventures. We invested in 11 new companies, made follow-on investments in 26 of our existing portfolio companies, and successfully exited five companies. Our investments totalled DKK 1,096 million and exits amounted to DKK 2,590 million. By the end of 2014, the market value of our venture portfolio reached DKK 5.3 billion.

SEED INVESTMENTS

To mature early-stage ideas and companies in the life science area, the Novo Nordisk Foundation and Novo run a pre-seed and a seed programme. In 2014, seven projects received grants from the pre-seed programme; the seed programme invested DKK 97 million in early-stage life science companies.

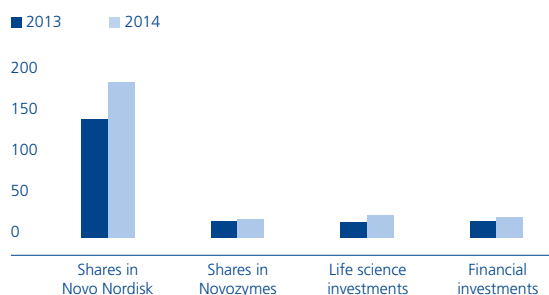
FINANCIAL INVESTMENTS

In 2014, we continued the development of our global portfolio of financial investments. The main purpose of these investments is to spread Novo's financial risk and, at the same time, maintain a substantial pool of financial resources. In 2014, our portfolio of financial investments yielded a return of 12.9%, reaching an accumulated value of DKK 25 billion.

NEW CEO & NEW COLLEAGUES

In 2014, Novo's CEO since 2000, Henrik Gürtler retired after 37 years in the Novo Group. He was succeeded by Eivind Kolding, former CEO of Danske Bank. In total, seven new colleagues joined the Novo team in 2014; four of these moved into newly created positions and three replaced colleagues who had taken employment elsewhere.

DEVELOPMENT IN ASSETS (DKK BILLION)



LONG-TERM VALUE CREATION

Over the recent years, the increasing financial return in Novo A/S, especially from Novo Nordisk A/S and Novozymes A/S, has made it possible for Novo to direct its attention towards larger investment opportunities within life science. Our focus is on well-established, profitable companies preferably with a leading position in their field and good growth potential. The purpose of these large investments is to secure long-term value creation as well as diversity in our overall investment portfolio.

While the returns of Novo's venture investments largely stem from divesting companies, the value creation from large investments derive from dividends and increased value appreciation over time. Novo does not necessarily have a plan for exit when a large investment is made.

We have a flexible approach to our large investments. Both minority and majority stakes are of interest, and we can invest in public as well as private companies. It is a condition, however, that we can exercise active ownership.

As a result of this investment strategy, Novo in 2012 acquired 25.7% of the shares in Chr. Hansen Holding A/S – a global supplier of bioscience-based ingredients to the food, health and animal feed industries. In 2013, we acquired all shares in the Danish-headquartered Xellia Group – a global developer, manufacturer and supplier of Active Pharmaceutical Ingredients (APIs).

In 2014, Novo acquired all shares in the Danish-based company, Sonion Group – a global leader in the design of advanced miniature components and solutions for hearing aids. Sonion invests substantially in R&D to constantly make hearing aids better and smaller and, in this way, contribute to an easier life for the hearing impaired.

Our investments in these high-technology, knowledge-based companies contribute to creating and securing jobs and other value-generating activities in Denmark. Although all three companies are Danish internationals – i.e. companies founded and based in Denmark but with global activities – Novo may also invest in non-Danish enterprises.



BOARD OF DIRECTORS AND MANAGEMENT



STEN SCHEIBYE
CHAIRMAN OF THE BOARD

Sten Scheibye was born on 3 October 1951 and is a Danish national. He holds an MSc in Chemistry and Physics from 1978 and a PhD in Organic Chemistry from 1981, both from the University of Aarhus, Denmark, and a BComm from Copenhagen Business School in 1983.

From 1995 to 2008, Sten Scheibye was President and CEO of Coloplast A/S, Denmark. Before joining Coloplast in 1993, he served as Senior Vice President, Sales & Marketing in Leo Pharma A/S, Denmark. He joined Leo Pharma in 1981.

Sten Scheibye is Chairman of the Board of Directors of the Novo Nordisk Foundation, the Danish Industry Foundation, the Rich. Müller Foundation, RMIG Rich. Müller A/S, and the Knud Højgaards Foundation.



GÖRAN ANDO
BOARD MEMBER

Göran Ando was born on 6 March 1949 and is a Swedish national. Dr Ando is a specialist in General Medicine and a Founding Fellow of the American College of Rheumatology in the US. Dr Ando is former Executive Vice President and President of Research & Development of Pharmacia Corporation, which was acquired by Pfizer Inc. in 2003.

In April 2003, he was appointed CEO of the Celltech Group PLC in the UK until its acquisition in 2004 by UCB.

Dr Ando is Chairman of the Board of Directors of Novo Nordisk A/S and Symphogen A/S, and a member of the Board of Directors of Molecular Partners.

Dr Ando serves as a Senior Advisor to Essex Woodlands Health Ventures UK Ltd.



JEPPE CHRISTIANSEN
BOARD MEMBER

Jeppe Christiansen was born on 25 November 1959 and is a Danish national. He holds an MSc in Economics from the University of Copenhagen. Since 2004, Jeppe Christiansen has been CEO of Maj Invest A/S, of which he is also a co-founder.

From 1986 to 1988, Jeppe Christiansen worked as an economist in Sparekassen SDS. He came to LD Pensions in 1988 where he became Head of Fund Management and later, as Executive Vice President, responsible for investments. From 1998 to 2004, Jeppe Christiansen worked as a Director in Danske Bank, responsible for international equity investments and corporate clients.

Jeppe Christiansen is Vice Chairman of the Board of Directors of Novo Nordisk A/S and of Haldor Topsøe A/S, and a member of the Board of Directors of Kirkbi A/S and Symphogen A/S.



STEEN RIISGAARD
BOARD MEMBER

Steen Riisgaard was born on 22 March 1951 and is a Danish national. He holds an MSc in Microbiology from the University of Copenhagen.

Steen Riisgaard was President and CEO of Novozymes A/S from the demerger from Novo Nordisk A/S in 2000 until April 2013. He joined Novo Nordisk in 1979 in Enzymes Research & Development. In 1982, he moved to Tokyo to start up an enzymes R&D unit in the Novo Nordisk subsidiary, Novo Industri Japan Ltd. After his return to Denmark in 1985, he held a range of jobs in the company before he was promoted to Corporate Executive Vice President with special responsibility for the Enzyme Business in 1989.

Prior to joining Novo Nordisk, Steen Riisgaard was a research fellow at the Serum Institute of Denmark and a research microbiologist at Foss Electric, Denmark.

Steen Riisgaard is Chairman of the Board of Directors of ALK-Abello A/S, Cowi A/S, Egmont International Holding A/S, Xellia Pharmaceuticals A/S, and the WWF (World Wildlife Fund), Denmark. Furthermore, he is Vice Chairman of the Boards of the Novo Nordisk Foundation and the Villum Foundation, and serves on the Boards of Aarhus University and Corbion nv.



PER WOLD-OLSEN
BOARD MEMBER

Per Wold-Olsen was born on 6 November 1947 and is a Norwegian national. He holds an MBA in Economics Administration as well as an MBA in Management and Marketing.

Per Wold-Olsen joined Merck & Co. (MSD) in 1974. He became Managing Director of the Norwegian subsidiary in 1976 and Regional Director and Vice President of the Scandinavian region in 1986. In 1991, Per Wold-Olsen was appointed Senior Vice President for Worldwide Human Health Marketing of Merck & Co. Inc. in the US, and in 1994, he was appointed President of Human Health Europe of Merck & Co. Inc. In 1997, his region increased to include Eastern Europe, the Middle East and Africa, as well as Worldwide Human Health Marketing. In 2005, he was appointed President of the Human Health Intercontinental Region, Merck & Co. Inc. From 1994 to 2006, he was also a member of Merck's Management Committee.

Per Wold-Olsen is Chairman of the Board of Directors of GN Store Nord A/S, Vice Chairman of Medicines for Malaria Venture, and serves on the Board of Directors of Exiqon A/S and Gilead Sciences Inc.



EIVIND KOLDING
CEO

Eivind Kolding was appointed CEO of Novo A/S on 1 May 2014.

Eivind Kolding was born on 16 November 1959 and is a Danish national. He holds an MA degree in law from the University of Copenhagen. He was admitted lawyer to the bar in 1986 and to the High Courts in 1988. In 1989, he joined the A.P. Møller-Maersk Group. During his 22 years with the company, he held a number of different positions. From 1991 to 1995, he served as Head of Corporate Secretariat, A.P. Møller-Mærsk A/S; from 1996 to 1998, he was Managing Director of Maersk Hong Kong Ltd.; and from 1998 to 2006, he served as CFO of the A.P. Møller-Maersk Group. Finally, from 2006 to 2011, Eivind Kolding became Partner and CEO of Maersk Line.

In 2001, Eivind Kolding joined the Board of Danske Bank, became Vice Chairman of the Board in 2005 and its Chairman in 2011. From 2012 to 2013, he served as Group CEO of Danske Bank.

MANAGEMENT REPORT

Yet another great year
for Novo A/S



MANAGEMENT REPORT

2014 was an excellent year for Novo A/S. All areas of activity yielded good results, and the net result for 2014 was DKK 13 billion (DKK 11 billion in 2013).

Novo Nordisk and Novozymes, in which Novo is the controlling shareholder, experienced growth in both sales and earnings in 2014. Novo Nordisk's net profit increased by 5%, and in Novozymes, net profit increased by 15%. The share price of the two companies increased by 31% and 13%, respectively.

In August, we completed the sale of the pharmaceutical company, Archimedes Pharma Ltd. at a satisfactory price – and in September, we completed the acquisition of Sonion, a leading supplier to the global hearing aid industry. In its financial year 2013/2014, Chr. Hansen's profit after tax decreased by 5%, and the company's share price increased by 23%.

2014 became a very successful year for venture exits, including IPOs. Venture investments were made in 11 new companies – nine in the US and two in Europe – and follow-on investments in 26 portfolio companies. We also invested in four new seed companies.

By the end of the year, the value of our life science portfolio, outside of Novo Nordisk and Novozymes totalled DKK 26 billion, further strengthening our position as an international life science investor.

With regard to Novo's financial investments, the diversification of the financial assets continued through new financial investments, primarily in public shares and corporate bonds. Novo's financial investments increased by 25% to DKK 25 billion in 2014.

Overall, 2014 was a record year for Novo A/S. The net result reached DKK 13 billion, an increase of 24% compared to the previous year. This was achieved without participation in Novo Nordisk's share buyback programme. The income was generated based on contributions from all investment areas.

DKK million	2014	2013
Returns from Novo Nordisk and Novozymes	49,016	19,564
Returns from life science investments	7,336	2,748
Returns from financial investments	3,204	3,066

Returns from Novo Nordisk and Novozymes are based on market values.

Most of Novo's life science investments are made in the US and the USD/DKK currency ratio increased 13% from

end 2013 to end 2014. This appreciation contributed DKK 0.7 billion to the 2014 life science investment result.

28% INCREASE IN TOTAL ASSETS

By the end of the year, Novo's assets totalled DKK 255 billion, of which liquid and investment assets at fair value amounted to DKK 51 billion.

DKK million	2014	2013
Shares in Novo Nordisk and Novozymes	203,715	158,379
Life science investments	26,254	18,703
Financial investments	24,567	19,871
Total	254,536	196,953

In 2014, the value of Novo's shares in Novo Nordisk increased by 31% to DKK 183 billion. We received dividends of DKK 3,156 million – an increase of 23% compared to 2013. Unlike previous years, we decided not to participate in the share buyback programme in Novo Nordisk in 2014. As a consequence, our share of the capital in Novo Nordisk increased by 1.0%-points. At the end of the year, we held 537,436,000 A shares and 163,814,000 B shares, equivalent to 26.5% of the share capital and 74.0% of the votes in Novo Nordisk.

The value of Novo's shares in Novozymes increased by 13% in 2014. By the end of the year, the value of our holding in Novozymes amounted to DKK 21 billion. We received dividends of DKK 204 million – an increase of 12% compared to the previous year. As part of Novozymes' share buyback programme we sold 1,351,500 B shares in Novozymes yielding DKK 319 million. As of 31 December 2014, we held 53,743,600 A shares and 27,779,900 B shares, equivalent to 25.5% of the share capital and 70.4% of the votes in Novozymes.

LARGE INVESTMENTS

Since 2013, Novo's investments in early-stage commercial companies have been redirected towards well-established, cash-flow positive companies with strongly positioned products and attractive long-term prospects.

In 2014, Novo purchased all shares in the Sonion Group, and we sold all our shares in Archimedes Pharma Ltd. In addition, the



Increased share value in Novo Nordisk A/S and Novozymes A/S.



Acquisition of Sonion A/S, sale of Archimedes Pharma Ltd, and DKK 531 million in follow-on investments.

value of our holding in Chr. Hansen increased by 25% or DKK 2 billion. The Xellia Group met unexpected challenges in the market and in its manufacturing, which required an impairment of its value in the books of Novo A/S in 2014. However, we remain confident about the company's long-term potential.

LARGE INVESTMENTS

DKK million	2014	2013
Value at the end of the year	20,686	15,070
Investments during the year	4,479	4,525
Cash proceeds during the year	2,661	309
Unrealised and realised gains/losses during the year	3,092	2,152

VENTURE INVESTMENTS

In 2014, Novo continued its strong commitment to life science ventures by making new and follow-on investments, consolidating our position as a recognised international investor within life science ventures.

We invested DKK 1,096 million as venture capital - DKK 530 million in new companies - and DKK 566 million as follow-on investments in existing portfolio companies. In 2014, five of our portfolio companies were sold, seven were listed in public offerings and two were liquidated. Exit proceeds totalled DKK 2,590 million. At the end of 2014, the total book value of our venture investments was DKK 5.3 billion.

VENTURE INVESTMENTS

DKK million	2014	2013
Value at the end of the year	5,331	3,474
Investments during the year	1,096	902
Cash proceeds during the year	2,590	88
Unrealised and realised gains/losses during the year	4,252	624

SEED INVESTMENTS

Novo runs a seed investment programme that supports early-stage life science companies primarily in Scandinavia.

In addition, Novo assists the Novo Nordisk Foundation in a pre-seed programme that aims to identify and support academic research with commercial potential. This programme provides managerial and strategic support to early-stage projects, and funding is given as grants in the same manner as other grants awarded by the Novo Nordisk Foundation.

The seed programme supports more advanced projects and operates on commercial terms. Support is given to projects and companies in exchange for ownership or other rights to the company or project in question.

In 2014, the Novo Nordisk Foundation's pre-seed programme provided grants to seven projects, and Novo's seed programme invested DKK 97 million in 12 companies. Through these investments, Novo Seeds has contributed to the development of a dynamic biotech environment in Scandinavia.

SEED INVESTMENTS

DKK million	2014	2013
Value at the end of the year	237	159
Investments during the year	97	92
Cash proceeds during the year	11	-
Unrealised and realised gains/losses during the year	-8	-28

FINANCIAL INVESTMENTS AND RESERVES

The purpose of our financial investments is to diversify our entire investment portfolio, thereby spreading the risk and still achieving high returns. These investments also serve as a liquidity buffer to cover the needs of the Novo Nordisk Foundation, the Novo Group or other portfolio companies. Since Novo is fully equity financed and our external obligations minimal, we are in a position to adopt a long-term investment perspective.

Our investment rationale is primarily based on the assumption that, in the long term, shares give a higher return than bonds. Novo's allocation to equities and corporate bonds increased in 2014, whereas the allocation to short Danish government and real estate bonds was reduced.

In 2014, the liquid financial investments generated a return of DKK 3.2 billion, equivalent to 12.9% - which was 1.9% better than the weighted benchmark. The total book value of the financial investments, including cash, reached DKK 25 billion by the end of the year. In addition, the Novo Nordisk shares that we could have sold in the share buyback programme but preferred to keep, constituted an additional financial reserve of DKK 7 billion at the end of 2014.

FINANCIAL INVESTMENTS

DKK million	2014	2013
Value at the end of the year	24,567	19,871
Unrealised and realised gains/losses during the year	3,204	3,066



Novo Seeds invested in 12 companies in 2014.



DKK 2,745 million in dividends for the Novo Nordisk Foundation.



DIVIDEND CONTRIBUTION

In 2014, Novo paid DKK 2,745 million in dividends to the Novo Nordisk Foundation, which, in accordance with its statutes, provides grants for scientific, humanitarian and social purposes.

Since 2007, the Foundation has granted more than DKK 6 billion, primarily to research within biomedicine and biotechnology in Denmark and the rest of the Nordic countries. These grants aim to strengthen the quality of the research within these fields and to advance future research by supporting research talents and their development.

- Return on financial investments. In 2014 the investments yielded DKK 3.2 billion compared to DKK 3.1 billion in 2013.

Besides operating costs, Novo had three main categories of cash outflows and investments in 2014:

- Dividend to the Novo Nordisk Foundation (DKK 2,745 million)
- Investments in life science companies (DKK 5,715 million), and
- Increase in net financial investments (DKK 5 billion) and other reserves (DKK 7 billion)

CASH FLOWS IN NOVO A/S

The funds flowing into Novo primarily originate from four sources:

- In 2014, Novo sold shares in Novozymes resulting in proceeds of DKK 319 million.
- Dividends. In 2014, Novo received dividends from Novo Nordisk, Novozymes and Chr. Hansen totalling DKK 3,488 million, equivalent to a DKK 520 million increase from 2013.
- Cash exits from life science investments. In 2014, cash exits in total yielded DKK 5,262 million, compared to DKK 397 million in 2013.

IMPACT

Besides providing capital, Novo's investments support the life science industry in many ways. By assisting in the commercialisation of new science and providing financial support to companies that bring new and more efficient treatments and technologies to market, we can help meet the medical needs of the global population – as well as contribute to identify and address needs that are as yet unmet. This is made possible by our dedicated focus on R&D, innovation and product development.

In Scandinavia in particular, we support the dynamic life science environment with a view to strengthening the Scandinavian life science cluster.

! DKK 3,204 million in return on financial investments.

! The value of the venture portfolio increased to DKK 5,331 million.



The professional competences of our employees are of great strategic importance.

NOVO'S STRATEGY REAFFIRMED

In 2014, Novo concluded a strategy review. Our strategy is based on the commercial objectives of the Novo Nordisk Foundation. Novo will continue to be a strong owner of the companies in the Novo Group and will invest its capital in the life science industry to optimise value creation and to support development in the industry in general.

Due to our long experience and extensive expertise, we are uniquely positioned to play an active role in the industry. We address the entire spectrum of life science companies – from early seed investments through traditional venture investments to investments in large, mature life science companies. We have a flexible investment approach enabling both minority and majority investments, which allows us to take a long-term perspective in all our investments.

To be successful, Novo needs to make the right investment decisions and exert value-adding ownership of its portfolio companies.

GOVERNANCE

Novo puts great emphasis on active ownership. We strive to have board representation and through this to influence the major strategic initiatives that our portfolio companies take. We also have a real interest in the composition of the executive leadership team in the companies, and keep close track of company performance. When it comes to daily management and more operational issues, we believe such matters should be left to the company's management and board.

We are keen to ensure that the companies in our portfolio observe the value-based standards defined in the Charter for Companies in the Novo Group.

INVESTMENT PROCESS

Novo carries out extensive due diligence in connection with investments in new companies. In addition to scientific and business-related issues, our due diligence inquiries establish whether the company operates according to values and principles that correspond to those of the Novo Group. A bioethical perspective helps to evaluate whether the relevant companies – in connection with clinical trials and potential use of biological material – comply with ethical standards and international conventions.

CORPORATE SOCIAL RESPONSIBILITY IN NOVO

CSR is an integral part of Novo's value-based governance framework, which provides the direction for the company and its employees as well as guidance in good business conduct.

KNOWLEDGE RESOURCES

Novo depends on highly specialised expertise – particularly within the areas of life science and investments. For this reason, the professional competences of our employees are of great strategic importance. We focus on continuing education to allow the individual employee to increase his or her value to Novo and the labour market in general.

To serve our portfolio companies with the best combination of competences, our life science teams include people whose professional experience has been gained inside as well as outside the Novo Group. For example, in the healthcare sector, the biotech industry, or in other international companies.

In addition to the Board of Directors, Novo has an advisory group of external life science professionals, who meet on a regular basis to provide Novo with feedback and advice on life science investment projects.

In finance and administration, our employees have specialist knowledge within all the asset classes relevant to investment management, and relevant qualifications in accounting, auditing, taxation, legal affairs, HR and IT.

Focusing on the way we work and following up on improvement measures are important items on our management agenda. We wish to cultivate a positive and inspiring work environment with respect for health and safety. Regular evaluation of methods and effects – for example work climate surveys and workplace assessments – ensure that we continuously improve the way we work.

BUSINESS AND FINANCIAL RISKS

Novo's most important risks are related to the business risks of the two operating companies, Novo Nordisk and Novozymes. The business risks vary in the two subsidiaries as a consequence of their different activities.

Novo Nordisk's performance is subject to a number of risks relating to activities throughout its value chain. Developing and bringing new treatments to market



Please turn to pages 56-57 to see the full 2014 CSR report.

involve regulatory and production risks. Product safety is directly linked to patient well-being, which means that safety and product quality are paramount concerns from both a financial and reputational perspective. While the gross risk is very high, with product safety having the potential to adversely affect operations, Novo Nordisk believes that vigorous efforts to manage and mitigate this risk effectively reduce the company's net risk profile. Other risks include pricing and reimbursement reforms, competition from new products or biosimilar medicines, supply disruption, financial risks, business ethics and legal risks.

Novozymes has identified risks throughout the value chain relating to its suppliers, markets, customers and partners, as well as environmental and social aspects and has implemented measures to limit these. As a growth company, market and customer risks are of particular interest to mitigate. To do so Novozymes focuses on delivering a strong innovation pipeline to a diversified set of more than 40 different end markets globally. Failure to deliver the right products to customers may provide openings for competitors, hence the continued strong focus on leading on innovation to generate growth and build customer relationships. Novozymes further leverages close partnerships with major customers and innovation leaders to mitigate this risk by means of joint development projects. Novozymes also strives to shorten the time needed to bring new products to market as well as offering the best available product portfolio at the lowest possible production cost at any given time. With international operations, Novozymes' income statement and balance sheet are exposed to a number of financial risk factors such as currency development, where Novozymes' main exposure is towards the Euro and the US dollar, where the company protects itself through hedging.

In both companies, currency is a considerable risk factor due to their extensive global operations. Both subsidiaries protect themselves against currency fluctuations through hedging, particularly with respect to the US dollar and the Japanese yen.

For more information on Novo Nordisk and Novozymes and their approach to risk management, please see the articles on pages 52-53 or consult the companies' Annual Reports 2014.

Finally, Novo also incurs financial risks in connection with investments in life science companies and in financial assets.

THE FUTURE

Novo's financial prospects are highly dependent on the results of Novo Nordisk and Novozymes. For further information on the outlook for 2015 for these two companies, please consult their Annual Reports 2014.

Likewise, the financial results of Chr. Hansen, Sonion and Xellia will play an important role for Novo's future results.

Since two thirds of our venture investments are made in US dollars, the value of Novo's venture portfolio is significantly influenced by changes in the US dollar exchange rate. Although pricing and health care reforms are putting pressure on the biotech industry, we believe that the underlying long-term trends are positive. Encouraging developments in the venture portfolio combined with a number of strong exits and public offerings in recent years provide the basis for continued optimism.

In 2015, Novo expects to pay dividend of DKK 4,715 million to the Novo Nordisk Foundation and plans to invest significant amounts in larger life science companies, up to DKK 1.5 billion in venture companies and up to DKK 130 million in seed companies.

At their annual General Meetings, Novo Nordisk and Novozymes approved dividends for 2014 of DKK 5 per share and DKK 3 per share, respectively. Consequently, Novo will receive total dividends of DKK 3,751 million in 2015 from the two companies, equivalent to an increase of 12% compared to 2014.

LARGE INVESTMENTS

Creating value through holding
rather than selling



INVESTING IN MATURE LIFE SCIENCE COMPANIES

Large Investments was established in 2012. Complementing our seed and venture portfolios, Large Investments focuses on mature, well-established life science companies with a strong market position, attractive growth prospects, and an ambitious innovation agenda. Our goal is to create value through active support and long-term ownership, particularly in industries and companies where we, through active ownership, can contribute to making strong companies perform even better.

The long-term perspective of our investments provides a stable platform for the portfolio companies, helping them to make the right decisions for sustained performance. The large investments can be made in publicly listed as well as privately owned companies and, depending on the situation, we may invest to take either a minority or a controlling position.

DEVELOPMENTS IN 2014

In 2014, Novo acquired Sonion Group – a global leader in the manufacture of microelectronic components for the hearing aid industry. Our acquisition was motivated by the company's very strong market position, its attractive long-term prospects, and its contribution to support the health and well-being of the hearing-impaired through the production of still more sophisticated hearing aid components.

In 2014, Novo also divested its shares in Archimedes Pharma Ltd. – a specialty pharmaceutical company that provides advanced treatments to the oncology, pain, neurology and critical care sectors. The divestment of Archimedes is in line with the strategy of having a Large Investments portfolio with more mature companies, as Archimedes was acquired at a point in time when focus was on investing in companies in earlier phases of their commercialisation.

Xellia Pharmaceuticals, also fully owned by Novo, revised its strategy in 2014 to focus solely on the anti-infective

market. Despite Xellia meeting unexpected operational and commercial challenges in 2014, resulting in an impairment of its value in the books of Novo A/S, Novo remains confident about Xellia's commercial prospects for advancing therapies for drug resistant infections.

The other large investments, in which Novo is a minority shareholder, saw very positive developments in 2014. Chr. Hansen Holding A/S experienced strong organic growth of 8% and is continuing its 'Natures no. 1' Strategy. Aerocrine AB received a NICE (National Institute for Health and Care Excellence) recommendation for the use of Aerocrine's technology for testing to help diagnose and manage asthma. The company also announced a collaboration with Microsoft to implement secure, cloud-based remote medical device monitoring. Symphogen advanced two new clinical studies evaluating Sym004, an investigational anti-cancer antibody mixture. Late in the year, Symphogen regained the full rights to this programme from MerckSerono. Orexo AB continued its launch efforts for Zubsolv® in the US, and realized an increase in net sales of 33% and a corresponding market share increase during the year from 1% to 6% for this product.

GOING FORWARD

To expand our existing portfolio of seven companies, Novo is looking to place substantial investments in the life science sector in the years to come. Our areas of interest span broadly throughout the life science industry – from biopharmaceutical companies over med-tech manufacturers and healthcare service providers to industrial biotechnology. We strive to invest in companies that have strong market positions, and where we believe our ownership can make a significant difference to the company's long-term performance.



In 2014, Novo A/S acquired Sonion A/S and sold Archimedes Pharma Ltd.



Novo is looking to place substantial investments in the life science sector in the years to come.



Sonion

Founded in 1974 in Roskilde, Denmark

Headquartered in Switzerland with facilities in Denmark, Poland, the Netherlands, the US, China, Vietnam and the Philippines

Currently employs more than 3,500 people globally

A private company owned by Novo A/S and management

Board members representing Novo A/S: Eivind Kolding, CEO; Thorkil K. Christensen, CFO

Revenue 2014: USD 164 million

www.sonion.com

Sonion is a global leader within the development and manufacture of advanced microacoustic and micromechanical components and solutions. Products are mainly for hearing instruments, but the portfolio also includes solutions for high-end in-ear earphones, and communication devices for extreme environments. Sonion's components for the hearing aid industry provide the hearing-impaired with enhanced hearing and improved comfort. By making the components as small as possible, Sonion helps the hearing aid producers to reduce the size of a hearing aid and increase comfort and quality of life for the end user.

Sonion's goal is to be their customers' preferred development and manufacturing partner. A main priority is to support the customer all the way from idea through to high volume production. This is possible due to experienced research and development departments as well as a flexible production setup.

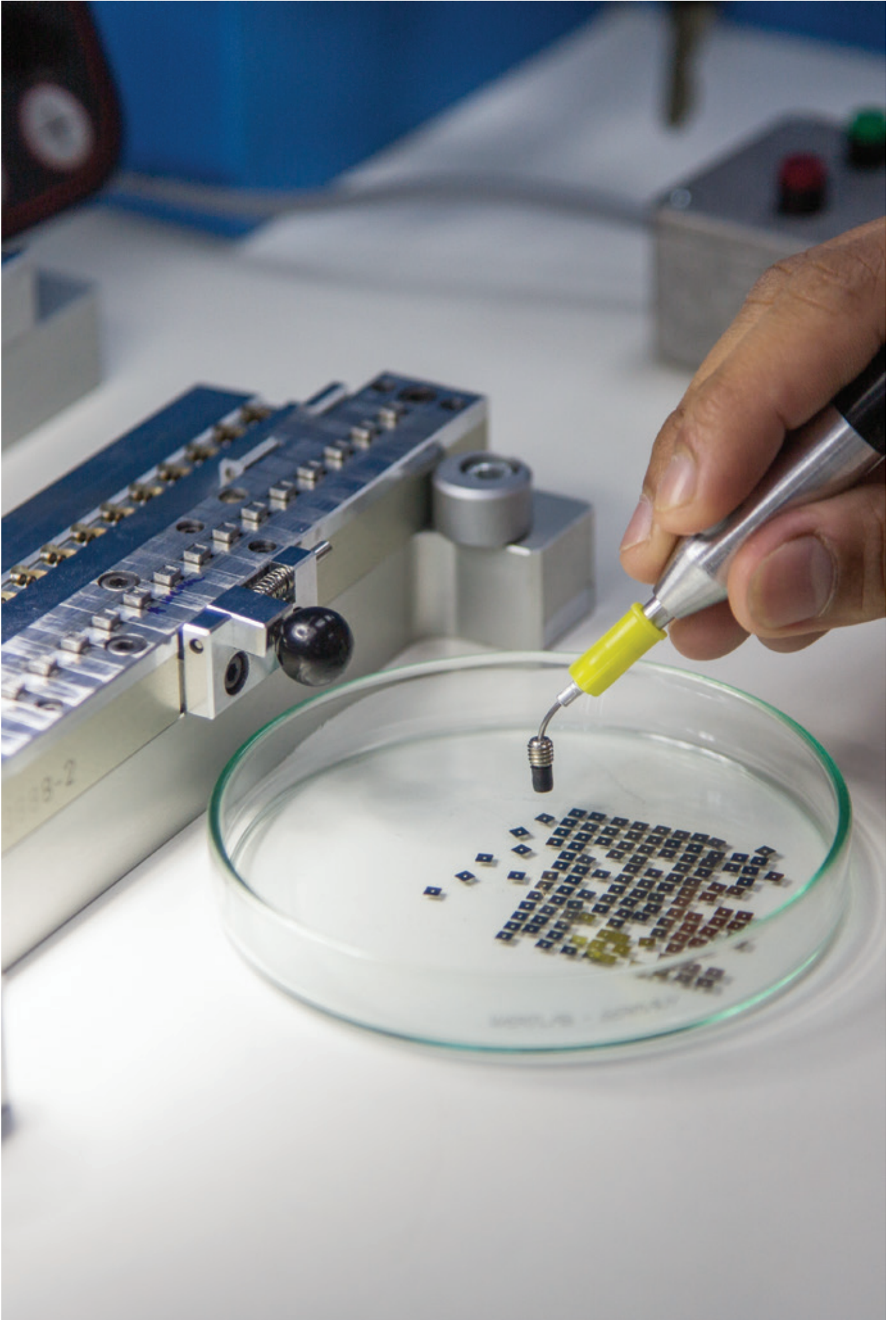
Sonion's product range includes balanced armature receivers, high-performance electret microphones, telecoils, and a range of micromechanical components for use in mainly hearing instruments. The comprehensive product portfolio is a result of continuous research and development efforts that translate into constant product improvements by minimising size and optimising quality and performance. Building on the generic product portfolio, Sonion works closely with customers to supply customised solutions that help them meet their challenges.

NEWS

- InvenSense and Sonion announce Strategic Microphone Development Alliance in the development of MEMS microphones.
- Release of the ED90 dual receiver for power applications.
- New Chairman of the Board: Walther Thygesen.

“We are enthusiastic about working with Novo as a long-term owner of Sonion. Novo has a long and successful track record in managing R&D intensive companies. With their support, we will be able to further emphasise our R&D efforts to develop better products for our customers.”

Jørn Mørkeberg, CEO of Sonion





Xellia

Founded in 1903
in Norway

Headquartered in
Copenhagen, Denmark

Private company fully
owned by Novo A/S
(acquired in 2013)

Market leader in
non-beta lactam
anti-infectives, based
on fermentation and
aseptic manufacturing
technologies

Revenue 2014: USD
201 million

Board member
representing Novo A/S:
Steen Riisgaard, Novo
Board Member

www.xellia.com



Xellia Pharmaceuticals is a specialty pharmaceutical company focused on producing anti-infective treatments against serious and often life-threatening infections. Xellia's range of anti-infective treatments combats most types of bacterial and antibiotic-resistant infections and certain fungal diseases. The company is the market-leading supplier of the anti-infectives, Vancomycin and Colistimethate Sodium. Vancomycin is used in treating serious, life-threatening infections that have been unresponsive to other antibiotics. Colistimethate sodium is primarily used to treat lung infections, especially in cystic fibrosis patients. In a world where the prevalence of multi-resistant infections is becoming more frequent, Xellia's portfolio of treatments offer a vital contribution to curing illnesses and saving lives.

Xellia has sales in more than 70 countries to more than 700 customers. The company is continually developing and expanding its product range to meet new treatment needs and to better service customer requirements. This includes the development of new dosage forms. Xellia also offers contract manufacturing services and custom synthesis for clinical trial material supply.

NEWS

- Xellia acquired Fresenius Kabi's lyophilised manufacturing facility in Raleigh, USA.
- FDA undertook a successful inspection of Xellia's manufacturing site in Copenhagen, DK.
- Xellia received market approval to sell Tobramycin, Polymyxin and Bacitracin on the US market.
- The company achieved proof-of-concept for inhaled Tobramycin, TobraAir® together with Xellia's partner, Scandinavian Health Limited (SHL).
- Xellia opened a significantly expanded formulation development lab opened in Zagreb, Croatia.
- The company moved to a new state-of-the-art API research facility in Oslo, Norway.



Chr. Hansen Holding A/S is a global bioscience company that develops natural bio-based ingredient solutions for the food, nutritional, pharmaceutical and agricultural industries with a view to become Natures No.1, as the company strategy declares. Despite being virtually unknown outside this specialised field, several hundred million people around the world enjoy Chr. Hansen products every day in the foods they eat. The natural ingredient solutions have always been based on solid research, development and application expertise. Chr. Hansen's core competences lie within microbiology and biotechnology, and the company holds a market-leading position in each of their main divisions: Cultures & Enzymes, Health & Nutrition and Natural Colors.

One of Chr. Hansen's most important strengths is application expertise. Innovative, healthy and safe products are developed in close cooperation with customers and all solutions undergo extensive tests and trials. The latter takes place at sophisticated industry technology centres around the world.

NEWS

- Expansion of fermentation capacity for cultures in Copenhagen was completed, with commercial production commencing in July 2014.
- Chr. Hansen changed its go-to-market strategy in China and Southeast Asia by serving key customers directly rather than through distributors.
- A share buyback programme of EUR 80 million was concluded during 2013/14.
- Optimisation of business processes, organisation and production footprint, including decision to close down small production facilities in a number of countries.
- Reinforcement of the natural colours platform in China through a new application expertise centre in China and a strengthened organisation to support stronger and more direct relationships with key customers.



Chr. Hansen
Founded in 1874 in
Copenhagen, Denmark

Headquartered in
Hørsholm, Denmark
with development
centres in Denmark,
the US, France and
Germany

Major investors include
Novo A/S and Capital
Group Companies

Revenue in 2013/14:
EUR 756 million

Public company listed
on NASDAQ OMX
Copenhagen since
2010. Code CHR

www.chr-hansen.com

Aerocrine



A medical technology company focused on improving treatment for patients with inflamed airways, through measuring the degree of airway inflammation.

NEWS

- National Institute for Health and Care Excellence (NICE) recommended the use of Aerocrine's product technology, Exhaled Nitric Oxide (FeNO), for testing to help diagnose and manage asthma.
- Aerocrine and Microsoft announced their collaboration to test secure, cloud-based remote medical device monitoring.
- NIOX VERO®, the latest product innovation from Aerocrine, was approved by the FDA.
- Marshall Woodworth was appointed new CFO.



Aerocrine
Founded in 1997

Headquartered in
Solna, Sweden

Major investors
include Novo A/S and
Investor AB

Revenue 2014:
SEK 166 million

Public company, listed
on the Stockholm stock
exchange since 2005.
Code AERO

Board member
representing Novo A/S:
Michael Shalmi, Senior
Partner

www.aerocrine.com

A biopharmaceutical company focused on developing next-generation antibody therapeutics for the treatment of cancer.

NEWS

- Symphogen relocated its corporate headquarters to a 10,000 m² facility in Ballerup, Denmark.
- Mads Laustsen was appointed to the newly created position of Chief Manufacturing Officer.
- The company entered a manufacturing agreement with Gallus BioPharmaceuticals, a premier pure-play biologics, contract-manufacturing organisation (CMO).
- Advancement of Sym004, an investigational antibody mixture targeting the epidermal growth factor receptor (EGFR), into two new clinical trials (phase 1b and 2b).



Symphogen
Founded in 2000

Headquartered in
Ballerup, Denmark

Major investors include
Novo A/S, Essex
Woodlands and PKA

Private company

www.symphogen.com

“Novo provides three critical resources: growth capital, strategic input and the time for the company to achieve its vision.”

Scott Myers, CEO of Aerocrine




A specialty pharmaceutical company focused on the therapeutic areas of pain and inflammation.

NEWS

- Orexo entered an Exclusive Reimbursement Agreement with UnitedHealth Group and OptumRx for ZUBSOLV®.
- Positive results were achieved in phase 3 clinical trials assessing ZUBSOLV® for induction of buprenorphine maintenance therapy in patients with opioid dependence.
- Orexo submitted an application to the FDA for an expanded label of ZUBSOLV® to include initiation of treatment for opioid dependence.
- Completion of a SEK 500 million bond issue.



Orexo

Founded in 1995

Headquartered in Uppsala, Sweden

Major investors include Novo A/S and HealthCap

Revenue 2014: SEK 221 million

Public company, listed on the Stockholm stock exchange since 2005. Code ORX

Board member representing Novo A/S: Michael Shalmi, Senior Partner

www.orexo.com

A specialty pharmaceutical company focused on the development of products for immuno-suppression, specifically in organ transplantation.

NEWS

- FDA accepted Veloxis' new drug application for Envarsus® for the prevention of organ rejection in kidney transplant patients.
- Envarsus® demonstrated lower treatment failure rate in African-Americans compared to twice-daily Tacrolimus (Prograf®).
- Envarsus® receives European marketing authorisation for the treatment of both kidney and liver transplant patients.



Veloxis

Founded in 2002

Headquartered in Hørsholm, Denmark

Major investors include Novo A/S and Lundbeckfond Ventures

Public company, listed on the NASDAQ OMX Copenhagen since 2010. Code VELO

Board member representing Novo A/S: Thomas Dyrberg, Senior Partner

www.veloxis.com

“Orexo has benefited from being able to leverage many of the capabilities the Novo Group has, e.g. when entering the US market. Furthermore, Novo enabled and accelerated the transformation in redefining Orexo’s strategy – from being a drug delivery and formulation company to a fully integrated specialty pharmaceutical company.”

Nikolaj Sørensen, CEO of Orexo

NOVO VENTURES

Investing in biotech to
bring innovative products
to patients



A UNIQUE APPROACH TO VENTURE INVESTMENTS

SUCCESSFUL TRACK RECORD

Novo A/S' venture activities have produced a positive track record and established Novo as an important player in the international life science venture capital industry. After 15 years in the business, we have invested DKK 6 billion in 102 companies and successfully exited 44 companies primarily through trade sales and IPOs.

Today, we have a diversified portfolio and a history of successful exits that have delivered positive financial results. In addition to generating a financial return, we strive to invest in companies that develop drugs, medical devices and diagnostics that can improve the health and lives of people around the world.

CREATING VALUE — INVESTING UP TO DKK 1.2 BILLION ANNUALLY

Novo's approach to venture capital investments is unique due to our special ownership structure. Novo has significant shareholdings in Novo Nordisk A/S and Novozymes A/S, but our venture investments are fully independent of the major Novo Group companies. As a specialised life science venture

capital investor, we focus on building and realising financial value in our portfolio.

Novo's venture investment activity is structured as an open evergreen fund with Novo as the only investor. This unique funding structure allows us to assume a long-term perspective when we make our investments, and it also exempts us from the frameworks that many traditional venture capital funds are bound by.

AN INTERNATIONAL INVESTOR

With people on the ground in Copenhagen, San Francisco and London, Novo is positioned to reach the major global life science hubs. As a key venture player with a strong network on both continents, Novo Ventures can quickly respond to new, interesting investment opportunities wherever they emerge. Our team also supports our portfolio companies through participation on their board of directors and by leveraging the experience gained from our diverse life science portfolio.

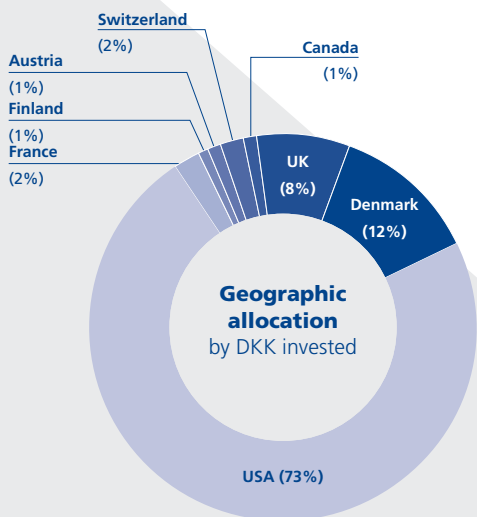


Since 2000, Novo Ventures has invested DKK 6 billion in 102 companies.

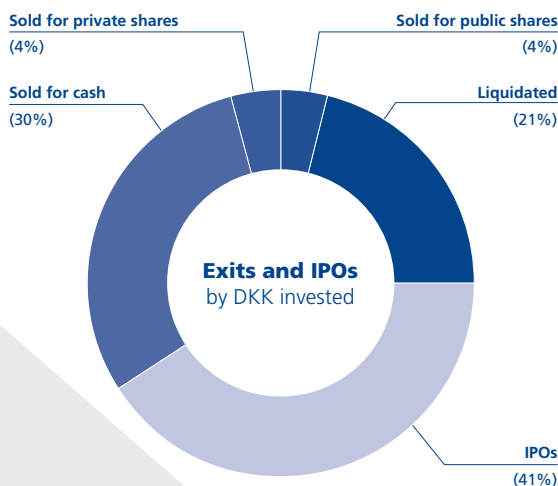


Novo invests up to DKK 1.2 billion annually.

PORTFOLIO 2000—2014



PORTFOLIO 2000—2014



EXITS IN 2014

Johnson & Johnson, Roche and Techne Corporation pay a combined USD 2.3 billion for three of Novo Ventures' portfolio companies. This includes a record-breaking USD 1.75 billion upfront payment for Alios BioPharma.

In 2014, we saw three of our portfolio companies being acquired for a combined USD 2.3 billion upfront payments, of which Novo received USD 318 million combined:

- Alios BioPharma was bought by Johnson&Johnson in November for a record-breaking amount of USD 1.75 billion upfront. This is the largest disclosed amount on record for a venture-backed biotech company.
- ProteinSimple was acquired by BioTechne for USD 300 million in August.
- Santaris was acquired by Roche in September for USD 250 million upfront and potential milestone payments of USD 200 million.

RECORD-BREAKING ALIOS WAS DISCOVERED AT A 'SPEED DATING' PRESENTATION

Novo's first encounter with Alios was at a 'speed dating' event at the C21 biotech conference in Napa in May 2008.

This meeting led to a deeper due diligence process over the summer and top-line terms being sent to Alios a few days before Lehman Brothers filed for bankruptcy in September 2008. In spite of the significant hurdles of financing an early-stage biotech company during the financial crisis, we managed – in close collaboration with Alios' founders – to pull a syndicate together and close a Series A financing in December 2008 together with Novartis and Roche venture funds.

The lab was up and running in early spring 2009 and already in July 2011, Alios licensed a preclinical portfolio of nucleotide analogues for treatment of Hepatitis C to Vertex for USD 60 million upfront. Over the next three years, Alios received more than USD 100 million in revenue from this collaboration and redirected its internal efforts to building a portfolio of programmes against respiratory virus infections. Over the next couple of years, the portfolio moved rapidly forward with promising clinical candidates against Respiratory Syncytial Virus (RSV), influenza and rhinoviruses. The lead programme in RSV entered clinical trials in 2013.

While Alios had kept potential strategic pharma partners up to date on the progress of its programmes and had received several incoming inquiries for licensing, it was decided to keep all programmes within Alios for as long as possible.

In 2014, Alios received impressive phase 2 efficacy and safety data in an RSV infection model in healthy volunteers.



Today, Alios is the lead research centre for viral diseases at Johnson&Johnson.



Consequently, the company decided to run a formal M&A process to see if there was an interest in an acquisition by strategic partners. The process was very competitive and eventually led to the USD 1.75 billion offer. Alios BioPharma has now become the lead research centre for viral diseases at Johnson&Johnson.

ROCHE ACQUIRES SANTARIS AND CREATES ROCHE INNOVATION CENTER COPENHAGEN – A POWERHOUSE OF LNA DRUG DEVELOPMENT

Santaris Pharma was established in 2003 through the merger of the two Danish biotech companies, Cureon and Pantheco. Novo first invested in Santaris Pharma (Cureon) in 2000 when the company was a very early-stage biotech company, founded to commercialise the so-called Locked Nucleic Acid (LNA) technology which was invented by Jesper Wengel and Poul Nielsen at the University of Southern Denmark. Wengel and Nielsen discovered a new chemical structure that mimicked nucleic acids but had an unprecedented high binding affinity. This enabled development of oligonucleotides with improved potency and specificity towards antisense targets.

One of many major scientific breakthroughs was achieved when Santaris, as the first company in the world, demonstrated efficacy in clinical trials with a microRNA-targeted drug. These results were published in the *New England Journal of Medicine* in March, 2013. In 2010, *Science* published an article which demonstrated that a 12-week-long down-regulation of the same anti-micro RNA mir122 in chimpanzees with HCV infection lead to a significant reduction in HCV in the blood.

On the commercial side, Santaris has made a string of deals over the years. In 2006, the company completed its first significant deal with Enzon around a small handful of oncology targets. Other deals quickly followed: GSK in 2007, Wyeth in 2008, Shire in 2009, and Pfizer in 2010. It culminated in 2013 when Santaris closed significant deals with BMS, GSK and Roche. Santaris concluded that the time had come to do a public offering in the spring 2014 and decided to list the company on NASDAQ. The preparations were well under way when Roche presented a pre-emptive offer to the shareholders in lieu of an IPO. A few months later, the deal was signed and Roche acquired the company.

Santaris will remain a powerhouse of LNA drug development for Roche under the new name, Roche Innovation Center Copenhagen A/S.

PROTEINSIMPLE REINVENTED THE TRADITIONAL WESTERN ASSAY

From our initial investment in a good idea in 2003, ProteinSimple has grown into a leading provider of instruments for advanced protein analysis, with almost 200 employees globally and more than USD 50 million revenue in 2013.

Back in 2003, the company was called Cell Biosciences and was developing an instrument to analyse enzyme activity in single cells. As is often seen in biotech companies, the initial idea did not work out. However, the company successfully re-directed its platform technology to develop what has now been launched as the Simple Western family of products. A new experienced management team got on board in 2008 to take the company through the difficult transition from an R&D organisation to a fully-fledged commercial company. Tim Harkness and his team built out the commercial infrastructure and product portfolio through very selective acquisitions, including another Novo portfolio company, Protein Forest.

ProteinSimple's greatest success was its internally developed Simple Western instruments, which essentially reinvented the traditional Western assay and gave researchers a completely automated, walk-away solution for the first time in 30 years.

Protein Simple had prepared for an IPO on NASDAQ and publicly filed an S-1 with JP Morgan and BofA Merrill Lynch as joint book runners, when the company was approached by Bio-Techne. They proposed to buy the company for USD 300 million. The deal was closed in June 2014.

“It’s great to see the LNA technology advancing into clinical trials at Santaris, and in the hands of Roche. I think it will be even more widely used and hopefully benefit patients in the future.”

Jesper Wengel, University of Southern Denmark



Locked Nucleic Acid (LNA) technology was invented at the University of Southern Denmark.



ProteinSimple's instruments provide researchers with an extensive set of tools to analyse proteins and determine their role in diseases.

INTRODUCING THE CLASS OF 2014

During 2014, Novo added three public and eight private companies to its venture portfolio. We also played a key role as lead or co-lead investor in most of the private financings.

Our new portfolio companies develop therapies for a variety of indications, including cancer, ophthalmology, pain, cardiovascular and chronic kidney disease.

Nine of the new companies are located in the US, while two are located in the UK and Switzerland.

Adaptimmune focuses on the use of T cell therapy with engineered T cell receptors to treat cancer and infectious disease. The company is in the clinic in the US in multiple cancer indications. Adaptimmune is located in Abingdon, Oxfordshire, UK. Novo participated in its recent financing.

Aerie Pharmaceuticals (NASDAQ: AERI) is focused on the discovery, development and commercialisation of first-in-class therapies for the treatment of patients with glaucoma. The lead programmes are in phase 3 clinical development. Aerie is located in Bedminster, NJ, USA.

Anokion closed a financing co-led by Novo. Anokion develops novel peptide and protein therapeutics with very low immunogenicity. The company is focused on products for orphan diseases and is located in Lausanne, Switzerland.

Intersect ENT (NASDAQ: XENT) is a commercial drug device company committed to improving the quality of life for patients with ear, nose and throat conditions. The company is located in Menlo Park, CA, USA. Novo invested in the company's IPO.

iRhythm Technologies closed a financing led by Novo. iRhythm is a medical device company that develops and markets the ZIO® Service – an innovative cardiac monitoring and diagnostic solution which uses a single-use wearable patch to detect cardiac arrhythmias. The company is located in San Francisco, CA, USA.

Nora Therapeutics closed a financing led by Novo. Nora develops granulocyte-colony stimulating factor for reproductive indications. The company is located in Palo Alto, CA, USA.

PanOptica closed a financing co-led by Novo. PanOptica is developing a novel topical drug for wet age-related macular degeneration. The lead programme is in phase 1b clinical development. The company is located in Bernardsville, NJ, USA.

SI-BONE is a revenue-stage medical device company that develops and markets new therapies for patients with low back pain related to sacroiliac joint disorders. The company is located in San Jose, CA, USA. SI-BONE closed a financing with Novo as co-investor.

Spinifex Pharmaceuticals closed a financing led by Novo. Spinifex develops novel AT² receptor antagonists for the treatment of pain. The lead programme is in phase 2 clinical development for the treatment of neuropathic pain. The company is located in Stamford, CT, USA.

Tokai Pharmaceuticals (NASDAQ: TKAI) is developing novel therapies for prostate cancer and other hormonally driven diseases. The lead candidate, galeterone is in phase 2 clinical development for the treatment of castration resistant prostate cancer. The company is located in Cambridge, MA, USA. Novo invested in the company's IPO.

ZS Pharma (NASDAQ: ZSPH) develops novel drug therapies for the treatment of hyperkalaemia. The lead programme is in phase 3 clinical development. The company is located in Coppell, TX, USA. Novo was the lead investor in the company's mezzanine financing and invested in the company's IPO. Novo sold all shares in 2014.

NEW PORTFOLIO COMPANIES

Adaptimmune
Cancer

Aerie Pharmaceuticals
Glaucoma

Anokion
Orphan diseases

Intersect ENT
Chronic sinusitis

iRhythm Technologies
Electrocardiogram continuous patch monitor for detecting arrhythmias

Nora Therapeutics
Implantation failure following in vitro fertilisation

PanOptica
Wet age-related macular degeneration

SI-BONE
Sacroiliac joint pain

Spinifex Pharmaceuticals
Neuropathic pain

Tokai Pharmaceuticals
Prostate cancer

ZS Pharma
Hyperkalaemia

PORTFOLIO COMPANY ACHIEVEMENTS IN 2014

BUSINESS NEWS

Akebia Therapeutics was listed on NASDAQ in March 2014.

Alder Biopharmaceuticals was listed on NASDAQ in May 2014.

Alios BioPharma was acquired by Johnson & Johnson in 2014 for an upfront payment of USD 1.75 billion in cash.

Anokion closed a CHF 33 million Series A financing co-led by Novo.

Flexion Therapeutics was listed on NASDAQ in February 2014.

Inogen was listed on NASDAQ in February 2014.

iRhythm Technologies closed a USD 17 million Series E financing led by Novo.

Nevro was listed on NYSE in November 2014.

Ophthotech partnered its lead drug Fovista® ex-US with Novartis for an upfront payment of USD 330 million. Potential payments under the agreement could total over USD 1 billion.

Otonomy was listed on NASDAQ in August 2014.

ProteinSimple was acquired by Techne Corporation in 2014 for an upfront payment of USD 300 million in cash.

Santaris Pharma was acquired by Roche in 2014 for an upfront payment of USD 250 million and potential milestones payments of up to USD 200 million.

Spinifex Pharmaceuticals closed a USD 45 million Series C financing led by Novo.

ZS Pharma was listed on NASDAQ in June 2014.

PRODUCT NEWS

Acacia Pharma announced positive phase 3 results for the management of postoperative nausea and vomiting.

Akebia Therapeutics announced positive top-line results from a phase 2b study for the treatment of anaemia.

Alder Biopharmaceuticals announced proof-of-concept data for ALD403, a monoclonal antibody against CGRP for the prevention of migraine.

Alios BioPharma conducted a successful phase 2a trial of their lead RSV compound.

Cianna Medical received a 510(k) approval by the FDA for its surgical guidance system.

KalVista Pharmaceuticals commenced a phase 1 trial of its novel plasma kallikrein inhibitor for the treatment of diabetic macular oedema.

Ophthotech enrolled and dosed the first patient in the first of several planned expansion studies for Fovista® combination therapy.

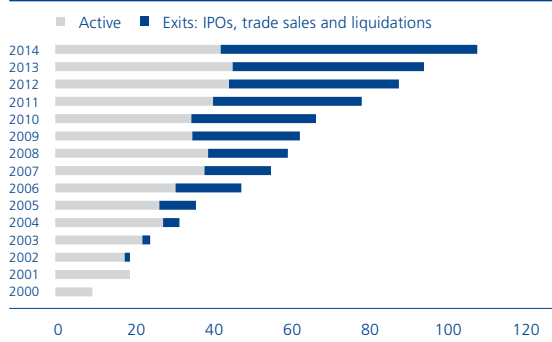
Otonomy announced positive results from two phase 3 trials of Auripro™ in pediatric patients undergoing ear tube placement surgery.

PTC Therapeutics received conditional approval in the European Union for Translarna™ for the treatment of nonsense mutation Duchenne muscular dystrophy.

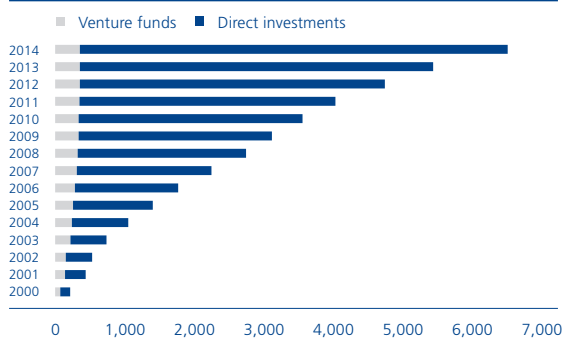
Tetraphase Pharmaceuticals announced initiation of patient enrollment in the pivotal portion of its phase 3 clinical trial for the treatment of complicated urinary tract infection.

ZS Pharma announced positive top-line results from its second phase 3 clinical trial of ZS-9 for the treatment of hyperkalaemia.

ACCUMULATED NUMBER OF PORTFOLIO COMPANIES (AS OF 31.12.14)



ACCUMULATED COST OF INVESTMENTS DKK MILLION (AS OF 31.12.14)



RAISING THE BAR IN 2014

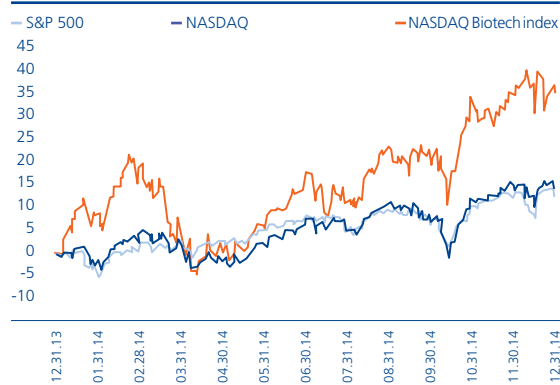
2014 was another good year for biotech stocks in the US, with the biotech sector once again outperforming the broader indices. Biotech financings continued to be in favour for most of the year. Of particular note, the number of completed biotech IPOs reached an all-time high.

It was a volatile year for public equities in 2014. While positive economic factors in the US such as an unemployment rate below 6%, low interest rates and low inflation combined with accommodative Federal Reserve policies were conducive to growth, concerns over growth outside the US, geopolitical crises and other concerns drove significant volatility in the markets. Although volatile for most of the year, a strong fourth quarter enabled the major indices such as the S&P500 and NASDAQ to gain 13.7% and 15.2%, respectively for the year.

Following a record-setting year for US biotech equities in 2013, investors in biotech remained bullish in 2014. The NASDAQ Biotechnology Index (NBI) reached an all-time high on 19 December and closed the year up 35.2%, significantly outpacing the major indices.

It was another banner year for biotech financings in the public markets as a total of USD 45.5 billion was raised across Initial Public Offerings (IPO), follow-on and debt offerings.¹ A record number of biotech companies executed IPOs, raising more than USD 9.0 billion.¹ Novo was fortunate to be an active participant in the public markets in 2014.

INDEXED PERFORMANCE



1: BioCentury
2: Stifel

THE BIOTECH IPO BONANZA CONTINUES

There were a total of 77 US biotech IPOs during the year, surpassing the previous high-water mark of 64 in 2000 and more than doubling the 37 offerings completed last year. The average IPO raise (USD 72m) and post-money IPO valuation (USD 264m) in 2014 were comparable to 2013's figures (USD 73m; USD 256m), although lower than in 2000 (USD 86m; USD 384m).² Although a record number of IPOs were completed, investors were also somewhat disciplined in their enthusiasm as evidenced by the 18 companies in 2014 that were forced to withdraw or postpone their offerings.

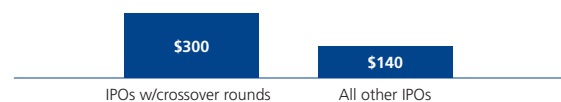
Market performance for both the 2013 and 2014 IPO classes was overall strong. The average 2014 IPO saw a price increase of 12.4% at the close of the first day of trading. Performance continued through Day 30 and year-end with an average of 19.6% and 40.3% rise in value. Despite the strong post-issuance performance of 2014 IPOs, the performance of the IPO class of 2013 was even better with 1-Day and 30-Day average performances of 18.6% and 35.5%, respectively.

IPO CLASS METRICS

Source: Stifel	class of 2014	class of 2013
Number of IPOs	77	37
Average raise	\$71.5 M	\$72.6 M
Average post-money valuation	\$263.7 M	\$255.9 M
Total raised	\$5.5 B	\$2.7 B
Total post-money valuation	\$20.3 B	\$9.5 B
Price change from offer to...		
Day 1	12.4%	18.6%
Day 30	19.6%	35.5%
31 December 2014	40.3%	132.5%

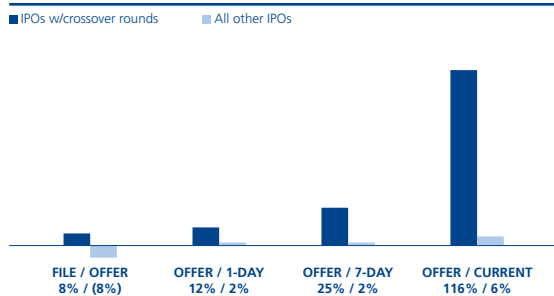
One of the trends to emerge during the year was the impact of crossover investors on IPOs. Companies that closed private financings with crossover investors ahead of their IPO

MEDIAN PRE-MONEY EQUITY VALUE (\$MM)



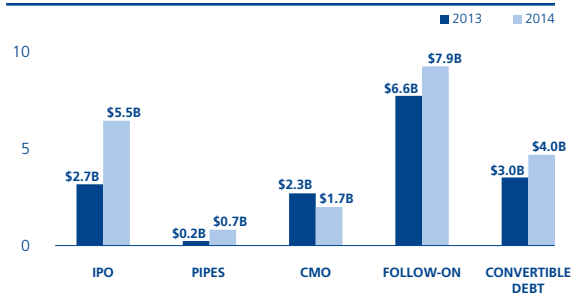
Source: Credit Suisse

MEDIAN PRICE PERFORMANCE SINCE IPO (%)



Source: Credit Suisse

AMOUNT RAISED



Source: Credit Suisse

tended to perform better on several metrics including IPO pre-money valuation, file-to-offer discount, and year-end share price performance.

This pointed to the value crossover investors can have in driving a successful IPO. Their participation in a private financing ahead of an IPO not only bolsters a company's balance sheet (and thus strengthens the company's negotiating position in the process); it is also an indication of validation to the broader public markets. This, in turn, can create more demand for the stock, leading to potentially better performance.

MORE THAN JUST IPOs

Close to USD 20 billion was raised in public equity financings by biopharma companies in 2014. This consists of USD 5.5 billion in IPOs, USD 7.9 billion in follow-ons, USD 4.0 billion in convertible debt, and USD 2.4 billion in Private Investment in Public Equity (PIPE) and other types of financings. The amounts raised in follow-on and convertible debt financings in 2014 also surpassed the levels reached in 2013.

NOVO VENTURES AND THE US PUBLIC MARKETS

2013 was Novo's first year investing in publicly-traded life science companies. The decision to branch out into public equities was based on Novo Ventures' positive investment

performance in private life science companies. The investment strategy in public equities is similar to that on the private side. We invest in promising life science opportunities with the objective of achieving important milestones for the companies and for patients and shareholders alike.

With 2014 marking Novo Ventures' second year of investing in public equities, the value of the life science stocks in the US public portfolio grew from USD 252.2 million at the beginning of the year to USD 787.6 million by the end of the year. This 3.1-fold growth was driven by a combination of Novo's participation in IPOs, follow-ons and open-market share purchases in existing and new Novo portfolio companies as well as a favourable development of share value in Novo Ventures' portfolio companies. A summary of Novo's public investment activity during the year is listed in the table below.

2015 OUTLOOK

As the investment activities of the public portfolio broadened in 2014, so did the scope. Novo was fortunate to have participated in several of the most successful biotech IPOs to price in 2014, from both the size of the raise and aftermarket performance, as well as participate in follow-on offerings and in the open market. Looking forward to 2015, we hope that Novo's public investment activity will continue to grow and that Novo will be able to continue to partner with high quality teams and companies to advance science and medicine.

Aerie (NASDAQ: AERI) – Ophthalmology drug company with two programmes in late-stage clinical trials for the treatment of glaucoma. Novo acquired shares through open market purchases.

Akebia (NASDAQ: AKBA) – Biopharmaceutical company with a drug in mid-stage clinical trials for the treatment of anemia associated with renal disease. Novo participated in the company's USD115m IPO in March 2014.

Alder (NASDAQ: ALDR) – Clinical-stage biopharmaceutical company developing a product for the treatment of migraine headaches. Novo participated in the company's USD 80m IPO in May 2014.

Flexion (NASDAQ: FLXN) – Clinical-stage biopharmaceutical company with anti-inflammatory and analgesic products in development for the treatment of musculoskeletal conditions. Novo participated in the company's USD75m February 2014 IPO and December 2014 USD 98.5m follow-on offering.

Inogen (NASDAQ: INGN) – Medical device company that develops and markets portable oxygen concentrators for use by patients with chronic respiratory conditions. Novo participated in the company's February 2013 USD 84.7m IPO and November 2014 secondary offering.

IntersectENT (NASDAQ: XENT) – Medical device company that develops and markets drug-eluting stents for the treatment of chronic sinusitis. Novo participated in the company's USD 63m IPO in July 2014.

Nevro (NASDAQ: NVRO) – Medical device company that develops and markets a spinal cord stimulation product for the treatment of chronic lower back and leg pain. Novo participated in the company's November 2014 USD 145m IPO.

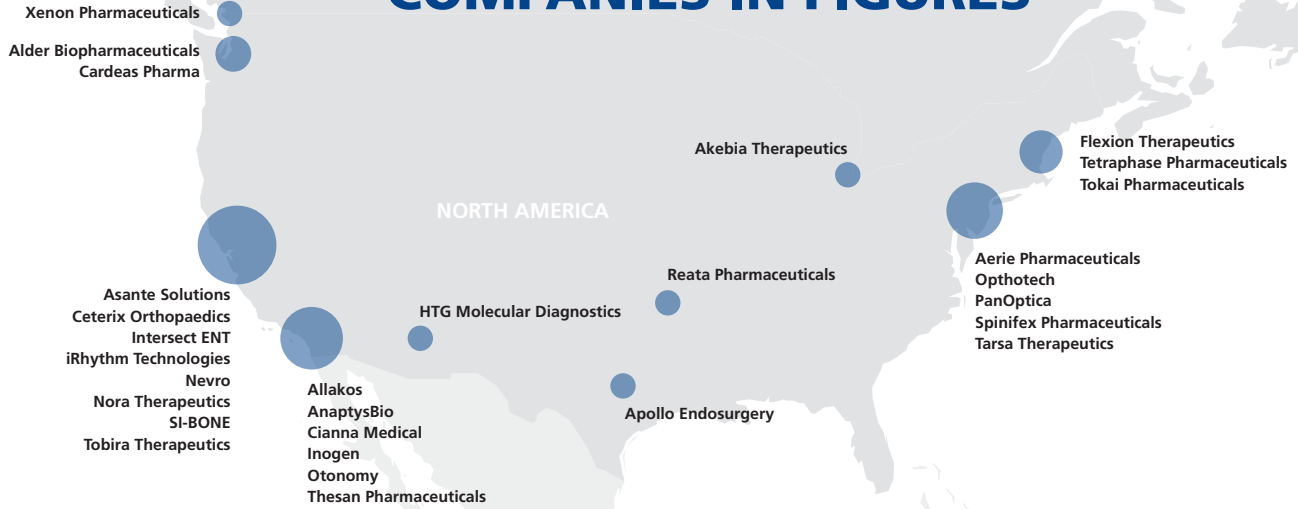
Otonomy (NASDAQ: OTIC) – Biopharmaceutical company with a pipeline of novel therapeutics in development for the treatment of hearing disorders. Novo participated in the company's USD 115m IPO in August 2014.

Tetraphase (NASDAQ: TTPH) – Biopharmaceutical company with a drug in late-stage clinical trials for the treatment of serious bacterial infections. Novo participated in the company's October 2014 USD 49m follow-on offering.

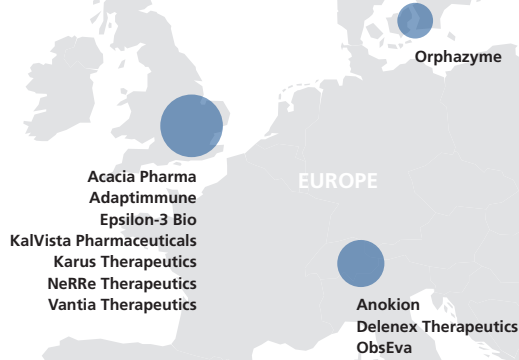
Tokai (NASDAQ: TKAI) – Oncology company with a drug in late-stage clinical trials for the treatment of prostate cancer. Novo participated in the company's USD 97m September 2014 IPO.

ZS Pharma (NASDAQ: ZSPH) – Biopharmaceutical company with a non-absorbed drug in late-stage clinical trials for the treatment of renal and cardiovascular diseases. Novo participated in the company's USD112m IPO in June 2014 after leading the company's USD 55m mezzanine financing earlier in the year.

ACTIVE PORTFOLIO COMPANIES IN FIGURES



COMPANY	LOCATION	YEAR	CAPITAL INJECTION		% OF SHARES
			of initial investment	DKK million	
Aerie Pharmaceuticals	Bedminster, NJ, USA	2014	0	DKK million	0%
* Akebia Therapeutics	Cambridge, MA, USA	2013	100		10%
* Alder Biopharmaceuticals	Bothell, WA, USA	2012	200		15%
* Allakos	San Carlos, CA, USA	2012	100		25%
* AnaptysBio	San Diego, CA, USA	2007	100		25%
* Apollo Endosurgery	Austin, TX, USA	2012	100		15%
* Asante Solutions	Sunnyvale, CA, USA	2005	200		25%
* Cardeas Pharma	Seattle, WA, USA	2011	100		25%
* Ceterix Orthopaedics	Menlo Park, CA, USA	2012	100		25%
* Cianna Medical	Aliso Viejo, CA, USA	2011	100		25%
* Flexion Therapeutics	Burlington, MA, USA	2012	200		10%
* HTG Molecular Diagnostics	Tucson, AZ, USA	2011	100		25%
* Inogen	Goleta, CA, USA	2006	200		25%
Intersect ENT	Menlo Park, CA, USA	2014	0		0%
* iRhythm Technologies	San Francisco, CA, USA	2014	100		10%
* Nevro	Menlo Park, CA, USA	2013	200		10%
* Nora Therapeutics	Palo Alto, CA, USA	2014	100		10%
* Ophotech	New York, NY, USA	2007	300		25%
* Otonomy	San Diego, CA, USA	2010	100		10%
* PanOptica	Bernardsville, NJ, USA	2014	100		10%
* Reata Pharmaceuticals	Irving, TX, USA	2006	200		15%
SI-BONE	San Jose, CA, USA	2014	0		0%
* Spinifex Pharmaceuticals	Stamford, CT, USA	2014	100		15%
* Tarsa Therapeutics	Philadelphia, PA, USA	2009	200		25%
Tetraphase Pharmaceuticals	Watertown, MA, USA	2013	200		5%
* Thesan Pharmaceuticals	Carlsbad CA, USA	2012	100		25%
* Tobira Therapeutics	South San Francisco, CA, USA	2010	100		15%
Tokai Pharmaceuticals	Cambridge, MA, USA	2014	100		5%
Xenon Pharmaceuticals	Burnaby, BC, Canada	2001	100		0%



COMPANY	LOCATION	YEAR	CAPITAL INJECTION				% OF SHARES				
			of initial investment				0%	25%	50%		
✦ Acacia Pharma	Cambridge, Cambridgeshire, UK	2013	0	100	200	300	400	0%	25%	50%	
Adaptimmune	Abingdon, Oxfordshire, UK	2014	DKK million								
✦ Anokion	Lausanne, Switzerland	2014									
✦ Delenex Therapeutics	Zürich, Switzerland	2011									
✦ Epsilon-3 Bio	Hatfield, Hertfordshire, UK	2011									
✦ KalVista Pharmaceuticals	Porton Down, Wiltshire, UK	2011									
✦ Karus Therapeutics	Abingdon, Oxfordshire, UK	2012									
✦ NeRRe Therapeutics	Stevenage, Hertfordshire, UK	2012									
✦ ObsEva	Geneva, Switzerland	2013									
✦ Orphazyme	Copenhagen, Denmark	2011									
✦ Vantia Therapeutics	Southampton, Hampshire, UK	2008									

Novo A/S on board ✦

Denotes observer post ✦

PRIVATE COMPANIES



Acacia Pharma is focused on the development of compounds for the prevention and treatment of nausea and vomiting following surgery and chemotherapy. The lead programme is in phase 3 clinical development.
www.aciapharma.com



Adaptimmune is focused on the use of T cell therapy with engineered T cell receptors to treat cancer and infectious disease. The company is in the clinic in the US in multiple cancer indications.
www.adaptimmune.com



Allakos develops monoclonal antibody-based therapies to target eosinophils and mast cells. The lead programme is in pre-clinical development.
www.allakos.com



AnaptysBio is an antibody therapeutics company and a leader in antibody discovery and optimisation.
www.anaptysbio.com



Anokion develops novel peptide and protein therapeutics with very low immunogenicity. The company is focused on products for orphan diseases.
www.anokion.com



Apollo Endosurgery markets Orbera® and Lap-Band® for the treatment of obesity and is a leader in flexible endoscopic surgery via OverStitch™ and other endoscopic devices.
www.apolloendo.com



Asante Solutions has developed an easy-to-use, disposable insulin pump that is both affordable and reliable. The pump is 510(k) approved and is being launched in the US.
www.asantesolutions.com



Cardeas Pharma is developing a treatment for pneumonia in patients in intensive care units. The lead product is in phase 2 clinical development.
www.cardeaspharma.com



Ceterix Orthopaedics develops novel surgical tools for arthroscopic procedures. This technology has applications in numerous arthroscopic procedures in knees, hips and shoulders. The product is being launched in the US.
www.ceterix.com



Cianna Medical is a medical device company that manufactures and markets the SAVI breast brachytherapy applicator for the delivery of radiation after lumpectomy surgery.
www.ciannamedical.com



Delenex Therapeutics develops therapeutic antibody fragments designed for local/topical use.
www.delenex.com



Epsilon-3 Bio develops compounds targeting the removal of cellular debris in chronic inflammatory and autoimmune disorders. The lead compound is in pre-clinical development.



HTG Molecular Diagnostics develops and sells its Edge instrument and assays for quantification of gene expression. The instrument and assays are used for clinical diagnostics and in research. The Edge instrument is being launched in the US.
www.htgmolecular.com



iRhythm Technologies is a medical device company that develops and markets the ZIO® Service – an innovative cardiac monitoring and diagnostic solution which uses a single-use wearable patch to detect cardiac arrhythmias.
www.irhythmtech.com



KalVista Pharmaceuticals develops plasma kallikrein inhibitors for the treatment of diabetic macular oedema. The lead programme is in phase 1 clinical development.
www.kalvista.com



Karus Therapeutics develops innovative therapies for the treatment of inflammation and cancer. The lead programmes are in pre-clinical development and focus on histone deacetylase and phosphoinositide 3-kinase inhibitors.

www.karustherapeutics.com



NeRRe Therapeutics develops NK1 receptor antagonists. The lead project is in phase 2 clinical development for the treatment of an undisclosed orphan disease.

www.nerretherapeutics.com



Nora Therapeutics develops granulocyte-colony stimulating factor for reproductive indications.

www.noratherapeutics.com



ObsEva develops innovative drugs for women's reproductive medicine. The lead project is in phase 2 clinical development for enhancing embryo implantation and increasing the pregnancy rate in connection with assisted reproductive technologies.

www.obseva.com



Orphazyme develops novel therapeutics for the treatment of lysosomal storage diseases. The company is preparing the lead programme for a phase 2/3 registration-enabling clinical trial in Niemann-Pick disease type C.

www.orphazyme.com



PanOptica is developing a novel topical drug for wet age-related macular degeneration. The lead programme is in phase 1b clinical development.

www.panoptica.com



Reata Pharmaceuticals develops new drugs for the treatment of inflammatory diseases and cancer. The lead programmes are in phase 2 clinical development.

www.reatapharma.com



SI-BONE is a revenue-stage medical device company which develops and markets new therapies for patients with low back pain related to sacroiliac joint disorders.

www.si-bone.com



Spinifex Pharmaceuticals develops novel AT² receptor antagonists for the treatment of pain. The lead programme is in phase 2 clinical development for the treatment of neuropathic pain.

www.spinifexpharma.com



Tarsa Therapeutics develops an oral calcitonin for the treatment of osteoporosis and will file an NDA in 2015.

www.tarsatherapeutics.com



Thesan Pharmaceuticals develops novel treatments for dermatological disorders. The lead project is in pre-clinical development.

www.thesanpharma.com



Tobira Therapeutics develops products for the treatment of non-alcoholic steatohepatitis (NASH) and HIV. The lead compound is in a phase 2b study for NASH and has completed phase 2b clinical development in HIV.

www.tobiratherapeutics.com



Vantia Therapeutics develops small molecule agonists of vasopressin receptors. The lead asset has completed phase 2 clinical development for the treatment of nocturia.

www.vantia.com

PUBLIC COMPANIES



Aerie Pharmaceuticals (NASDAQ: AERI) is focused on the discovery, development and commercialisation of first-in-class therapies for the treatment of patients with glaucoma and other diseases of the eye. The lead programmes are in phase 3 clinical development.
www.aeriepharma.com



Akebia Therapeutics (NASDAQ: AKBA) develops inhibitors of the hypoxia-inducible factor prolyl hydroxylase enzyme for the treatment of anaemia in patients with chronic kidney disease and has announced positive phase 2b data.
www.akebia.com



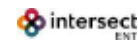
Alder Biopharmaceuticals (NASDAQ: ALDR) develops novel antibody therapeutics to treat various diseases. The lead programme is an antibody against CGRP in phase 2b for treatment of migraines.
www.alderbio.com



Flexion Therapeutics (NASDAQ: FLXN) has a pipeline of sustained release drugs for intra-articular injection to treat osteoarthritis. The lead programmes are in phase 2 clinical development.
www.flexiontherapeutics.com



Inogen (NASDAQ: INGN) is developing, manufacturing and marketing lightweight, portable oxygen therapy devices to improve quality of life and increase mobility for patients with chronic obstructive pulmonary disease.
www.inogen.com



Intersect ENT (NASDAQ: XENT) is a commercial drug-device company committed to improving the quality of life for patients with ear, nose and throat conditions.
www.intersectent.com



Neuro (NYSE: NVRO) is a medical device company developing an implantable spinal cord stimulator for the treatment of chronic leg and back pain. Its device, Senza® has been launched in the EU and Australia.
www.nevro.com



Ophthotech (NASDAQ: OPHT) is a biopharmaceutical company specialising in the development of novel therapeutics to treat diseases of the eye. The company has initiated a pivotal phase 3 clinical programme for its most advanced product candidate, Fovista™, an anti-PDGF therapy.
www.ophthotech.com



Otonomy (NASDAQ: OTIC) develops novel drug therapies for disorders of the inner and middle ear. The lead candidate is in phase 3 clinical development for the treatment of otitis media.
www.otonomy.com



Tetraphase Pharmaceuticals (NASDAQ: TTPH) is a clinical-stage biopharmaceutical company using its proprietary chemistry technology to create novel antibiotics for serious and life-threatening multidrug-resistant bacterial infections.
www.tphase.com

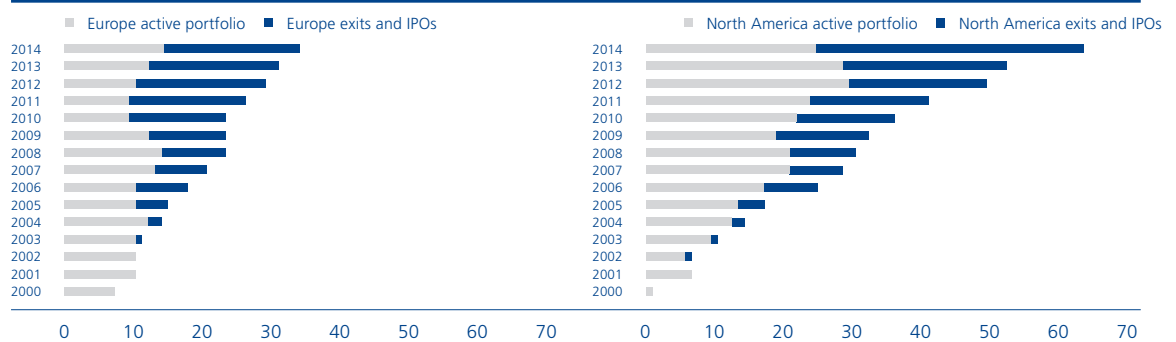


Tokai Pharmaceuticals (NASDAQ: TKAI) is developing novel therapies for prostate cancer and other hormonally-driven diseases. The lead candidate, galeterone is in phase 2 clinical development for the treatment of castration resistant prostate cancer.
www.tokaipharmaceuticals.com



Xenon Pharmaceuticals (NASDAQ: XENE) is a genetics-based drug development company. The lead compound is in clinical development for the treatment of pain.
www.xenon-pharma.com

2014 DEVELOPMENT OF NOVO VENTURES' INVESTMENTS – BY NUMBER OF COMPANIES



SELECTED EXITS

ActivX Biosciences

Acquired by Kyorin Pharmaceutical in 2004.

Alios BioPharma

Acquired by Johnson & Johnson in 2014.

Amira Pharmaceuticals

Acquired by Bristol-Myers Squibb in 2011.

Arakis

Acquired by Sosei Co. in 2005.

Arpida

Went public on SIX in 2007.

BioMimetic Therapeutics

Acquired by Wright Medical Group in 2012.

Cabrellis Pharmaceuticals

Acquired by Pharmion in 2006.

Combio

Acquired by Arpida in 2004.

Conforma Therapeutics

Acquired by Biogen Idec in 2006.

Corus Pharma

Acquired by Gilead Sciences in 2006.

Elevation Pharmaceuticals

Acquired by Sunovion Pharmaceuticals in 2012.

FoldRx Pharmaceuticals

Acquired by Pfizer in 2010.

Funxional Therapeutics

Sold lead asset to Boehringer Ingelheim in 2012.

Gloucester Pharmaceuticals

Acquired by Celgene in 2010.

InSound Medical

Acquired by Sonova Holding in 2010.

NeoMend

Acquired by C. R. Bard in 2012.

Neurodan

Acquired by Otto Bock in 2005.

Novexel

Acquired by AstraZeneca in 2010.

Panacos Pharmaceuticals

Went public on NASDAQ in 2007.

Protein Forest

Acquired by ProteinSimple in 2009.

ProteinSimple

Acquired by Techne Corporation in 2014.

PTC Therapeutics

Went public on NASDAQ in 2013.

Salmedix

Acquired by Cephalon in 2005.

Santaris Pharma

Acquired by Roche in 2014.

Sapphire Therapeutics

Acquired by Helsinn Healthcare in 2009.

Synosia Therapeutics

Acquired by Biotie Therapies in 2011.

Thiakis

Acquired by Wyeth Pharmaceuticals in 2008.

ZS Pharma

Went public on NASDAQ in 2014.

ZymoGenetics

Acquired by Bristol-Myers Squibb in 2010.



Acacia Pharma

Semi-virtual company in Cambridge, UK specialising in repurposing older drugs for new uses

Positive phase 3 data with lead drug, amisulpride, in reducing postoperative nausea and vomiting (PONV)

Strong clinical pipeline with three additional compounds in phase 2

Major investors are Novo A/S, Lundbeckfonden, Fidelity Biosciences and Gilde Health Care

The late-stage UK biotech company, Acacia Pharma presents positive phase 3 data for their lead programme, APD421. By reducing post-operative nausea and vomiting (PONV), this new compound will address a significant unmet medical need in supportive care.

Acacia Pharma specialises in repurposing – that is, finding new uses for older drugs. Its lead compound, amisulpride has a long history of safe use in psychiatric disorders when administered orally. Acacia discovered that at lower doses the compound is effective against nausea and vomiting when given by injection.

Acacia was founded in 2008 by Julian Gilbert (CEO) and Robert Grisswood (CSO), who were joined soon after by Gabriel Fox (CMO). Julian was formerly CBO at Arakis, a Novo portfolio company sold to Sosei, which also focussed on repurposing.

THE BENEFITS OF REPURPOSING

Since much is already known about the compounds, repurposing a drug for a new indication is usually faster and less expensive than initiating a new compound. Giving an older drug a new lease of life can not only bring important benefits to patients; it can also prove to be great for business. This was recently seen in the case of Tecfidera for Multiple Sclerosis and Seebri for chronic lung disease – both examples of repurposed drugs with billion dollar potential.

AMISULPRIDE – REDUCING PONV AND CINV

Acacia's lead programme is APD421 (amisulpride). Phase 3 trials – in which the compound is given immediately prior to surgery to reduce the incidence and severity of PONV – have been completed with positive results. Additional trials are planned, where APD421 will be administered in combination with other drugs and given to patients with PONV in cases where other drugs have not worked sufficiently well.

Amisulpride in a different strength is in phase 2 trials to reduce the severity of the nausea and vomiting that accompanies many types of chemotherapy in cancer patients (CINV).

POSITIVE PROSPECTS

Acacia's repurposing portfolio consists of other compounds as well. Apart from amisulpride, Acacia is also developing APD 515 for dry mouth in advanced cancer patients and APD 209 to reduce weight loss in cancer patients. Both have already shown efficacy in small proof-of-concept trials.

With positive phase 3 data in PONV and a full pipeline, the future is looking bright for Acacia. So much so that the company recently announced that it had hired leading bank, JP Morgan to help evaluate its options.

“Supportive care makes excellent cancer care possible.”

MASCC – Multinational Association of Supportive Care in Cancer



POSTOPERATIVE NAUSEA AND VOMITING (PONV)

PONV is a common complication of surgery. In untreated patients, 30 per cent vomit and 50 per cent have nausea. The condition leads to prolonged stays in post anaesthesia recovery rooms and unanticipated readmission to hospital. Despite the widespread use of drugs to reduce PONV, a significant number of patients still develop symptoms. Hopefully, this group will benefit from amisulpride.



CHEMOTHERAPY INDUCED NAUSEA AND VOMITING (CINV)

30 per cent of patients receiving highly emetogenic chemotherapy have significant nausea and vomiting despite treatment with drugs to reduce it. CINV can ultimately limit the effectiveness of chemotherapy. A phase 2 trial is currently conducted to determine whether adding amisulpride to current treatments may further reduce CINV incidents. A smaller phase 2 trial has already been completed with very good results.



The California-based biotech, Otonomy specialises in the development of locally delivered drugs for ear diseases – a field with significant unmet medical needs. The company's lead programme has successfully completed phase 3 clinical testing.

Otonomy was formed in 2008 based on Intellectual Property covering sustained drug delivery at the University of California, San Diego. The company has developed a proprietary formulation technology that provides sustained drug exposure to the middle and inner ear with a single local administration.

Millions of patients in the US and worldwide suffer from various ear diseases such as chronic ear infection, hearing loss, Ménière's disease and tinnitus. Due to the anatomical challenges of the ear, current treatment methods leave much to be desired both in terms of efficacy and convenience:

- Existing drug solutions delivered via drops and/or injection into the middle ear cavity quickly drain out of the ear, limiting drug exposure and necessitating repeat doses.
- Systemic drugs typically have associated side effects in addition to limited ability to reach the desired local concentration in the ear (for example, bacterial resistance is a risk associated with broad use of oral antibiotics).
- There are no FDA-approved drugs for the treatment of inner ear disorders, so current use of locally delivered solutions is off-label.

A PIPELINE OF PRODUCTS FOR THE TREATMENT OF EAR DISORDERS

Otonomy's most advanced programmes are AuriPro, a sustained-exposure antibiotic, and OTO-104, a sustained-exposure steroid.

AuriPro has successfully completed phase 3 trials for treatment of middle ear infections in connection with ear tube placement. An NDA is expected in the first half of 2015 and launch is expected in 2016.

The second programme, OTO-104 is in a phase 2b trial in Ménière's disease, which is an inner ear balance and hearing loss disorder. Topline data for this trial, expected to be the

first of two pivotal studies for demonstration of efficacy, are expected during the first half of 2015.

Otonomy's third candidate, OTO-311 for tinnitus is expected to enter clinical development in 2015. This product will potentially address a blockbuster market opportunity.

A LEADING COMPANY IN THE EMERGING OTOTOLOGY FIELD

Otonomy is one of the few companies dedicated to the development and commercialisation of innovative therapeutics for ear disorders. The company has the vision, resources and strategy to become the leading company in the ear space. This space is likely to develop similar to that of local treatments for ophthalmology indications, which has grown into the multi-billion dollar realm over the last decade. As some public market analysts put it, ears are becoming the new eyes.

To carry out its long-term vision, Otonomy required a very strong and committed financial base. Novo led the company's USD 38.5 million Series B financing round in 2010 and has participated in all financings since then – including a USD 45.9 million Series C in 2013, a USD 49 million mezzanine round in April of 2014, and the company's USD 115 million IPO on NASDAQ in August of 2014.



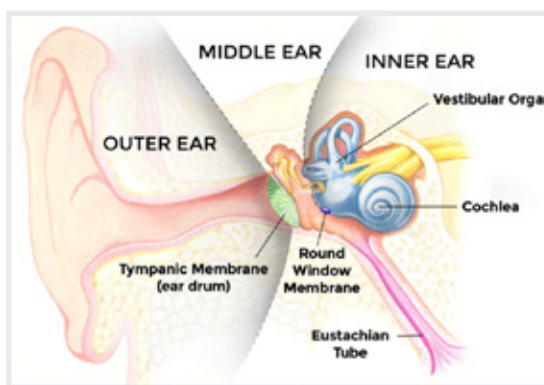
Otonomy

Number of employees: around 40, mainly in R&D. They work alongside an international network of key opinion leaders and contract research organisations

Located in San Diego, California, USA

Raised more than USD 250 million in private and public financings. Novo led the company's Series B investment round

Listed on NASDAQ under the ticker symbol: OTIC



The anatomy of the ear shows the protected position of middle and inner ear compartments that necessitates proprietary delivery approach for optimal drug dosing.

NOVO SEEDS

Growing the seeds of tomorrow's
biotech succes



NOVO SEEDS BUILDS COMPANIES BASED ON INNOVATIVE SCANDINAVIAN SCIENCE

Novo Seeds develops and finances innovative Scandinavian biotech companies through early-stage strategic guidance and active involvement. Together with top researchers, academic institutions, entrepreneurs and leaders in the biotech industry, we give promising science a platform to develop its commercial potential.

Since 2007, Novo Seeds has increased its commitment of financial resources to building new biotech start-ups and directing existing ones towards commercialisation and success. This has resulted in a strong portfolio of 17 active seed companies and 17 pre-seed projects with core focus on the Scandinavian region.

In 2014, Novo Seeds successfully transformed three Scandinavian life science projects into promising biotech companies, generating significant partnerships and financial value in the process. Bristol-Myers Squibb signed an option agreement to acquire Galecto Biotech, Buckwang Pharmaceutical acquired Contera Pharma, and Forendo Pharma licensed the US rights of its Fispemifene programme to Apricus Biosciences.

SEED INVESTMENTS

Seed investments are offered to the most promising early-stage biotech companies and advanced research projects that approach us for financing and business guidance. Through our active involvement in the companies, primarily through our board positions and by use of our international industry and investor network, we aim at transforming their ideas and science into products that address healthcare needs and improve quality of life.

Through co-investments with regional and international venture funds, Novo Seeds has created a strong pipeline of

early-stage biotech companies within drug development and medical devices. Significant investment rounds represent an important validation of a biotech company. In 2014, Novo Seeds co-led two investment rounds that attracted international capital to Scandinavia, namely the series A rounds in RSPR Pharma and Forendo Pharma.

PRE-SEED GRANTS

One way for Novo Seeds to develop new biotech start-ups is through the pre-seed grant programme, which is awarded by the Novo Nordisk Foundation. Pre-seed grants are given to early-stage, state-of-the-art applied research projects with promising commercial potential.

We work closely with each project to help them grow, and draw on external experts and experienced entrepreneurs who can contribute with additional competencies and strategic directions for the individual projects. In this way, we set the team and provide each project with the best conditions for developing into attractive seed investments.



A strong portfolio of seed companies and pre-seed projects.

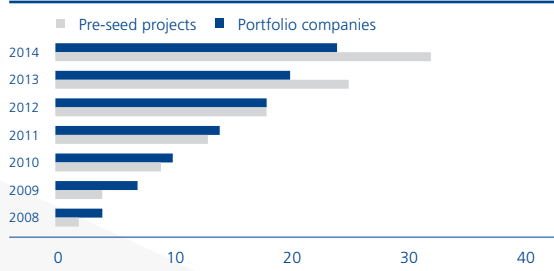
STRONG TRACK RECORD IN CREATING COMPANIES FROM PRE-SEED GRANTS

Strong companies have already emerged from the pre-seed grant programme – Galecto Biotech, Pcovery and Orphazyme are prominent examples. Today, Galecto Biotech and Pcovery are active Novo Seeds portfolio companies and have attracted strong investor syndicates with international participation. Novo Seeds catalysed the creation of Orphazyme in 2010; the company moved to the Novo Ventures portfolio in 2011 as part of a series A investment.

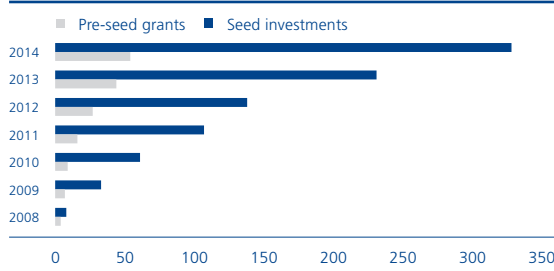


Active involvement and business guidance are a natural part of our commitment.

ACCUMULATED NUMBER OF PRE-SEED PROJECTS AND PORTFOLIO COMPANIES (AS OF 31.12.14)



ACCUMULATED COST OF PRE-SEED GRANTS AND INVESTMENTS (AS OF 31.12.14)



ACTIVE SEED COMPANIES AND PRE-SEED PROJECTS

- Seed companies
- Pre-seed projects

C10 Pharma ●
Pluvia ●

Denator ●
Galecto Biotech ●
Glionova ●
RSPR Pharma ●
● Biopetrolia
● Metabogen

● Acesion Pharma ●
● Adenium Biotech ●
● Affinicon ●
● Aros Pharma ●
● Avilex Pharma ●
● EpiTherapeutics ●
● IO Biotech ●
● MinervaX ●
● Pcovery ●
● Reapplix ●

AntibioTx ●
Biofilm ●
Biosyntia ●
GlyProVac ●
Immunitrack ●
InProTher ●
MAP1 ●
miRana ●
MonTa ●
NMD Pharma ●
RSK Inhibitors ●
Zentrix ●

Forendo Pharma ●
AA project ●
JAK2 ●

Lysogene ●

ACHIEVEMENTS IN PORTFOLIO COMPANIES IN 2014

Acesion Pharma closed a USD 2.5 million financing round with participation of a new international investor, Broadview Ventures, a cardiovascular-focused, US-based VC investor.

Forendo Pharma closed a EUR 12 million series A financing round with two new investors joining the syndicate, Novartis Venture Fund and MS Ventures.

Forendo Pharma also entered an outlicensing agreement with Apricus Biosciences Inc. for the US development and commercialisation of fispemifene, a substance targeting urological conditions in men.

Galecto Biotech signed a deal with BMS for an exclusive option to acquire the company after phase 1b data in the lead indication of idiopathic pulmonary fibrosis (IPF). The total deal value is USD 444 million.

The company also announced initiation of a phase 1/2a clinical trial of their lead compound for the treatment of IPF.

RSPR Pharma started phase 1 testing of its lead compound for the treatment of allergic asthma.

Reapplix achieved reimbursement coverage for its clinical study from the Centers for Medicare and Medicaid Services in the US.

NEW PRE-SEED GRANTS IN 2014

AA project is exploring novel derivatives of the natural compound, anisomelic acid as inhibitors of the human papilloma virus (HPV) E6/E7 oncogenes for the treatment of HPV-related cancers.

Biopetrolia has developed a technology platform for the engineering of yeast to substantially increase the yield of fatty acyl-CoA. This platform can be used for production of biofuels, food ingredients and cosmetics.

GlyProVac is exploring the use of bacterial O-glycosylated antigens as vaccines against bacterial infections.

Immunitrack is evaluating a novel biologic molecule to block the FcRn receptor for the treatment of autoantibody-dependent autoimmune diseases.

miRana is developing RNA medicines for the treatment of hematologic malignancies and myeloma bone disease.

MonTa is exploring the use of special liposomes for evoking a monocyte-dependent activation of the immune system to treat cancer.

NMD Pharma is developing a treatment for Myasthenia Gravis, which is a chronic autoimmune neuromuscular disease characterised by varying degrees of weakness of the skeletal muscles of the body.

NOVO SEEDS INVESTMENTS AND PORTFOLIO 2014

PORTFOLIO



Acision Pharma ApS develops new treatments for the medical treatment of atrial fibrillation, the most common type of cardiac arrhythmia.
www.acionpharma.com



Adenium Biotech ApS focuses on the development and commercialisation of novel antibiotics for the treatment of multi-drug resistant bacterial infections.
www.adeniumbiotech.com



Affinicon ApS's antibody-drug conjugate technology targets macrophages for the treatment of inflammatory diseases and other indications where macrophages are involved, e.g. cancer.
www.affinicon.com



Aros Pharma ApS focuses on clinical development of a novel therapy for the treatment of gastrointestinal pain.
www.arospharma.com

AVILEX PHARMA APS

Avilex Pharma ApS develops dimeric peptides that target PSD95 for the treatment of neuropathic pain.
www.avilexpharma.com



C10 Pharma AS develops new macrolide antibiotics to combat severe respiratory infections caused by Gram-positive bacteria.
www.c10pharma.com



Denator AB develops, markets and sells instruments that help scientists stabilise biological samples, such as tissue sections or biopsies, from the moment of sampling.
www.denator.com



EpiTherapeutics ApS develops novel innovative cancer drugs based on world-leading research in epigenetics.
www.epitherapeutics.dk



Forendo Pharma Ltd develops drugs for tissue specific regulation of sex hormone effects.
www.forendo.com

Galecto Biotech

Galecto Biotech AB develops anti-fibrotic and anti-inflammatory treatments based on small molecules of galectin modulators. The company's lead programme is in development for idiopathic pulmonary fibrosis.
www.galecto.com

MINERVAX

MinervaX ApS is developing a novel vaccine candidate against Group B Streptococci, which is the leading cause of life-threatening bacterial infections in newborn babies.
www.minervax.com



Pcovery ApS develops new drugs for treatment of invasive fungal infections by targeting an essential and highly conserved component of the fungal cell membrane.
www.pcovery.com



Reapplix ApS is developing a device that produces a fully autologous dressing for wound care, particularly difficult-to-heal diabetic foot ulcers.
www.reapplix.com

NEW INVESTMENTS

IO Biotech ApS

IO Biotech ApS is developing a novel immunotherapy for cancer by targeting a mechanism used by tumour cells to evade immune responses.



Glionova AB is developing innovative therapies for difficult-to-treat cancers using the company's proprietary technology. Their lead product is being developed for the treatment of glioblastoma multiforme, the most common and aggressive primary brain cancer.
www.glionova.com

LYSGENE

Lysogene SA is a clinical-stage biotechnology company in the field of gene therapy targeting severe genetic pathologies of the central nervous system in children.
www.lysogene.com



RSPR Pharma AB develops new medical approaches for the treatment of respiratory diseases, including early onset allergic asthma.
www.RSPRPharma.com

EXIT



Contera Pharma ApS identifies and develops innovative treatments for patients suffering from movement disorders. In 2014, Contera Pharma was acquired by publicly listed Bukwang Pharmaceutical, South Korea.
www.conterapharma.com

A SEED INVESTMENT IN RSPR PHARMA

RSPR Pharma's proprietary lead compound is a new oral non-steroidal anti-asthmatic for the treatment of early-onset allergic asthma.

In 2014, Novo Seeds co-led a EUR 9.6 million investment in RSPR Pharma AB, a private Swedish clinical-stage company that is exploring new medical approaches for the treatment of respiratory diseases.

RSPR Pharma's lead compound (CRD007) is a non-steroidal anti-asthmatic, which is being developed for the treatment of allergic asthma. It entered clinical phase 1 testing in 2014 and is planned to enter clinical proof-of-concept studies in 2015. CRD007 is a mast cell stabilizer that prevents the release of pro-inflammatory allergic mediators from mast cells.

Asthma is a common inflammatory disease of the lungs affecting up to 300 million people worldwide. Allergic asthma is the most common type of asthma, affecting around six out of ten asthmatics. Many of the symptoms are identical to non-allergic asthma, but triggered by allergens such as dust and pet dander. Allergic asthma presents in childhood

and is treated with inhaled corticosteroids, which are inconvenient and underused by patients. A major advantage of RSPR Pharma's drug candidate compared to conventional treatment is that it is available for oral use.

Apart from advancing the treatment of allergic asthma, the investment in RSPR Pharma is also notable for the strength and experience of the investing syndicate, which besides Novo includes Sunstone Capital, Forbion Capital Partners and HealthCap.



MAST CELL STABILIZER

RSPR Pharma's clinical phase lead compound is a potent and orally available mast cell stabilizer. Mast cell activation is a key first step in the activation of allergic asthma causing downstream airway inflammation and bronchoconstriction.

“Patients and clinicians have a strong preference for oral, safe and effective asthma medicines over inhaled medications. We believe that RSPR Pharma's lead compound addresses this need and has a great market potential.”

Carl-Johan Dalsgaard
CEO & Co-founder of RSPR Pharma
Partner, HealthCap

A PRE-SEED GRANT TO miRANA

miRana is developing microRNA therapeutics for the treatment of hematologic malignancies and myeloma bone disease.

The miRana project originates from years of dedicated Danish research in the area of RNA medicines, a new class of RNA-targeted drugs that specifically inhibit the expression of disease-causing genes.

Denmark's strong position in the area of RNA medicines was confirmed in 2014 when Roche acquired the Danish biopharmaceutical company, Santaris Pharma, which Novo co-founded in 2000.

The miRana project focuses on the development of new RNA-targeted cancer therapeutics. It is based on the project's founder, Professor Sakari Kauppinen's extensive expertise and know-how in this field. Professor Kauppinen was a driving force in the development of Santaris' lead product, miravirsin for treatment of hepatitis C virus infection. The specific aim of miRana is to develop innovative non-coding RNA-based therapeutics for the treatment of hematologic cancers.

The miRana project brings together a world-class academic network in non-coding RNA biology and cancer research with Professor Pier Paolo Pandolfi and his research team at the Cancer Center at Beth Israel Deaconess Medical Center, Harvard Medical School and Professor Moustapha Kassem and his lab at Odense University Hospital.

The pre-seed project aims to generate proof-of-concept in murine disease models for delivery, efficacy and safety of new RNA medicines against two lead targets. If successful, this could provide the basis for a new RNA therapeutics company.



RNA MEDICINE

RNA medicines are drugs targeting the major regulators of diseases, hereby minimising the expression of disease-causing genes. In contrast to more traditional drugs, RNA medicines are composed of DNA – nature's own genetic material.

“Non-coding RNAs have emerged as important regulators of nearly every biological process in the cell and hold great promise for development of RNA-based therapeutics for a broad range of human diseases. Our goal is to translate recent scientific discoveries in the non-coding RNA field into novel RNA medicines to address the unmet medical needs of cancer patients.”

Sakari Kauppinen

Professor and Director of the Center for RNA Medicine,
Department of Clinical Medicine,
Aalborg University, Denmark

NOVO FINANCE

Once again, active portfolio
management has paid off



CONTINUED PERFORMANCE ABOVE BENCHMARKS

FINANCIAL INVESTMENTS

2014 was another good year for Novo A/S' financial investments. The total return was DKK 3.2 billion, corresponding to 12.9%.

Since the inception of the current investment strategy 10 years ago, the portfolio has delivered a pro anno return of 7.6%. This compares to a benchmark return over the same time period of 4.8% per annum, corresponding to a yearly outperformance of 2.8% for the entire portfolio, equivalent to an excess return of DKK 3.8 billion. Since the financial crisis in 2008/2009, the portfolio has yielded an accumulated return of more than DKK 12 billion, corresponding to a return of about 100%, equalling a pro anno return of 12.5%.

Over the next three to five years, we expect portfolio returns to be somewhat lower than they have been during the past years.

During 2014, the value of the financial portfolio increased by DKK 6.6 billion, of which DKK 3.4 billion were new inflows and DKK 3.2 billion were price appreciation of the portfolio. A majority of the inflow was invested in listed equities and a few selected credit investments, leaving the allocation to short-term bonds at a low level.

OPPORTUNITIES

Despite good portfolio returns, 2014 was not an easy year to be an investor. At macro level, the global economy – in particular the European – was still stuck in the same economic situation as we have seen since the economic and financial crisis began in 2008. Europe was characterised by zero growth whereas the global economy experienced moderate growth. On top of this, there was increased geopolitical tension in Ukraine and the Middle East. Consequently, companies will most likely continue to struggle to grow revenues, and favourable tailwinds from falling labour and financing costs may abate.

Our investment decisions in listed equities and credits are based on a bottom-up analysis of the individual investment ideas, leaving short-term bonds as the residual in the portfolio. After a six-year-long rally, equities and credits seem to be on the expensive side, which means that it is becoming increasingly difficult to find new investment opportunities. Consequently, we will have to be even more prudent when conducting our due diligence of new investments to sustain good returns in the years to come.

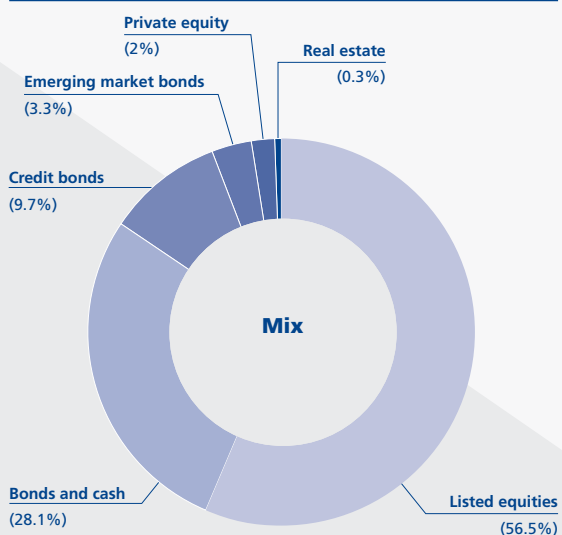


The total return was DKK 3.2 billion, corresponding to 12.9%.

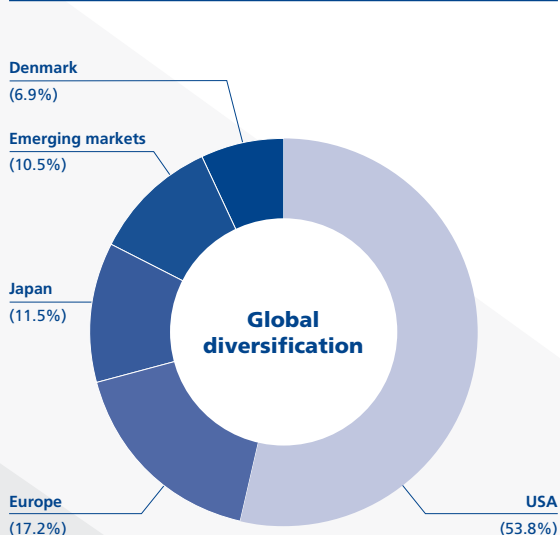


Nine out of thirteen equity managers outperformed their respective benchmarks.

MIX OF FINANCIAL INVESTMENTS



EQUITY PORTFOLIO 2014



From a top-down perspective, further valuation re-rating may, in general, be unsustainable. Future returns are more likely to come from growth in earnings and dividends.

Our response in equities has been to focus the portfolio more in order to seek excess returns, derived from the stock picking success of our individual managers over the long-term rather than by short-term market movements. For this reason, we terminated three small and started one new equity mandate. In addition, we allocated more funds to some of our existing managers.

Within the credit portfolio, we invested with one new manager, focusing on loans to small and medium-size companies in Europe. We also increased our allocation to our emerging market debt manager. Our investment activity within private placements continued, and we made three new credit investments in this area.

SIGNIFICANT OVERALL RETURNS

Looking back on 2014, we are satisfied with the overall returns – particularly the amount that derives from our equity portfolio. However, we have been more successful in selecting managers than we have been at forecasting the direction of the market. Once again, our managers have done a great job. Nine out of thirteen equity managers outperformed their respective benchmarks. Three out of five credit managers outperformed the relevant benchmark, including the portfolio managed in-house.

This year, one of our US managers has been particularly outstanding. In 2014, we achieved an excess return of more than 12% compared to the S&P 500 Index. Besides the US, several of our managers with a concentrated portfolio have delivered extraordinary performances in 2014.

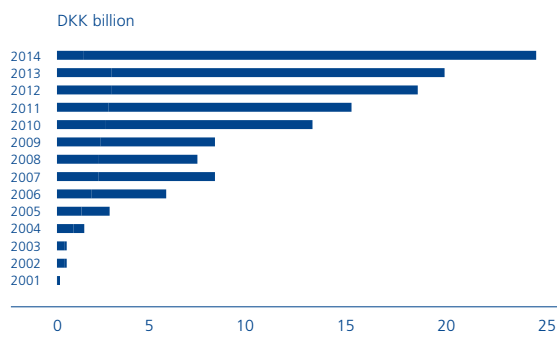
By the end of the year, the S&P 500 Index was up 13.5% and the MSCI World Index by 19.3% compared to 2013. The Danish stock market, measured by OMXC20, was up by 19.5% during the same period. In December 2014, the US stock market was trading at a cyclically adjusted price/earnings ratio of 22.5 compared to a long-term average of 20.2.

The European bond yields continued their declining trend as the inflation rate was getting closer to zero, which revived the deflation fear. The US treasury rates were more volatile throughout the year. They saw a sharp decline on the way and ended marginally lower by the end of the year.

In general, the credit spread widened in 2014. Today, the level of credit spread for corporate credits is close to the long-

term average, whereas the spread for emerging market debt is closer to the levels before the financial crisis. Considering the low underlying yield, the all-in yield is now well below the long-term average for both credit areas.

DEVELOPMENT IN THE VALUE OF FINANCIAL INVESTMENTS



ASSET MANAGEMENT AND BENCHMARKS

Novo's financial investments are managed in-house and externally through portfolio managers. We carefully select the people we work with, as we wish to build long-term relationships with them. Our portfolio managers must have:

- a coherent and well-defined investment strategy that has proven successful over a number of years;
- a business-oriented investment approach with a long-term investment horizon;
- a passion for investments and a high level of professional integrity;
- a large part of their private wealth invested alongside Novo's;
- a limited amount of assets under management; and
- a fair fee structure.

By the end of 2014, our investments in equities were split between 13 active external managers in a mix of global, regional and country-specific mandates. In addition to the active managers, we have a portfolio of index mandates. By the end of the year, the global equity mandates amounted to DKK 7.4 billion, while region or country-specific mandates amounted to DKK 7.1 billion. The index mandates totalled DKK 3.1 billion.



We carefully select the external portfolio managers we work with and wish to build long-term relationships with them.

Our Danish bond portfolio consists mostly of short-dated covered bonds and is managed in-house. By 31 December 2014, the bond portfolio and fixed-term deposits amounted to DKK 8.6 billion.

Novo's portfolio of credit bonds includes three external mandates, which amounted to DKK 2 billion at the end of the year. We also have one external mandate on emerging markets bonds, totalling DKK 1 billion.

Novo's investment performance is evaluated against a number of benchmarks. We use the MSCI World Index to evaluate listed equities; Danish bonds are measured against the EFFAS 1-3 Index; and the Merrill Lynch Global High Yield Index is used as the benchmark for credit. We use the J.P. Morgan Emerging Market Bond Index to evaluate our performance for emerging market debt.

STATUS QUO IN ILLIQUID INVESTMENTS

We have an opportunistic, value-driven approach to our illiquid financial investments. This means that we will mainly be allocating funds to this area if we see an investment opportunity that is not accessible through a liquid security.

Novo has invested a small percentage of its financial investments in illiquid assets. No additional commitment was made to this asset class in 2014.

Most of the commitments to illiquid financial investments were made during the period 2005-2010, and the portfolio has now entered a mature stage, where the investment period is over and cash is being returned. Within private equity, we have invested DKK 903 million out of a total commitment of DKK 1,018 million. Within real estate, we have invested DKK 282 million out of a total commitment of DKK 346 million.

RETURNS

Novo's portfolio of financial investments outperformed the relevant benchmarks in 2014. This year, the return on the portfolio was 12.9%, against a weighted benchmark return of 11%. Since 2005, when Novo expanded the scope of its financial investments, the annual average return has been 7.6% against an annual benchmark return of 4.8% over the same period.

Novo's portfolio has performed better than the benchmark portfolio, mainly because our portfolio managers have performed better than their respective benchmarks – despite a risk profile that was lower than benchmark. The lower risk is explained by a periodical underweight in listed equities and an overweight in government and mortgage bonds. Moreover, the dividends from Novo Nordisk and Novozymes, as well as revenue from the sale of Novozymes B shares, have been invested at a gradual pace. This has contributed to an average underweight in shares.



Since 2005, the annual return has been 7.6% against a benchmark return of 4.8%.

FINANCIAL RESOURCES

Novo aims to have financial resources that are easily accessible at any time. The privately held companies in the life science portfolio are not considered as liquid. Consequently, the portfolio of financial investments is primarily invested in liquid assets. By the end of 2014, 98% of our financial investments were liquid. We do not expect significant changes to this ratio in 2015.

CHARTER FOR COMPANIES IN THE NOVO GROUP

**PRESENT AS WELL AS FUTURE COMPANIES IN
THE NOVO GROUP MUST DEMONSTRATE
WILLINGNESS, ABILITY AND RESOLVE TO MEET
THE FOLLOWING CRITERIA:**

- Company products and services make a significant difference in improving the way people live and work.
- The company is perceived to be an innovator – in technology, in products, in services and/or in market approach.
- The company is among the best in its business and a challenging place to work.
- The company delivers competitive financial performance.

COMPANIES IN THE NOVO GROUP COMMIT TO:

- Value-based management
- Open and honest dialogue with its stakeholders
- Continuous improvement of
 - financial performance
 - environmental performance
 - social performance
- Reporting in accordance with relevant, internationally approved, conventions.

novo nordisk fonden

Through its activities, the Novo Nordisk Foundation aims to promote world-class research and innovation in medical, biotechnological and natural sciences and help foster a world-class educational system.

The Foundation also aims to help develop a knowledge-based society that contributes to long-term economic activity and job creation for improved health and welfare, with Denmark as the Foundation's center of gravity. The objectives of the Foundation are:

- to provide a stable basis for the commercial and research activities conducted by the companies in the Novo Group;
- to support physiological, endocrinological, metabolic and other medical research;
- to contribute to the preservation and operation of Novo Nordisk A/S' research hospital activities; and
- to support other scientific, humanitarian and social purposes.

The Foundation supports research at universities and hospitals in the Nordic countries, primarily Denmark. The ambition is that the grants facilitate the emergence of new, original frontline research and that dynamic international research environments develop that can attract and retain the very best researchers.

By generating research-based products and services it is the Foundation's ambition that Novo Group companies will position themselves as internationally recognized actors in the combatting of diseases and the more intelligent use of natural resources.

The Foundation finances its activities primarily by dividends from its fully-owned company, Novo A/S in which the assets of the Foundation are placed.

RESPECTING FREE AND INDEPENDENT RESEARCH

The Board of the Foundation specifies the grant areas, grant types and financial terms for funding. Within this framework, the Foundation ensures that research experts assess each project application before a grant decision is made. For this purpose, the Foundation has 13 committees comprising 49 highly recognized scientific experts from Denmark and the other Nordic countries. In addition, the Foundation uses external, international experts in assessment processes.

All grants awarded by the Foundation support free and independent research. The researchers decide their own research priorities, can publish as they wish, and the IPR belongs to the public research institutions.

In recent years, the Foundation has become one of the largest private contributors of funding to biomedical and biotechnological research in the Danish public sector.

THE RESEARCH CENTRE CLUSTER

Since 2007, the Foundation has donated more than DKK 6 billion, primarily for research. These grants include DKK 3.3 billion to establish the Novo Nordisk Foundation Research Centre Cluster, comprising a national Biobank and four major research centers within the fields of stem cells, proteins, metabolism and biosustainability at universities or public knowledge institutions in the Greater Copenhagen area.

SELECTED GRANT ACTIVITIES 2014

In 2014, the Novo Nordisk Foundation has awarded grants totaling DKK 975 billion, including:

- DKK 180 million to extend and strengthen the activities of the Novo Nordisk Foundation Center for Protein Research.
- DKK 120 million for the Novo Nordisk Foundation Challenge Programme, which addresses specific challenges in global health. This year's focus was diabetes.
- DKK 435 million for individual research projects and scholarships/fellowships awarded in open competition through the Foundation's committees.
- DKK 71.1 million to the Steno Diabetes Center.
- DKK 20 million to pre-seed projects (in collaboration with Novo Seeds).
- DKK 7.6 million to art-related research.
- DKK 3 million for humanitarian and social causes.

The Foundation's total pay-out was DKK 733 million in 2014. It is the Foundation's ambition to raise its annual pay-out to DKK 1.4-1.6 billion in 2018.

For more information, please visit www.novonordiskfonden.dk



Novo Nordisk is a global healthcare company with more than 90 years of innovation and leadership in diabetes care. The company also has leading positions within haemophilia care, growth hormone therapy and hormone replacement therapy.

The company's key contribution is to discover and develop innovative biological medicines and make them available to patients throughout the world. This purpose is stated in the Novo Nordisk Way, which describes the ambitions and the values that characterise the company. The Novo Nordisk Way also emphasises the importance of accounting for financial, social and environmental performance in accordance with the Triple Bottom Line principle that is anchored in the company's Articles of Association.

FINANCIAL PERFORMANCE

Novo Nordisk's 2014 performance on operating profit and free cash flow exceeded both the outlook for the year provided in January and the latest guidance from October.

Sales increased by 8% measured in local currencies and by 6% in Danish kroner. Operating profit increased by 10% in Danish kroner to DKK 34,492 million. In local currencies the growth was 13%.

Sales of diabetes care products increased by 9% measured in local currencies and by 7% in Danish kroner to DKK 69,980 million. Novo Nordisk is the world leader in diabetes care and now holds a global value market share of 27% compared to 28% at the same time last year.

Sales of biopharmaceutical products increased by 6% measured in local currencies and by 4% in Danish kroner to DKK 18,826 million.

R&D PROGRESS

The cardiovascular outcomes trial for Tresiba® (insulin degludec), DEVOTE, was initiated in October 2013 in response to a request from the US Food and Drug Administration (FDA).

Recruitment of the 7,500 trial participants was completed by the end of 2014, and by the end of January 2015 the required number of major adverse cardiovascular events for the pre-specified interim analysis had been accumulated. Novo Nordisk expects to decide during the first half of 2015 whether to submit the result of this interim analysis to the FDA.

In December 2014, the FDA approved Saxenda® (liraglutide 3 mg), the first once-daily human glucagonlike peptide-1 (GLP-1) analogue for the treatment of obesity. Novo Nordisk expects to launch Saxenda® in the US in the first half of 2015. In January 2015, Saxenda® received a positive opinion from the European Medicines Agency's expert committee.

In September 2014, the European Commission granted marketing authorisation for Xultophy®, a once-daily single-injection combination of insulin degludec (Tresiba®) and liraglutide (Victoza®) for the treatment of adults with type 2 diabetes.

During 2014, Novo Nordisk completed 3 of 4 phase 3a trials with long-acting recombinant factor VIII, N8-GP (turoctocog alfa pegol), for haemophilia A patients, investigating N8-GP as a treatment for adults, children, during surgical procedures and as prophylactic treatment.

THE PATIENT TARGET: 40BY20

As part of Novo Nordisk's strategy for global access to diabetes care, the company has set a long-term target to reach 40 million people in 2020 with its diabetes care products, a doubling from the baseline number in 2010. The aim is to enable more people with diabetes to receive medical treatment. In 2014, Novo Nordisk provided medical treatments to an estimated 24.4 million people with diabetes worldwide, compared with 24.3 million in 2013.

For more information, please visit Novo Nordisk's Annual Report 2014 at www.novonordisk.com/annualreport



Novozymes is the world leader in bioinnovation, producing a wide range of industrial enzymes and microorganisms. The company provides business-to-business biological solutions used in the manufacture of numerous products in industries such as household care, bioenergy, agriculture, food and beverages, biopharma, leather, pulp and paper, textiles and wastewater.

To deliver on its purpose to find biological answers for better lives in a growing world, Novozymes applies and delivers new innovation to the market, and launches new platforms that have an impact and create value for customers – improving performance, while saving energy and generating less waste.

2014: TOP-LINE GROWTH, BOTTOM-LINE STRENGTH

2014 was another good year for Novozymes. Solid organic sales growth, margins and cash flow brought the company to its strongest financial position ever.

Total sales in 2014 were DKK 12,459 million. Organically, sales grew by 7% (6% DKK, 7% LCY) compared with 2013, driven primarily by sales to the bioenergy industry. EBIT grew by 17% in 2014, and the EBIT margin was 27.2%, up 2.5 percentage points on 2013. All resource efficiency and organisational targets were met in 2014. In particular, improvements in the occupational accident frequency and in water and energy efficiency mark a successful year on the sustainability side.

PARTNERING FOR IMPACT

On 20 January 2014, Novozymes announced its new corporate strategy, "Partnering for impact". The strategy is accompanied by a new set of long-term social, environmental and financial targets and a new purpose statement, which reads, "Together we find biological answers for better lives in a growing world – Let's rethink tomorrow."

With this strategy, Novozymes reinforces its commitment to help solve some of the pressing global challenges facing a growing world. As the world leader in industrial biotechnology, Novozymes understands that biology can bring answers to some of these challenges. Pooling insight and expertise helps find the sustainable answers needed.

For Novozymes, partnerships mean deep-rooted collaborations with mutual benefits and obligations. Impact is about creating healthier foods, better climate, cleaner air, nature in balance or more jobs. And it is about optimising a partner's processes, creating new products or reducing their environmental footprints.

SUSTAINABILITY AND GOOD BUSINESS GO HAND IN HAND

Novozymes' products offer manufacturers more sustainable alternatives to traditional industrial processes. Sustainability is therefore evident in the company's agreements with suppliers, in its production, and in partners' and customers' application of Novozymes' solutions in their production, increasing their operational efficiency and improving the performance of their products. Novozymes' focus on sustainability also provides a competitive advantage as more customers look for sustainability as a differentiator.

In 2014, the worldwide application of Novozymes' products helped its customers avoid an estimated 60 million tons of CO₂ emissions, the equivalent of taking approximately 25 million cars off the road. This is an increase of 8 million tons compared with 2013, and was driven primarily by increased sales and improved performance of Novozymes' solutions for biofuels, household care and textiles.

For more information, please visit Novozymes' Annual Report 2014 at www.report2014.novozymes.com.

THE TEAM



Jonas Ahm
Investment Associate
Large Investments



Tiba Aynечи
Partner
Novo Ventures (US) Inc.*



Scott Beardsley
Partner
Novo Ventures (US) Inc.*



Peter Tuxen Bisgaard
Partner
Novo Ventures (US) Inc.*



Johan Brønnum-Schou
Investment Director
Finance



Søren Carlsen
Managing Partner
Ventures / Seeds



Thorkil K. Christensen
CFO



Stephan Christgau
Investment Director
Seeds



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CEO



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Nanna L. Lüneborg
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Seeds



Max Løwe
Controller



Dorte Barlebo Madsen
HR Director



Peter Moldt
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Søren Møller
Managing Investment Director
Seeds



Jack Beck Nielsen
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Ventures



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Birgitta Ravn-Holm
Executive Assistant



Dorrit Ryd
IT Manager



Jørgen Rønnow
General Counsel



Christian Salling
Asset Director
Large Investments



Eric Shiozaki
Principal
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Susanne Schou
Administrative Coordinator
Seeds



Michael Shalmi
Senior Partner
Large Investments



Bobby Soni
Investment Director
Seeds



Nicole Zilveti
US Venture Coordinator
Novo Ventures (US) Inc.*

*Novo Ventures (US) Inc. is a separate legal entity that provides certain consultancy services to Novo A/S, mainly within the areas of identifying, analysing, and negotiating investment opportunities among life science and biotech companies in the US. They also conduct related follow-up activities, such as board memberships and control and reporting efforts.

CSR IN NOVO A/S

Corporate Social Responsibility (CSR) is an integral part of Novo's value-based governance framework. The framework consists of four elements, which collectively set the direction for our company:

- The Charter for Companies in the Novo Group
- Novo's Mission
- Novo's Cornerstones
- Novo's Investment Strategy

In addition to setting the overall direction for the company and its employees, the framework provides guidance in good business conduct and CSR.

The Charter describes the common set of values for companies in the Novo Group. It constitutes the foundation for each company in the Group and acts as a professional framework for Novo Group employees. The Charter will drive the Group's long-term sustainable development and growth – and ensure its commitment to continuous improvement and reporting on financial, environmental and social performance.

Novo's Mission is to represent the economic interests of the Novo Nordisk Foundation. This includes management of the Foundation's assets, ensuring the Foundation sufficient dividends to cover its grant obligations, and maintaining the Charter for Companies in the Novo Group.

Novo's Cornerstones are Insight, Professionalism, Commitment and Trust. These values guide our interactions – internally and externally – and direct our approach to management.

Novo's Investment Strategy sets the guidelines for the allocation of financial resources to our investment areas. It also describes the investment objectives and the governance requirements for each investment area.

CORE BELIEFS WITHIN CSR

Novo has four CSR core beliefs. In accordance with Novo's Mission and the Vision of the Novo Nordisk Foundation, these beliefs describe our approach and commitment to CSR:

- Responsible use of biotechnology in its broadest sense will benefit society at large as well as Novo and its stakeholders.
- CSR is a prerequisite for sustainable success and long-term value creation.
- CSR will increase transparency, accountability and trust – and thereby improve performance and reduce risk.
- CSR will benefit society at large as well as Novo and its stakeholders.

To support the governance framework and enable regular reporting and monitoring of performance, Novo has integrated CSR into its general business and investment processes. This ensures value-based governance on a day-to-day basis.

REPORTING ON CSR

For 2014, Novo has selected five CSR focus areas. The focus areas are considered to be the most important areas in which CSR can impact the company's overall business performance.

For each focus area, Novo reports its policies, activities and the effect of these activities. To align our CSR reporting with our overall business performance, Novo re-evaluates and, if necessary, adjusts the focus areas, policies and activities each year.

Our activities in the Seeds, Ventures and Large Investments areas help to translate academic life science research into viable commercial products as well as commercialising such products. In addition to our financial commitment, we are actively involved in supporting our portfolio companies in setting up and developing their businesses. As part of our CSR effort, we measure the financial performance as well as the progression of the research toward commercialisation – e.g. how many of the Novo portfolio companies' research projects have developed into marketed products.

CSR FOCUS AREAS	WHY IS THIS IMPORTANT?	POLICIES/ASPIRATIONS	ACTIVITIES	RESULTS
Responsible investment process	Novo's core business is investing. This must be conducted in a socially and environmentally responsible manner.	To be a responsible investor by incorporating CSR into our investment processes.	Integrate and document CSR as part of our investment processes.	All new investment opportunities have been screened for potential CSR issues (including bioethical and corporate governance issues).
Impact on society through investment activities	Novo's impact on society depends on how well it deploys its financial resources.	To leave a positive footprint on society.	Start new life science companies. Invest in life science companies. Pay taxes.	Novo helped start five new companies, and we invested DKK 5,751 million in 16 new and 36 existing portfolio companies. More than 25 new drugs and devices originating from Novo portfolio companies are on the market. The Novo Group directly and indirectly paid tax amounting to DKK 11 billion.
Reputation	Reputation is of great importance to Novo. It has an impact on all Novo Group companies, influencing e.g. market value, brand, hiring ability, etc.	To be a well-reputed company.	Act as a responsible shareholder.	Novo collects feedback from stakeholders including feedback from board members and co-investors in portfolio companies. Novo received overall favourable feedback. The two Novo Group companies, Novo Nordisk A/S and Novozymes A/S have each performed internal board evaluations.
Charter and Cornerstones	Novo is a value-based company. It is important to Novo's performance that all employees understand and adhere to Novo's Charter and Cornerstones.	To make sure all employees know, understand and adhere to the Charter and Cornerstone principles.	Monitor that the organisation adheres to the Charter and Cornerstone principles.	The Charter: The Novo Group companies (Novo Nordisk and Novozymes) each adhere to the Charter, while the portfolio companies must not act against the Charter. Cornerstones: Each employee has discussed the Cornerstones with his/her manager as part of an annual Dialogue Discussion, which also includes job description, targets, the development plan and working conditions.
Employees	Novo's main non-financial operational asset is its staff. To ensure optimal workplace conditions, CSR is part of our management system.	To be a responsible and attractive employer.	Conduct work climate surveys. Conduct workplace assessments. Collect key figures on sick leave and training.	In 2014, a work climate survey and a workplace assessment were conducted. Novo collects key figures on e.g. sick leave and resources/time devoted to training. Sick leave was less than 2.5% of total working hours. Internal and external training amounted to 0.5% of total working hours. In 2014, Novo welcomed seven new colleagues. More than 1,100 applications for vacancies, candidate profiles and unsolicited job applications were handled.

ACCOUNTS, EXTRACTS

The following pages contain extracts of Novo A/S' annual report, which has been prepared in accordance with IFRS and submitted to The Danish Business Authority in a separate document.

These extracts differ from IFRS with regard to specifications and layout as only the statement of comprehensive income, balance sheet and cash flow statement have been included.

CASH FLOW STATEMENT

1 January to 31 December	2014	2013
	DKK million	DKK million
Net profit	13,460	10,784
Adjustment for non-cash items	-9,971	-7,423
Sale of shares in associates	159	184
Sale of shares relating to life science investments	5,145	213
Purchase of shares relating to life science investments	-1,724	-1,476
Sale of securities	5,755	7,819
Purchase of securities	-6,974	-7,516
Paid tax	-22	-9
Cash flow before change in working capital	5,828	2,576
Change in working capital:		
(Increase)/decrease in accounts with affiliated companies	7	-2
(Increase)/decrease in other receivables	-94	3
Increase/(decrease) in other liabilities	13	6
Cash flow from operating activities	5,754	2,583
Investment activities		
Proceeds from sale of shares in subsidiaries	319	2,503
Purchase of shares in subsidiaries	-1,515	-2,323
Loans to subsidiaries	-3,062	-1,719
Repayment of loans to subsidiaries	586	-
Cash flow from investment activities	-3,672	-1,539
Financing activities		
Bank loan (bridge financing)	1,071	-
Dividends paid	-2,745	-1,949
Cash flow from financing activities	-1,674	-1,949
Net cash flow	408	-905
Cash and cash equivalents at the beginning of the year	193	1,098
Cash and cash equivalents at the end of the year	601	193

STATEMENT OF COMPREHENSIVE INCOME

1 January to 31 December	2014	2013
	DKK million	DKK million
Result from subsidiaries	2,904	5,143
Result from associates	2,134	1,327
Results from other investments:		
Income from life science investments and securities	9,858	5,444
Cost related to life science investments and securities	-1,366	-1,053
Results from other investments	8,492	4,391
Result from investment activities	13,530	10,861
Administration costs	-66	-50
Operating profit	13,464	10,811
Financial income	1	5
Financial expenses	-5	-2
Profit before taxation	13,460	10,814
Corporation tax	-	-30
Net profit	13,460	10,784
Proposed appropriation of net profit:		
Proposed dividend	4,715	2,745
Retained earnings	8,745	8,039

BALANCE SHEET

As per 31 December	2014	2013
	DKK million	DKK million
Assets		
Investments in subsidiaries	6,166	5,985
Loans to subsidiaries	4,528	1,648
Investments in associates	9,280	7,433
Deferred tax assets	18	18
Other investments	33,894	27,078
Total non-current financial assets	53,886	42,162
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Total non-current assets	53,886	42,162
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Amounts owed by affiliated companies	3	11
Other receivables	140	46
Cash at bank	601	193
Total current assets	744	250
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Total assets	54,630	42,412
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Equity and liabilities		
Share capital	500	500
Retained earnings	52,316	41,601
Total equity	52,816	42,101
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Other liabilities	2	2
Total non-current liabilities	2	2
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Bank loan	1,071	0
Trade payables	3	3
Amounts owed to affiliated companies	2	3
Tax payables	52	74
Other liabilities	42	129
Other provision	642	100
Total current liabilities	1,812	309
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Total liabilities	1,814	311
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Total equity and liabilities	54,630	42,412

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