

**novo
holdings**

Investing to benefit people and the planet



ANNUAL REPORT 2023

Novo Holdings A/S
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About Novo Holdings A/S

Novo Holdings is a holding and investment company that manages the assets and wealth of the Novo Nordisk Foundation, one of the world's largest enterprise foundations. The purpose of Novo Holdings is to improve people's health and the sustainability of society and the planet by generating attractive long-term returns on the assets of the Novo Nordisk Foundation.

Novo Holdings is the controlling shareholder of Novo Nordisk and Novozymes* (the Novo Group companies) and manages an investment portfolio with a long-term return perspective. Novo Holdings invests in life science companies at all stages of development and, in addition, manages a broad portfolio of equities, bonds, real estate and infrastructure assets as well as private equity investments.

As of year-end 2023, Novo Holdings had Total Assets under Management of DKK 1,114 billion (EUR 149bn).

Further information: www.novoholdings.dk

About the Novo Nordisk Foundation

Established in Denmark in 1924, the Novo Nordisk Foundation is an enterprise foundation with philanthropic objectives. The vision of the Foundation is to improve people's health and the sustainability of society and the planet. The Foundation's mission is to progress research and innovation in the prevention and treatment of cardiometabolic and infectious diseases as well as to advance knowledge and solutions to support a green transformation of society.

Further information: www.novonordiskfonden.dk

*On 29 January 2024, it was announced that the combination of Novozymes and Chr. Hansen was successfully completed with the continuing name NovoNordisk. As the completion date was in 2024, we will in this annual report for 2023 use the former names Novozymes and Chr. Hansen.

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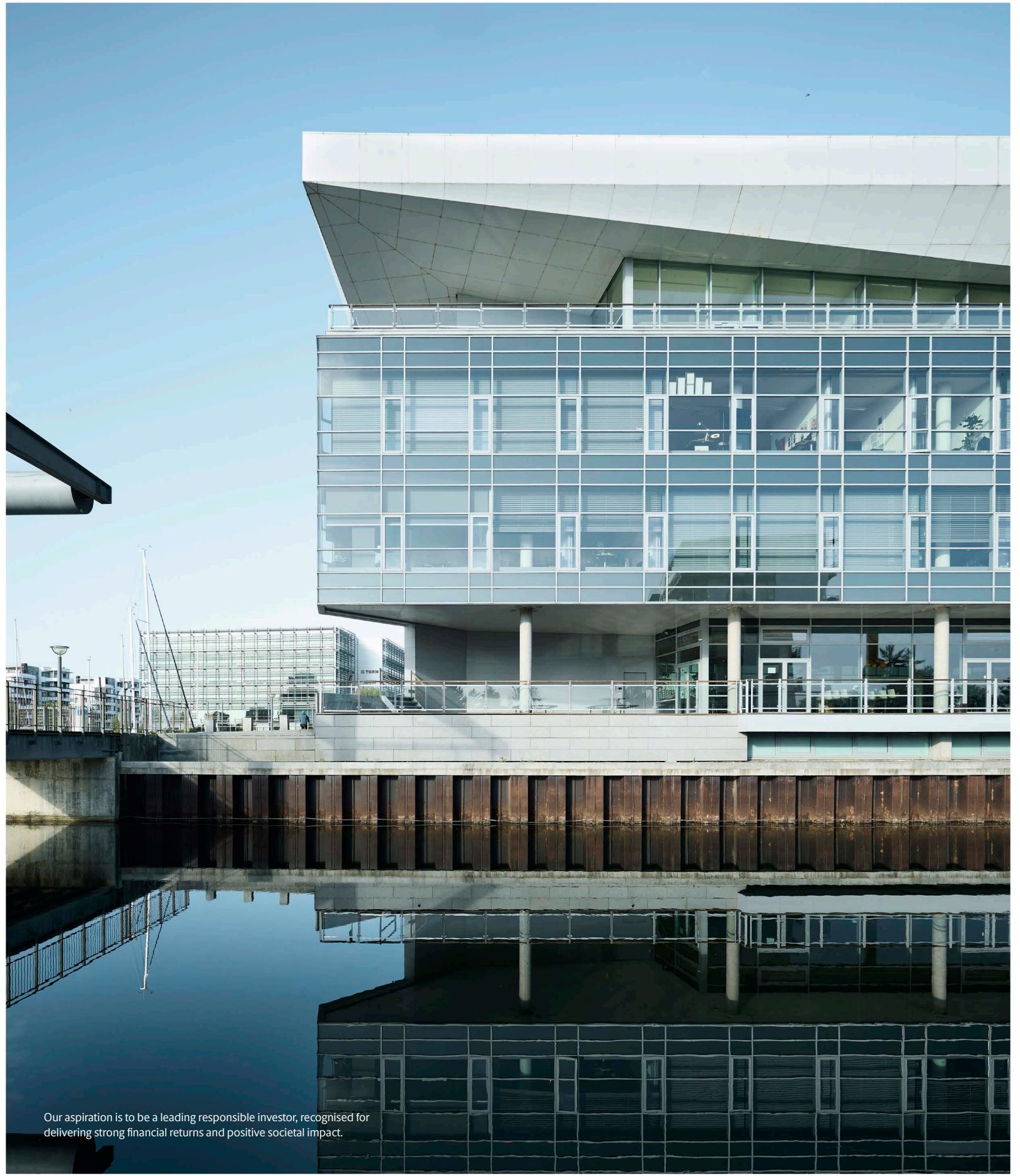
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Cover:

Bioindustrial Investments invests in areas where technology can deliver returns while feeding a growing world population, fighting climate change and drought, or creating sustainable cities and mobility - one of the initiatives could be vertical farming as seen on the cover.



Our aspiration is to be a leading responsible investor, recognised for delivering strong financial returns and positive societal impact.

Management review

Introducing Novo Holdings

Heritage and evolution

Over 20 years of innovation and impact

In the dynamic landscape of international finance, Novo Holdings distinguishes itself through its deep-rooted commitment to positive societal impact. Whether through innovation in healthcare, renewable energy or technology, Novo Holdings strives to generate long-term economic value while simultaneously contributing to advancements in global human and planetary health.

Novo Holdings is owned by the Novo Nordisk Foundation – a Danish enterprise foundation with a long-standing commitment to improving healthcare and supporting scientific innovation. It all began in 1923, when Professor and Nobel Laureate August Krogh and his wife, Marie, travelled from their home in Denmark to North America and, after hearing of the discovery of insulin, sought permission to manufacture this life-saving medicine in Scandinavia. In return, Professor Krogh promised that profit from the sale of insulin would be used for scientific and humanitarian purposes.

The production of insulin led to a successful Danish business and the establishment of several foundations which, in 1990, merged to become the Novo Nordisk Foundation. The Foundation had a clear vision: to contribute to societal progress by investing in research and healthcare.

A strategic approach to asset management

Fast forward to 1999, and it was decided to split the successful commercial business controlled by the Novo Nordisk Foundation into two companies – one focusing on healthcare (Novo Nordisk A/S) and the other on bioindustrial enzymes (Novozymes A/S). Recognising the need for a strategic and focused approach to managing its financial assets, the Foundation also established Novo Holdings.

Initially, Novo Holdings concentrated on managing the Foundation's assets. However, Novo Holdings soon expanded its horizons, leveraging its financial expertise to become a major investor in the life sciences sector.

Over time, Novo Holdings further expanded its investment portfolio to include a broader range of sectors mainly within the life sciences, such as pharmaceuticals and medical technologies, and then diversified to include investments in equities, bonds, real estate, infrastructure and private equity assets. Integrating sustainability considerations into its investment decisions, Novo Holdings remains committed to ethical and responsible investing across both its life science and capital investment portfolios.





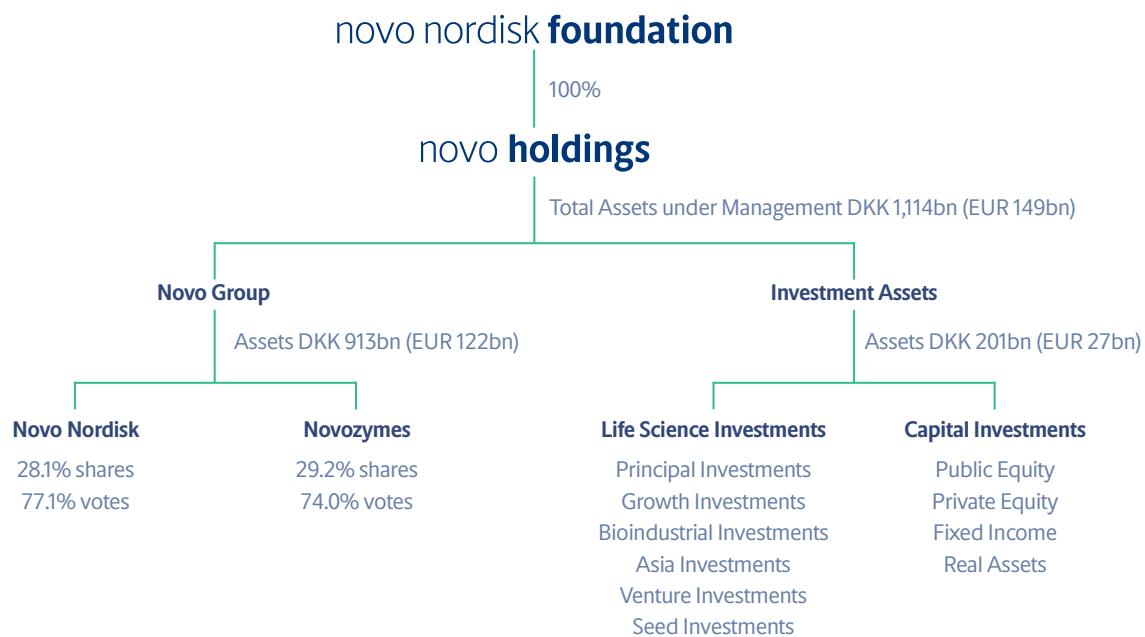
From company creation to transformative solutions

Novo Holdings' commitment to innovation and sustainable business practices has been a consistent thread throughout its history. As an extension of the Novo Nordisk Foundation, it has actively sought investments in companies and projects with the potential to make a positive impact on society – from early-stage investments in groundbreaking therapies to late-stage financing of transformative technologies.

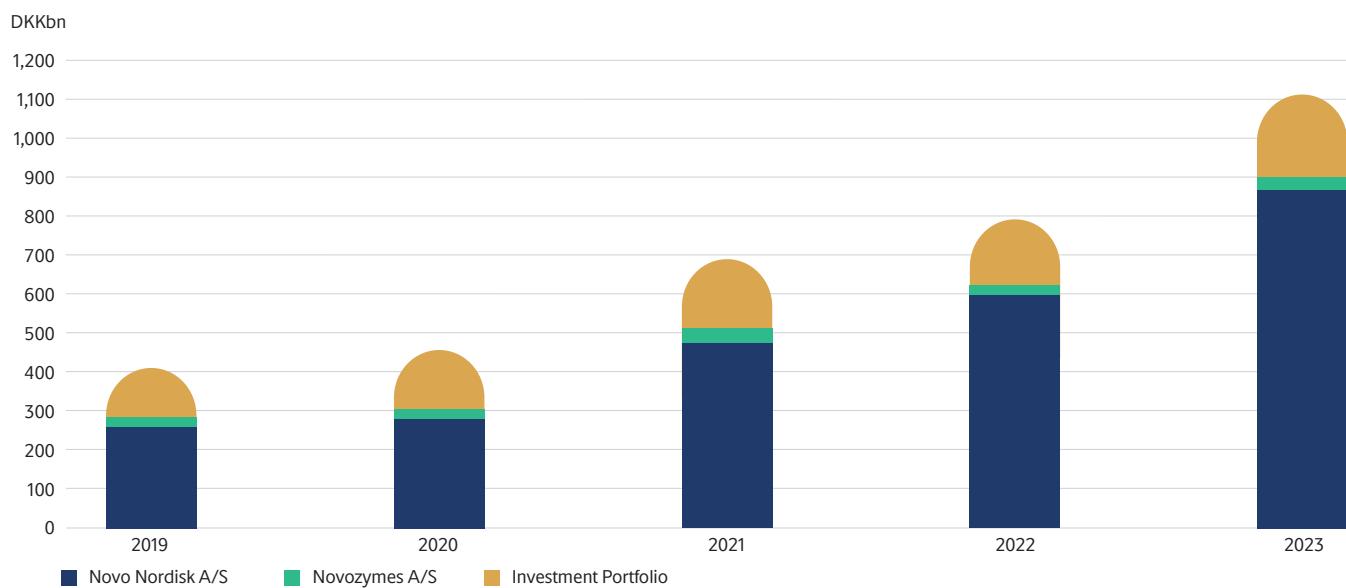
With the establishments of Venture Investments in 2000, followed by Capital Investments (2005), Seed Investments (2007), Principal Investments (2013), Growth Investments (2019), Asia Investments (2021) and Bioindustrial Investments (2022), Novo Holdings continues to evolve and adapt to the ever-changing landscape of the life sciences and capital investments.

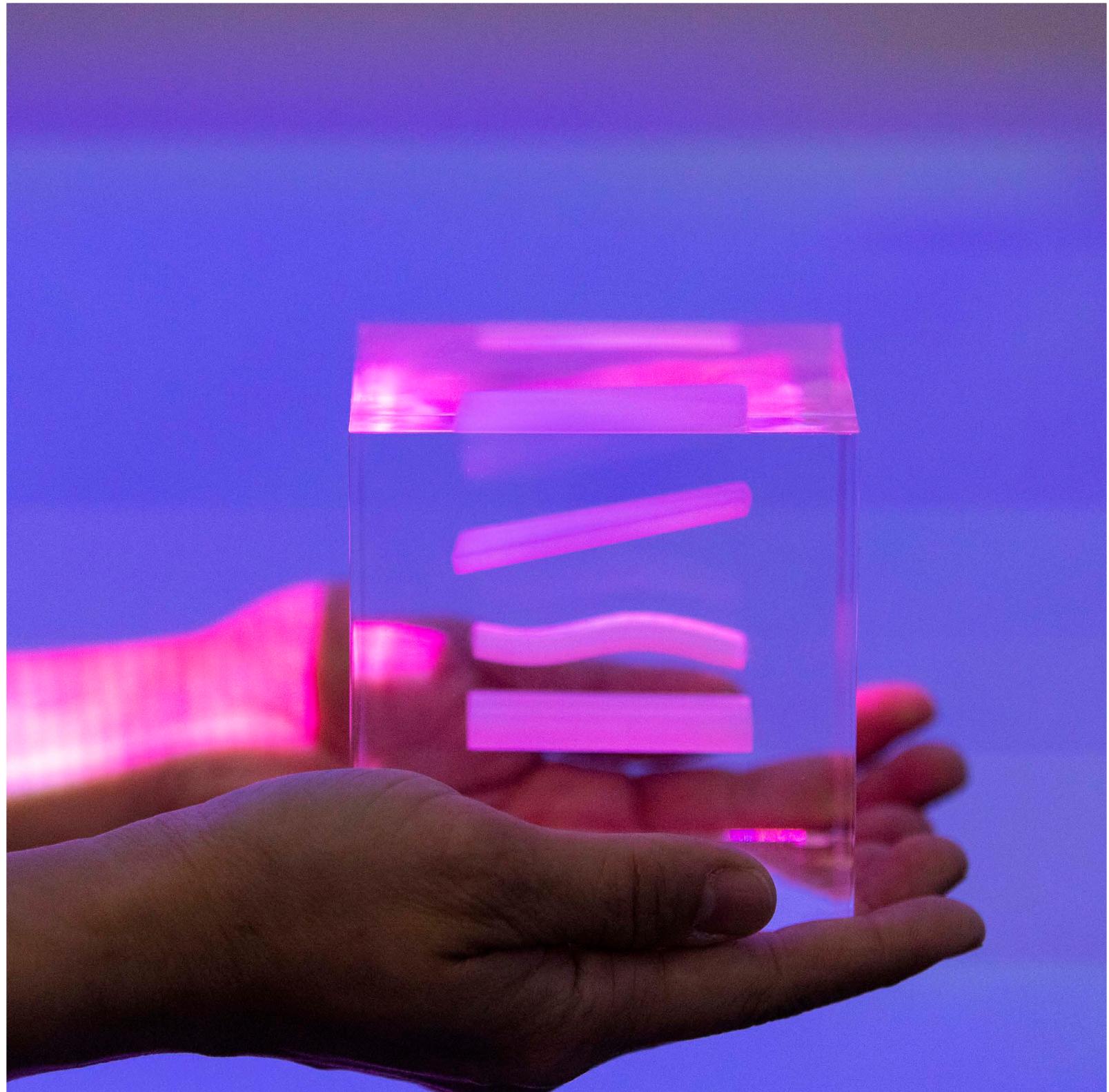
From the financial steward of the Novo Nordisk Foundation to a leading global life sciences investor, more than 20 years since its inception, Novo Holdings is using its legacy to improve global health.

Novo Holdings structure



Novo Holdings asset value 2019-2023





In 2023, biotechnology company MycoWorks inaugurated the world's first commercial-scale Fine Mycelium production plant. Exclusive to MycoWorks, Fine Mycelium engineers mycelium cells as it grows to create densely intertwined three-dimensional structures for inherent strength. The result is the world's first made-to-order mycelium biomaterial, offering the quality and performance of the finest natural leathers, with lower environmental impact.

Novo Holdings at a glance

178
Global employees



6
offices*

*The offices in US, UK and Asia are providing certain advisory services to Novo Holdings A/S, mainly within the areas of identifying and analysing various investment opportunities among life sciences companies in the US, UK and Asia as well as certain follow-up activities related thereto, such as board memberships, financial control and reporting efforts.

**5-year average return on
the Investment Portfolio***

10.1%

*The Investment Portfolio excludes Special Investments, which comprise investments that are made at below market return targets (eg, impact investments), and assets that are held for NNF strategic purposes. Including all assets, the Total Investment Return is 8.1%.

170

Portfolio companies

**DKK
1,114 bn
(EUR 149bn)**
Total Assets under Management

Return on
the Investment Portfolio* in 2023

9.4%

*The Investment Portfolio excludes Special Investments, which comprise investments that are made at below market return targets (eg, impact investments), and assets that are held for NNF strategic purposes. Including all assets, the Total Investment Return is 6.9%.

DKK
13
bn
(EUR 1.7bn)

Deployed into
life sciences in 2023

DKK
201
bn
(EUR 27bn)

Investment Assets

30

new companies
added to our
Investment Portfolio
(and 26 companies exited)

DKK
19
bn
(EUR 2.5bn)

Income from Novo Group companies

DKK
31
bn
(EUR 4.2bn)

Total Income and Investment Return in 2023

Letter from the Chair and CEO

A notable year paves the way for our Strategy 2030



2023 was a notable year for the Novo Group and Novo Holdings: Novozymes (now Novonesc) achieved accelerated organic sales growth throughout the year, and with their merger with Chr. Hansen closed in the beginning of 2024, they are set to become an industrial biosolutions powerhouse. Novo Nordisk became Europe's most valuable company by market capitalisation, and our investment portfolio performed above industry benchmark. This year also saw the completion of Novo Holdings' 5-year strategy period, which ended with returns exceeding expectations.

These successes pave the way for Novo Holdings' new strategy to 2030, which will guide us as we significantly scale our operations, with increased focus on the green transition of industry and society and our own efforts

towards reducing climate change. By 2030, we aim to increase our investment allocation to the green transition from approximately 2% to 10% of our investment funds, with a focus on the full value chain including technology, growth, scaling and infrastructure. With regards to climate change, we will implement our commitment to the Science Based Targets initiative (SBTi) to ensure we do our share in reducing carbon emissions (see page 38).

As we look to the future, quantum research, artificial intelligence and digital technology have tremendous potential to solve challenges within health and sustainability. We will therefore be taking the first steps in building a quantum technology investor ecosystem in the Nordics to enhance the

Financial highlights summary

Market volatility was a feature of 2023, exacerbated by the economic slowdown in, amongst others, China and Germany, and ongoing geopolitical crises. Despite these challenges, Novo Holdings realised income and investment returns of DKK 31 billion in 2023, compared with DKK 3 billion in 2022. Novo Holdings closed the year with DKK 1,114 billion in total assets, an increase of 38% from 2022.

At the end of 2023, the Life Science Investment Portfolio generated a 10-year average return of 11%, while the Capital Investments Portfolio generated a 10-year average return of 8%. The total Novo Holdings Investment Portfolio 10-year average return was 10%. The 3, 5 and 10-year average returns for Novo Holdings are all above benchmark.

work being done in this exciting field by the Novo Nordisk Foundation, and we will accelerate our digital efforts internally and towards portfolio companies by building a dedicated digital team.

We are excited to begin implementation of these initiatives and other activities outlined in our new strategy, as we remain focused on our purpose to improve people's health and the sustainability of society and the planet.

Investment Portfolio highlights

Our mission is to generate attractive long-term returns on the assets of the Novo Nordisk Foundation and to be a supportive owner of the Novo Group companies. With our life science investments, we aim to drive the development of therapies and diagnostics to address important medical needs and innovative biosolutions that will propel the green transition. Novo Holdings' Life Science Investment portfolio accounts for 51% of our total portfolio and is comprised of six investment areas:

Seed Investments invested DKK 1.2 billion in 2023, including significant investments in Hemab Therapeutics, Adcendo, Acesion Pharma and Commit Biologics. Notable activity this year includes the establishment of Seed Investments' own experimental laboratory in Denmark and the acquisition of Paratek Pharmaceuticals, one of the largest independent antibiotics companies in the world (see *Seed Investments*, page 30).

Venture Investments invested DKK 3.6 billion this year, with 42 investments including a new investment in European biotech Alentis. Notable portfolio company milestones in 2023 include Anthos Therapeutics announcement of positive Phase 2 data in patients with atrial fibrillation at moderate-to-high risk of stroke (see *Venture Investments*, page 29).

Growth Investments invested DKK 0.5 billion in 2023. Highlights from the year include a new investment in Evosep, a company developing new technologies to improve protein-based clinical diagnostics (see *Growth Investments*, page 23).

Principal Investments invested DKK 5.9 billion this year, including a new platform investment with the acquisition of Ellab, a global leader providing validation and monitoring solutions and services for measuring and documenting critical parameters in biotech and pharma processes (see *Principal Investments*, page 22).

Working across and collaboratively with these investment verticals are *Asia Investments* and *Bioindustrial Investments*. This year the teams led several investments, including LePure Biotech, a leading provider of high-quality and innovative single-use bioprocessing solutions in China (see *Asia Investments*, page 28) and Aquafortus, a water technology company that purifies high salinity brines (see *Bioindustrial Investments*, page 27).

Our non-life science investment team, *Capital Investments*, comprises 49% of our total investment portfolio. Capital Investments closed the year with DKK 98 billion of assets under management and generated a return of 9%. Key highlights of the year include investments in Glentra Capital and EuroClear (see *Capital Investments*, page 36).

People and organisation

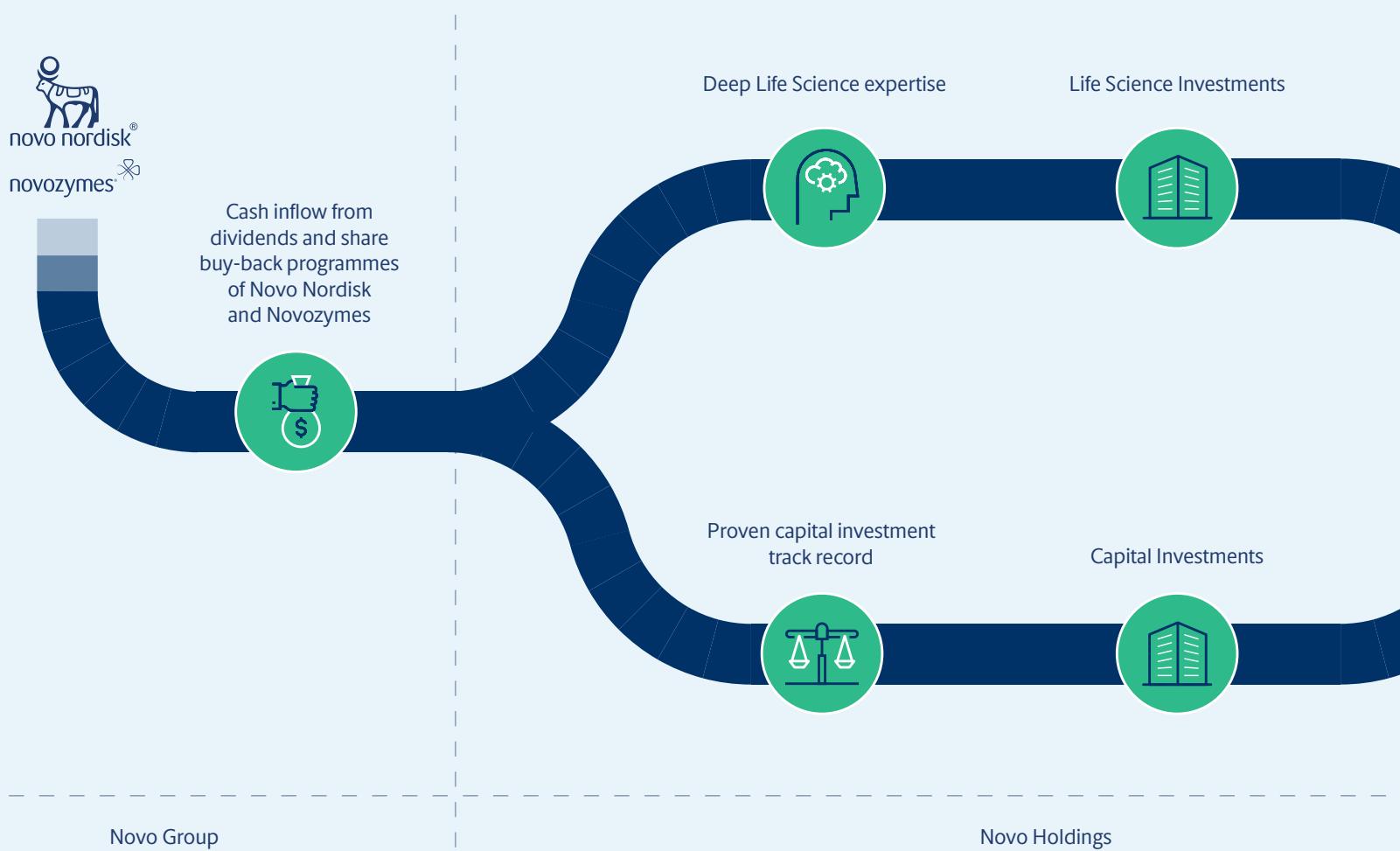
This year we welcomed Dr. Susanne Schaffert to our Board of Directors, who has considerable experience from the biopharmaceutical industry and a strong scientific academic background.

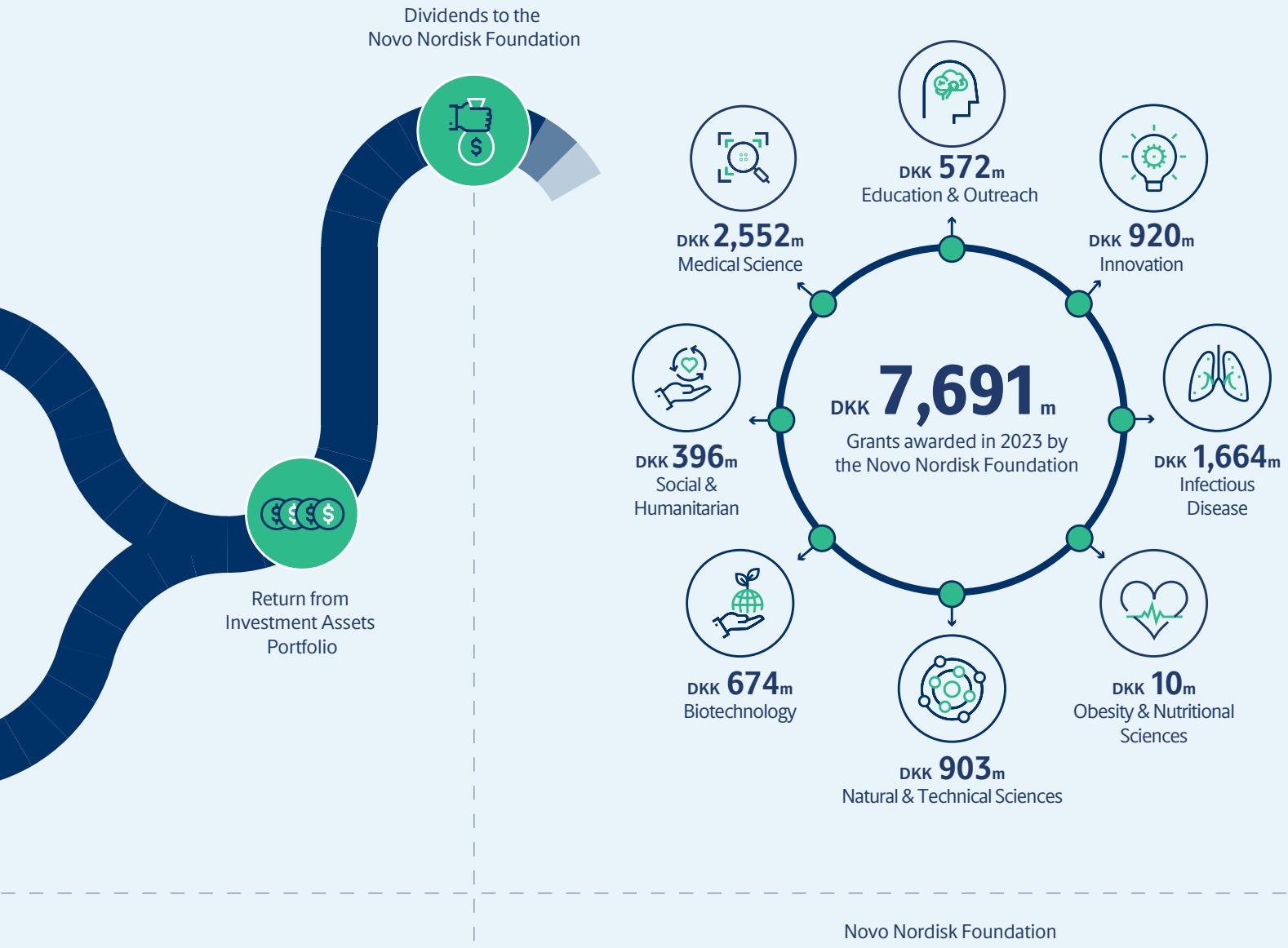
We would like to thank our Board and the Novo Nordisk Foundation for their guidance and support for our new strategy to 2030. We also offer our congratulations to Novo Nordisk and Novonesis for their successes this year. Last but by no means least, we would like to thank our colleagues for delivering good results in a volatile and challenging environment.

Lars Rebien Sørensen
Chair of the Board

Kasim Kutay
Chief Executive Officer

Our business model





2023 performance highlights

Allocation and returns by asset category, investment area and Novo Group

Assets	Allocation		Returns		
	DKKbn	Share of	2023	5Y Rolling	10Y Rolling
By asset category					
Diversified Growth Assets	164	81%	8.8%	8.9%	11.4%
Macroeconomic Risk Hedges	37	19%	-0.9%	3.8%	3.8%
Investment Assets	201	100%	6.9%	8.1%	10.3%
By investment area					
Life Science Investments	103	51%	5.3%	7.5%	11.4%
Capital Investments	98	49%	8.6%	8.5%	8.2%
Investment Assets	201	100%	6.9%	8.1%	10.3%
Novo Group					
Novo Nordisk A/S	883	97%	50.9%	38.3%	23.2%
Novozymes A/S	30	3%	8.8%	7.2%	6.9%
Novo Group	913	100%	49.0%	36.3%	22.0%

Allocation and returns of invested assets by asset class

Asset class	Allocation		Returns		
	DKKbn	Share of	2023	5Y Rolling	10Y Rolling
Asset category and asset class					
Diversified Growth Assets	164	81%	8.8%	8.9%	11.4%
Public Equity	74	37%	16.4%	7.0%	9.9%
Private Equity	58	28%	2.3%	13.1%	12.8%
Venture Capital	19	9%	9.0%	11.1%	30.2%
Credit	13	7%	-2.6%	2.9%	5.1%
Macroeconomic Risk Hedges	37	19%	-0.9%	3.8%	3.8%
Real Assets	17	9%	-7.7%	11.9%	11.3%
Bonds & Cash	20	10%	4.2%	0.6%	1.1%
Investment Assets	201	100%	6.9%	8.1%	10.3%

Five-year summary

DKK billion	2023	2022	2021	2020	2019
Income statement					
Income from Novo Group companies	19	14	14	13	11
Return from Life Science Investments	5	-6	12	11	7
Return from Capital Investments	7	-5	12	5	8
Total Income and Investment Return	31	3	38	29	26
Operating profit	30	2	37	29	26
Net profit for the year	25	7	33	25	23
Balance sheet					
Equity	153	127	159	131	114
Total assets	211	186	187	156	132
Total assets under management*	1,114	805	697	457	411
Key ratios					
Equity ratio	73%	68%	85%	84%	87%
Global employees	178	152	111	109	87

* Total assets under management (at market value) include Novo Group companies with A and B shares of the companies valued using the quoted B-price at closing 31 December of the respective year.

Returns

All returns are in DKK and reflect total returns, excluding internal costs. Income from Novo Group companies (Novo Nordisk and Novozymes) consists of dividend and share buy-back programme payouts. Returns on Life Science Investments are calculated on an Internal Rate of Return (IRR), based on the book value at the end of the measurement period and cash flows within the measurement period compared with the book value at the beginning of the measurement period. Capital Investments' returns and Investment Portfolio returns are based on Time Weighted Returns (TWR). Whereas asset category returns are based on TWR, the underlying returns by asset class reflect a mix of IRR and TWR, with Private Equity, Venture Capital and Real Assets being measured by IRR and the remaining asset classes based on TWR.

Management review
Our business

Sustainability is integral to our business and we invest in companies that apply biotechnology to drive the green transition.



Investment strategy

Novo Holdings has five core strategic investment pillars:

1. Be a stable and supportive owner of the Novo Group.
2. Generate attractive long-term returns that allow us to both deliver an income to the Novo Nordisk Foundation and to grow the Investment Portfolio.
3. Allocate a significant portion of our funds to direct life science investing, where we can leverage our heritage and deep-rooted insights.
4. Invest, both through specialist portfolio managers and directly, across the asset classes including equities, fixed income and alternatives through Capital Investments.
5. Invest for positive societal impact.

By the end of 2023, the Investment Assets Portfolio was balanced with 51% allocated to Life Science Investments and 49% allocated to Capital Investments.

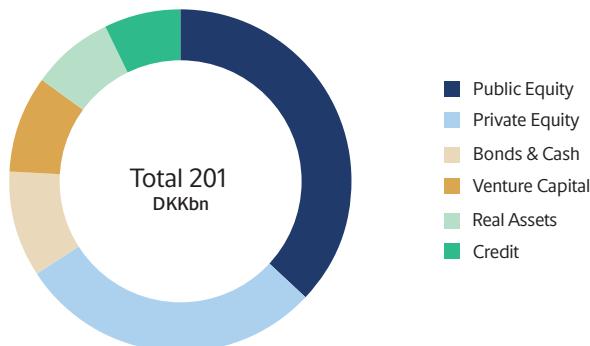
During the year, we continued to comply with the risk tolerance framework agreed with the Novo Nordisk Foundation. This required balancing risk and returns with projected grant payouts for the Foundation. As we come to the end of Strategy 2023 and embark on Strategy 2030, the risk appetite agreed with the Foundation remains unchanged. Asset allocation across the growing sectors with Asia Investments and Real Assets and the new Bioindustrial Investments team has, therefore, been managed within the existing risk framework.

By end of 2023, the Investment Assets Portfolio was valued at DKK 201 billion and is predominantly allocated towards equity, with public equity representing 37% and private equity representing 28% of the portfolio, respectively. The bonds and cash portfolio represent 10% of the Investment Assets Portfolio, venture capital represented 9%, real assets 9% and credit 7%.

The geographical representation of the Investment Assets Portfolio is largely unchanged compared to the beginning of the year, with around 43% of the portfolio exposed to USD, 24% to DKK, and 20% exposed to EUR.

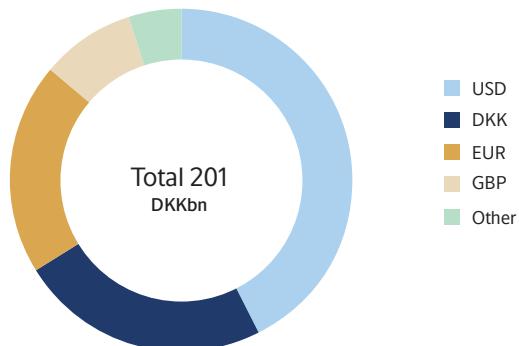
For nearly 25 years, Novo Holdings has invested in the life sciences sector. Initially spearheaded by Venture Investments, this focus and effort has developed further, with the addition of Seed, Growth and Principal Investments. Today we invest across the full continuum of the life sciences sector, from early start-ups to global well-established companies. During 2023, we increased our presence in Asia by adding four colleagues, complementing and further diversifying our Life Sciences Investment

Investment Assets split by asset class, end of 2023



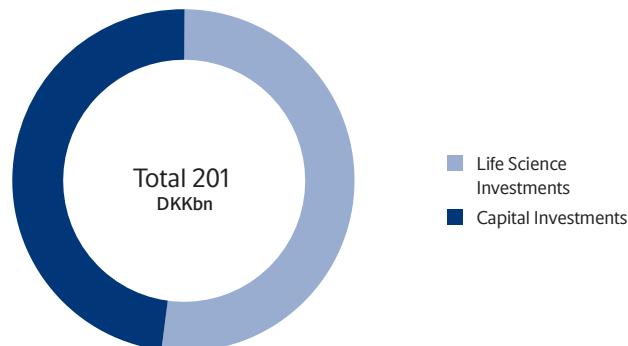
- Public Equity
- Private Equity
- Bonds & Cash
- Venture Capital
- Real Assets
- Credit

Investment Assets split by currency, end of 2023



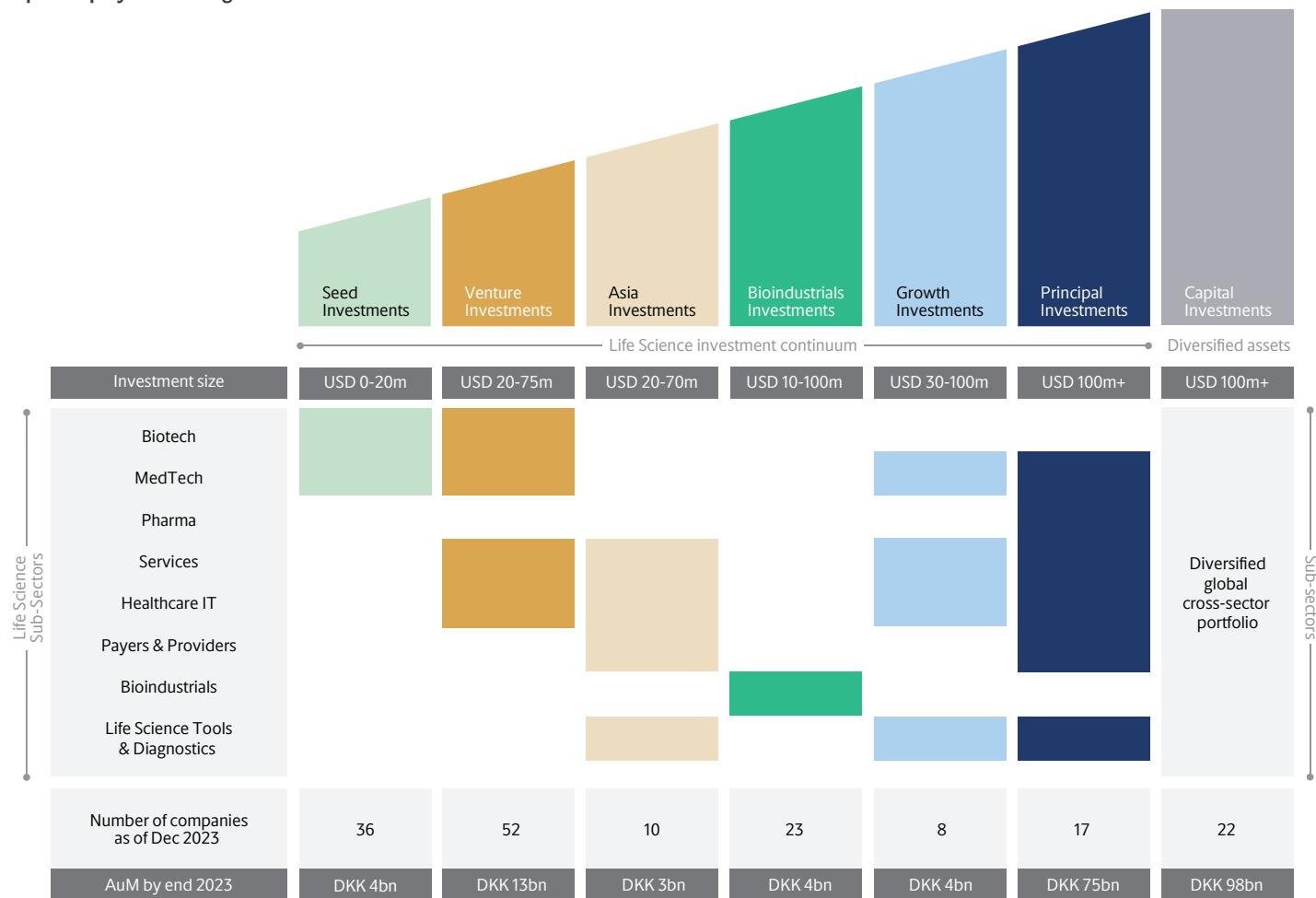
- USD
- DKK
- EUR
- GBP
- Other

Investment Assets split by Life Science Investments and Capital Investments, end of 2023



- Life Science Investments
- Capital Investments

Capital deployment through seven dedicated investment teams



Assets Portfolio outside of Europe and the US. Additionally we have given new focus to our planetary health efforts by establishing a dedicated Bioindustrial Investment team as part of our Strategy 2030.

This team will also enhance our capabilities to support the global green transition with investments in scaling green infrastructure.

The Capital Investments team provides us with global exposure outside the life sciences sector and, in line with our Strategy 2023, we are in the process of expanding and further diversifying the portfolio. In support of this, we have established dedicated resources focusing on private equity and venture capital (non-life science), real assets and credits, as well as increased our efforts for the management of public equity in-house.

Principal Investments

Novo Holdings' Principal Investments vertical invests in leading, well-established, growth-oriented healthcare and life science companies. Operating out of Copenhagen, London and Boston, Principal Investments focuses on long-term sustainable value creation through an engaged, supportive ownership approach, targeting control, co-control and significant minority investments.

Principal Investments' engaged ownership approach provides its portfolio companies with strategic support, access to a broad life science network and deep sector insights and expertise.

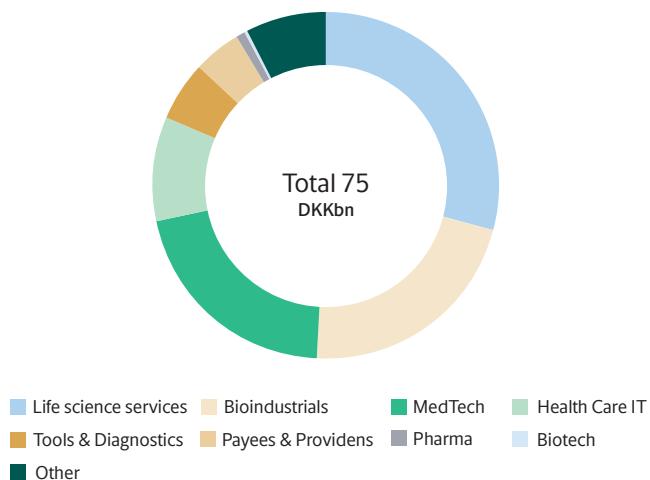
Year in review

While 2023 was characterised by continued macro uncertainty and associated market volatility, coming from a low level, overall activity and buyout deal flow slowly picked up during the year as leveraged finance markets gradually thawed.

The Principal Investments Assets portfolio remains fundamentally sound and robust from an underlying business performance perspective, and with 2023 being another volatile year, Principal Investments' strategy of backing strong management teams of leading companies served it well. Principal Investments continued to actively support its portfolio companies, including in the execution of several add-on acquisitions and other important strategic growth initiatives.

The Principal Investments Assets portfolio was valued at DKK 75 billion at the end of 2023, compared to DKK 75 billion at the end of 2022, and

Principal Investments Assets portfolio by sub-sectors, end of 2023



included 17 companies of which 9 were headquartered in Europe and 8 in North America. Of these, 11 are privately held companies and 6 are publicly listed. From a subsector perspective, Principal Investments' largest exposure is towards life science services, medtech and healthcare IT (excluding bioindustrials).

Investments and financings

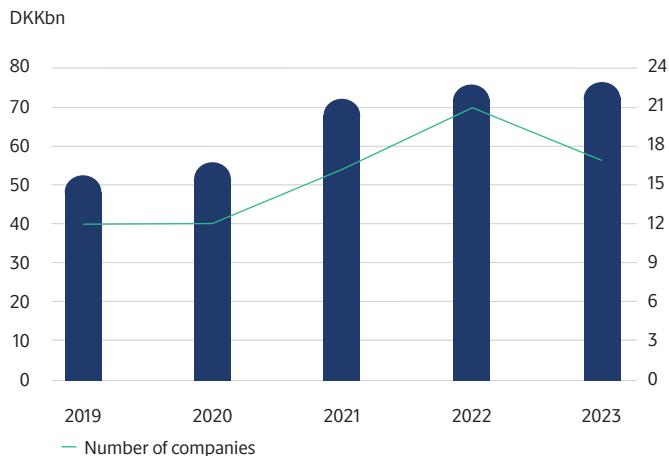
During 2023, Principal Investments made a new platform investment with the acquisition of Ellab. Ellab is a Danish headquartered, global leader providing validation and monitoring solutions and services for measuring and documenting critical parameters such as temperature, pressure and carbon dioxide in mainly biotech and pharma processes. Read more about Ellab on page 24.

Exits

During 2023, Principal Investments realised total proceeds of USD 1.3 billion (including the sale of Synlab which was not closed at year end, see below). These proceeds have in part been generated by full or partial divestments of 7 shareholdings, predominantly from the public portfolio. The most significant exit is the agreement to sell the ~17% shareholding in European listed company Synlab to Cinven for EUR 10 per share returning a total of EUR 380 million. This transaction is expected to close during the first half of 2024.

In addition, proceeds have been generated by partial monetisations in the private portfolio, with the most notable being dividend recapitalisations in Sonion.

Principal Investment Assets portfolio 2019–2023



Growth Investments

Novo Holding's Growth Investments vertical makes sizeable investments in scalable, high-growth life science companies at the leading edge of innovation. Operating out of San Francisco, it targets companies in the US, Europe and, in collaboration with the Asia Investments team, companies in Asia that no longer carry binary risk, and which require significant capital for commercial acceleration.

Growth Investments focuses on specific investment ecosystems within four industry areas: life sciences tools and diagnostics, technology within life sciences, complex manufacturing and supply chain and, in collaboration with the Bioindustrials Investments team, life sciences beyond human health. Growth Investments' mission is to help its portfolio companies to achieve their long-term potential by leveraging its scientific knowledge, operational expertise, and global network. A flexible investment horizon, the ability to deploy significant capital, and an engaged ownership model support this mission.

In addition to its direct investments, Growth Investments takes limited partnership positions with external fund managers to act as accelerators of its core strategy.

Year in review

This has been a challenging year for growth equity as an investment class, as growth-stage companies have been disproportionately affected by the rise in interest rates. The challenges experienced in 2023 were especially pronounced on the public side of Growth Investments' portfolio, despite

the positive operating momentum enjoyed by many of the companies in the portfolio. This has been counterbalanced by the relative stability on the private side of the portfolio.

At year-end, and excluding assets that are jointly managed with the new Bioindustrial Investments team, the Growth Investments' Assets portfolio comprised minority positions in eight companies, four of which are based in the US and four in Europe. Three companies within its portfolio are publicly traded, while the remainder are private.

Growth Investments Assets portfolio was valued at DKK 4.3 billion at the end of 2023, compared to DKK 3.9 billion in 2022, including limited partnership positions within external fund managers.

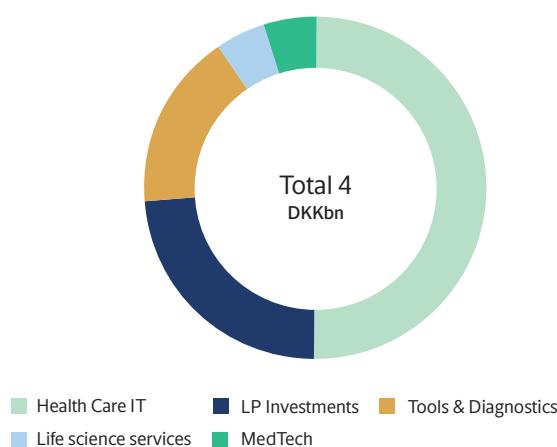
Investments and financings

At the beginning of 2023, Growth Investments executed a new USD 40 million investment in Evosep, to further Evosep's technology and application portfolio to radically innovate protein-based clinical diagnostics thereby improving patient care.

Growth Investments executed one follow-on investment in 2023, deploying DKK 0.5 billion to Oxford Biomedica, a leading gene and cell therapy group focused on developing life-changing treatments for serious diseases.

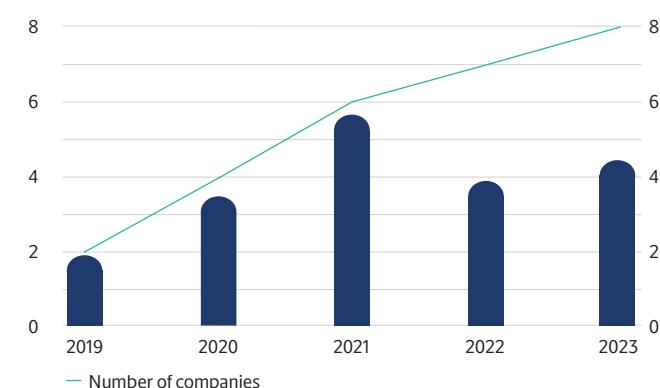
Growth Investments received capital returns of DKK 13 million during 2023.

Growth Investments Assets portfolio by sub-sectors, end of 2023



Growth Investments Assets portfolio, 2019-2023

DKKbn



Going from strength to strength

Novo Holdings acquires Ellab, a global leader in measurement equipment and analysis

The acquisition of Ellab, a global leader in validation and monitoring, stands out as one of the most significant investments for Novo Holdings in 2023.

In August 2023, Novo Holdings' Principal Investment team announced that it had successfully acquired Denmark-based Ellab, an important player in the biotech and pharmaceutical ecosystem specialising in validation and monitoring, from its previous owner EQT Private Equity. The Lundbeck Foundation subsequently joined Novo Holdings in the ownership group by acquiring a significant minority stake.

Ellab has experienced significant growth in recent years and has transformed from mainly being a validation-focused company to also providing a global field service offering and a new monitoring system, specifically targeting the healthcare industry.

When the opportunity to acquire Ellab was identified, Novo Holdings was not deterred by the challenging global transaction environment marked by rising interest rates and geopolitical uncertainties. Ellab's resilience and

consistent topline growth since its inception in 1949 set it apart, noted Henrik Kjær Hansen, Senior Partner, Principal Investments.

"Novo Holdings has followed Ellab closely for several years. The Company has a high-quality offering for the pharmaceutical and biotech sectors, which aligns perfectly with our investment focus and expertise. We are very impressed by Ellab's management team, track record, innovation capabilities, financial profile and customer focus, so there is an excellent match between our organisations," Henrik Kjær Hansen said.

Henrik Kjær Hansen also praised Ellab's financial profile and highlighted its potential in a market with an annual growth rate exceeding 10 percent. Operating in a specialised market, Ellab has demonstrated remarkable prowess, presenting exciting opportunities for further expansion.



"The evolution and growth of Ellab have been truly remarkable, and I am confident that the company will continue its impressive growth trajectory for many years to come."

Christoffer Søderberg
Managing Partner, Principal Investors



Novo Holdings will support the continued growth of Ellab, building on its impressive longstanding track record, by utilising its industry network and global presence to accelerate future business expansion.

Driving future growth

Headquartered in Hillerød, Denmark, Ellab provides validation and monitoring solutions and services for biotech and pharmaceutical processes. Its solutions and services are vital for measuring and documenting

parameters such as temperature, pressure and carbon dioxide, which helps clients to ensure consumer safety and regulatory compliance while reducing time to market and the risk of product loss.

Initially established as a family-owned business in 1949, Ellab started out by developing temperature sensors for the food industry. It has since evolved into a full-suite provider of validation and monitoring solutions and services for the biotech and pharmaceutical industries. Today, the company serves the 20 largest biotech companies and the 40 largest pharmaceutical companies globally.

Ellab: a snapshot of history and growth

- Founded in Denmark in 1949 as "Elektroniklaboratoriet"
- Global leader in measurement equipment and analysis software
- Vital for documenting temperature-related processes
- Serves the biotech, pharmaceutical and other industries
- Exemplary financial performance

Reflecting on the deal and what it means for Novo Holdings, Christoffer Søderberg, Managing Partner and Head of Principal Investments, said: "The evolution and growth of Ellab have been truly remarkable, and I am confident that the company will continue its impressive growth trajectory for many years to come. I am pleased that Novo Holdings will be part of that future success and believe that it will be made stronger by our partnership with the Lundbeck Foundation. As active owners, we are excited to partner with Ellab on this next stage of its journey and to drive our joint strategy of growth and innovation."



Through its Bioindustrial Investments team, Novo Holdings invests in biotech companies developing sustainable solutions in agriculture and food production. North Carolina-based Elo Life Systems is leveraging gene editing technologies to develop Cavendish bananas that are resistant to Fusarium TR4, a fungal disease that is threatening banana production worldwide.

Bioindustrial Investments

Novo Holdings' Bioindustrial Investments team was established as a distinct investment vertical at the end of 2022. Operating out of Copenhagen, San Francisco, Boston and Singapore, it has a global mandate to invest in areas where biotechnology can deliver returns and improve planetary health. Bioindustrial Investments' strategic goal is to make investments that drive the green transition – to feed a growing world population, fight climate change and create sustainable cities.

By identifying, creating and investing in early to mature bioindustrial companies that are addressing pressing global problems with innovative technology, Bioindustrial Investments provides support at all stages from technology development to infrastructure advancement and product manufacture.

Bioindustrial Investments collaborates closely with the other investment verticals at Novo Holdings.

Year in review

During 2023, the Bioindustrial Investments team focused on supporting its portfolio companies, 20 of which have been transferred to Bioindustrial Investments from other Novo Holdings' investment verticals, and three of which have been acquired by Bioindustrial Investments this year.

By the end of the year, the Bioindustrial Investments Assets portfolio was valued at DKK 4.1 billion and included 23 companies, of which 22 were private and one public. Based on geography, 78% of the portfolio value was in companies based in the US, 20% in Europe, and 2% in Asia.

Bioindustrial Investments Assets portfolio by sub-sectors, end of 2023



Investments and financings

Bioindustrial Investments executed seven investments during 2023, deploying DKK 1 billion. Notable transactions include:

- Co-led a USD 17 million series A financing of Aquafortus, a water technology company that purifies high salinity brines.
- Investment of EUR 4.7 million in HPNow, a Danish firm pioneering an innovative form of water treatment.
- Completed follow-on investments in portfolio companies including 21st BIO, Bactolife, Biomason, Deep Branch and LanzaTech.

Portfolio company milestones

Notable activity this year includes preparation for the merger of our portfolio company Chr. Hansen and our Novo Group company Novozymes.

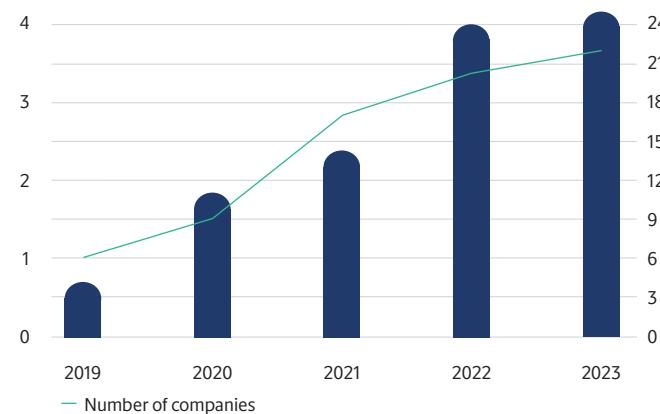
The merger has closed in the beginning of 2024, creating an industrial biosolutions powerhouse, with the continuing group name Novonesis.

Also this year, several of Bioindustrial Investments' Assets portfolio companies progressed from technology development to scaling and implementation, with products now entering the market. Highlights include:

- MycoWorks' textile factory began operations.
- BioMason started commercial manufacturing of Biocement®.
- The Protein Brewery initiated supply of protein-rich food products.

Bioindustrial Investments Assets portfolio, 2019-2023

DKKbn



Asia Investments

Novo Holdings' Asia Investments team was established in Singapore in 2021, with a second office opening in Shanghai in 2022. Its strategic goal is to build on and enhance Novo Holdings' position as a global leader in life science investments.

Working closely and synergistically with the other investment verticals at Novo Holdings, Asia Investments utilises deep domain expertise and understanding to invest across life science subsectors, applying a tailored approach to each region and country.

Asia Investments aims to ensure that Novo Holdings is the leading life science investor in the region. The investment vertical has quickly gained traction, building a dedicated in-house team and a geographically diversified portfolio in the region, which represents a large, attractive and growing life science market with a vibrant and sophisticated investment ecosystem.

Year in review

During 2023, Asia Investments focused on building and strengthening its team and establishing itself as an engaged investor across Asia. By the end of the year, the portfolio included 10 companies, of which four were based in China, three in India and three in Southeast Asia.

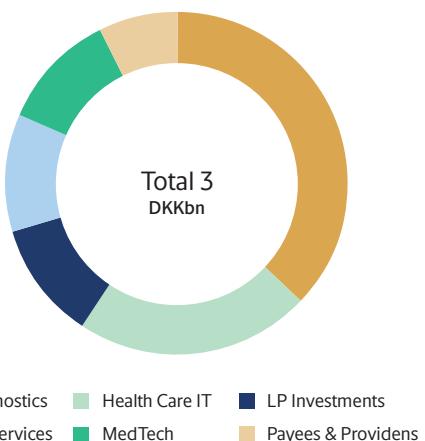
The majority of the portfolio consists of direct, private investments, valued at DKK 2.7 billion at year-end, compared with DKK 1.4 billion at the end of 2022.

Investments and financings

Notable transactions during 2023 include:

- Co-led series C financing in LePure Biotech, a leading provider of high-

Asia Investments Assets portfolio by sub-sectors, end of 2023



quality and innovative single-use bioprocessing solutions in China.

- Participated in USD 290 million strategic financing round of Sangon Biotech, a leading provider of life science tools and services in China.
- Participated as a cornerstone investor in USD 470 million IPO of WuXi XDC for listing on the Hong Kong stock exchange. WuXi XDC is a contract research, development and manufacturing organisation.
- Participated in the USD 135 million series D financing of Halodoc, an Indonesian-based healthtech platform, in which Novo Holdings first invested in 2021.
- Participated in the USD 39 million series C1 financing of Doctor Anywhere, based in Singapore, in which Asia Investments first invested in 2021, for the acquisition of Asia Healthcare Specialists, a multi-clinic speciality chain.

Portfolio company milestones

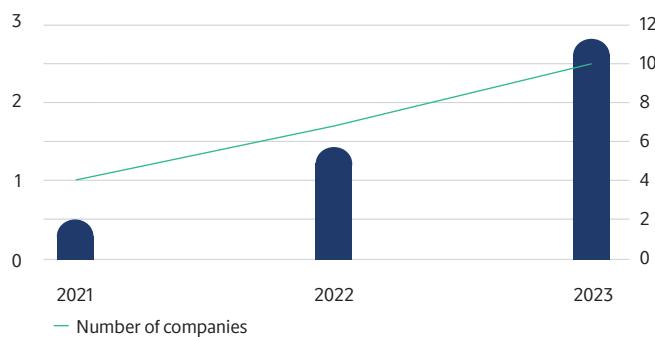
- Qure.ai received US FDA approval for its AI-enabled chest x-ray solution.
- Following its IPO at the end of 2022, Medanta continued to grow and do well on the stock exchange during 2023.
- MedGenome made two acquisitions to expand its offerings as a leading genomic diagnostic and research services company in South Asia.
- Sangon had a strong top and bottom-line performance in the first half of 2023.
- LePure completed two strategic mergers and acquisitions in the cell culture media and filtration space to enhance their portfolio offerings.

Exits

Asia Investments received distributions of DKK 151 million in 2023 from public trade and DKK 21 million from private trade.

Asia Investments Assets portfolio, 2021-2023

DKKbn



Venture Investments

Investing in novel technologies for over 20 years, Novo Holdings' Venture Investments vertical is one of the largest and most active international life science venture investors.

Venture Investments operates globally with employees based in San Francisco, Boston, London and Copenhagen. Its portfolio includes both private and publicly traded investments in the biotech, medtech and digital health sectors, spanning early-stage, translatable science through commercial stage products.

Year in review

With publicly traded life sciences indices down for most of the year, 2023 was another challenging year for the life sciences industry. Against that market backdrop, Venture Investments performed very well and by year-end, Venture Investments' portfolio was valued at DKK 13 billion, compared to DKK 11 billion in 2022, and included 52 portfolio companies, of which 67% were private and 33% public. Based on geography, 83% of the portfolio value was in US-based companies with the remainder being primarily European companies.

Investments and financings

Venture Investments deployed DKK 3.6 billion in 2023, including DKK 1.4 billion invested in 15 new investments. New investments include 4D

Molecular, Alentis Therapeutics, BioGeneration Capital Fund V, CARGO Therapeutics, Cymabay, Fire1, Hillstar Bio, Lexeo Therapeutics, ManaT Bio, Maplight Therapeutics, Octave Health, Pureos Bioventures Fund II, Ray Therapeutics, Terremoto Biosciences and Scion Fund I.

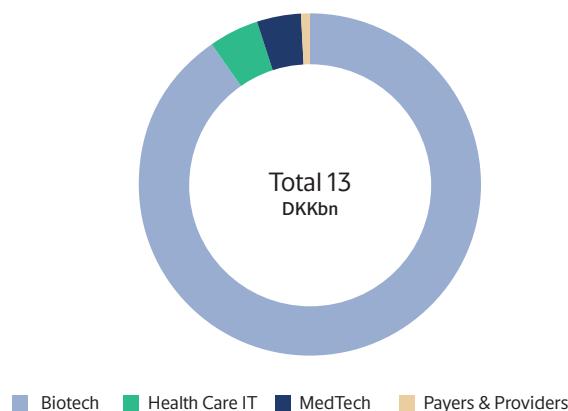
Portfolio company milestones

- CymaBay Therapeutics, Inc. announced positive results from its Phase 3 pivotal RESPONSE study.
- Crinetics Pharmaceuticals, Inc. announced positive results from its Phase 3 PATHFNDR-1 study.
- Disc Medicine reported positive interim data from its Phase 2 BEACON study.
- Vaxcyte Inc. reported positive clinical and safety data for its 24-valent Pneumococcal Conjugate Vaccine candidate.
- Anthos Therapeutics, Inc. announced positive Phase 2 data.
- Alentis Therapeutics received FDA fast track designation for ALE.C04.
- Amolyt Pharma announced that it will initiate its Phase 3 clinical trial of eneboparotide.

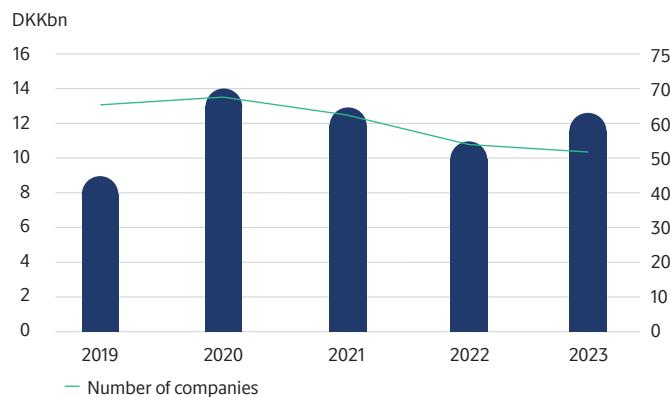
Exits and IPOs

Venture Investments exited 16 investments in 2023, and realised DKK 3.4 billion from the sale of publicly traded stock as well as from the divestment of several of our portfolio companies.

Venture Investments Assets portfolio by sub-sectors, end of 2023



Venture Investments Assets portfolio 2019–2023



Seed Investments

Novo Holdings' Seed Investments vertical is one of the leading early-stage and company creation investors in Europe. Ever since its inception over 16 years ago, Seed Investments' ambition has been to incubate, build and invest in breakthrough life science companies. It proactively collaborates with innovators globally and takes the lead in building and investing in early-stage start-ups in the Nordic region.

A team of Entrepreneurs in Residence provide solid management competencies which, together with Seed Investments' industry knowledge, expert networks and financing capacity, guide new ventures to achieve significant milestones and successful commercial development. In addition to direct investments in biotechnology companies, the team invests in selected funds and operates the REPAIR (Replenishing and Enabling the Pipeline for Anti-infective Resistance) Impact Fund.

Year in review

Seed Investments has had a successful year, despite the challenging market conditions of 2023. Focus has been placed on ensuring the portfolio is well financed, while building carefully selected new companies.

This year, Seed Investments established its own experimental laboratory in Denmark, to incubate scientific concepts and novel ideas and thereby reduce risk prior to company creation.

By the end of 2023, Seeds Investments' Assets portfolio consisted of 36 companies. Most of the portfolio consists of private investments, valued at

DKK 3.5 billion at year end, 41% higher than at the end of 2022. The REPAIR Impact Fund was valued at DKK 798 million, compared to DKK 317 million at the end of 2022.

Investments and financings

Notable transactions during 2023 include:

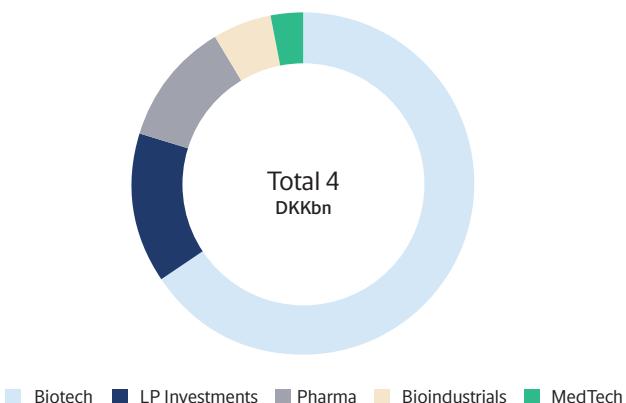
- Participated in Hemab Therapeutics' USD 135 million series B financing.
- Co-led Adcendo's series A extension of EUR 82 million.
- Made a significant investment in the EUR 45 million oversubscribed Series B financing for Acesion Pharma.
- Led the EUR 15m investment in Commit Biologics, a biotech spin-out from Aarhus University.
- Participated in EUR 75 million Series B financing round for NMD Pharma.

REPAIR Impact Fund

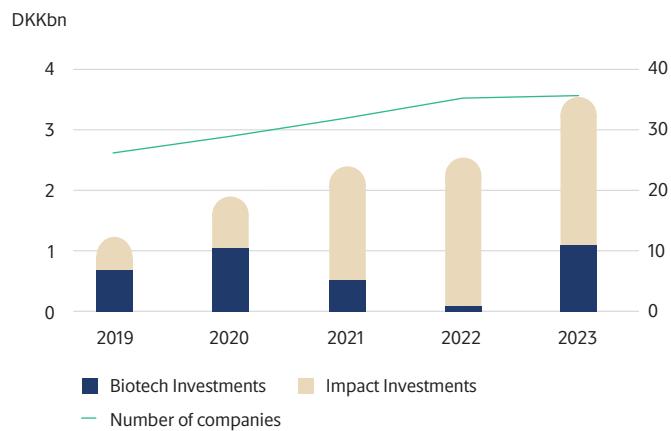
Highlights from 2023 include:

- Together with Gurnet Point Capital, closed the acquisition of Paratek Pharmaceuticals (see page 32).
- Co-led USD 37 million series A financing for LimmaTech Biologics.
- Supported USD 10 million series B financing for Revagenix.
- MinervaX closed several financing extensions and completed Phase 2 trials of its maternal streptococcus vaccine.

Seed Investments Assets portfolio by sub-sectors, end of 2023



Seed Investments Assets portfolio 2019–2023





Novo Holdings pursues a return-driven and long-term investment approach with a direct investment strategy in Life Science Investments and a hybrid direct/external mandate investment strategy in Capital Investments.

Antimicrobial Resistance

Our commitment to tackle a silent killer

In 2023, Novo Holdings announced its most significant investment to date in the antimicrobial resistance (AMR) space with the acquisition of Paratek, one of the largest independent antibiotics companies in the world.

The global AMR crisis has become a forefront issue in public health, causing nearly 4.95 million deaths annually as reported by the World Health Organization (WHO). This crisis also stands as a significant economic threat, potentially costing the global economy up to USD 100 trillion by 2050 if no action is taken. One of the root causes is the broken business model surrounding the development and financing of new antibiotics and anti-infectives.

At Novo Holdings, the AMR crisis has been a priority for several years, but 2023 stood out as an exceptional year with several news announcements on the investment side.

In June, Novo Holdings and Gurnet Point Capital announced the agreement to acquire US-based Paratek Pharmaceuticals, a commercial-stage biopharmaceutical company focused on developing and

commercialising novel therapies for life-threatening diseases and other public health threats. The transaction, which closed in August, was valued at USD 462 million.

“Until now, Novo Holdings has mainly been investing in preclinical and early clinical-stage pharmaceutical companies developing new antibiotics through its REPAIR Impact Fund. The Fund was launched in 2018 to help biotech companies advance promising new antibiotics, vaccines and anti-infectives,” said Aleks Engel, Partner at Novo Holdings and Director of the REPAIR Impact Fund.

“The investment in Paratek, however, marks a new milestone for Novo Holdings. Not only is it Novo Holdings’ largest individual investment in AMR therapies to date, but it is also a mature company with substantial commercial success,” noted Aleks Engel.



Paratek's lead commercial product, NUZYRA® (omadacycline), is a once-daily oral and intravenous antibiotic available in the United States and China for the treatment of adults with community-acquired bacterial pneumonia (CABP) and acute bacterial skin and skin structure infections (ABSSSI). NUZYRA is the first-choice antibiotic for patients with comorbidities or suspected resistant pathogens. Paratek's specialty pharmaceutical platform enables both the development and commercialisation of new drugs to bring new innovative therapies to patients.

A multifaceted approach

The current economic model for antibiotic development is flawed. The core of the issue lies in the payment model, in which companies are incentivised to sell as much of an antibiotic as possible, leading to a greater volume of antibiotics used and thereby driving resistance. To avoid just that, use of new antibiotics must be carefully stewarded, which limits sales and dampens the incentive for pharmaceutical companies to develop new drugs, let alone attract investors.

"It's a challenge to attract sufficient funds to advance the early-stage innovation all the way over the finish line in this space, but we

are also painfully aware that someone must do it. We are doing our utmost to support our REPAIR Portfolio, which today comprises 12 companies, including Paratek, while also raising awareness with policy-makers, other investors, opinion leaders, healthcare professionals and the public about the fact that a global health emergency is happening," said Aleks Engel.

Novo Holdings' owner, the Novo Nordisk Foundation, has also embedded several AMR projects in its long-term strategy. Work includes research grants for the discovery of new treatments, global monitoring of AMR genes and public awareness and advocacy for new payment reforms.

"Addressing the AMR crisis requires a multifaceted approach. It's imperative to reform the economic model governing antibiotic development to encourage new investments and innovations in this field.

Without such changes, the pipeline for new, effective antibiotics will continue to dry up, exacerbating the global health threat posed by AMR," Aleks Engel concluded.

Novo Holdings' AMR Investments

Mission: to advance therapeutic innovation with the potential to curb the global AMR crisis

The REPAIR Impact Fund

- The Fund allocation of USD 165 million is earmarked for companies involved in discovering and advancing early-stage development of therapies targeting resistant microorganisms.

The portfolio comprises 12 companies that work to tackle AMR through a broad range of therapeutic modalities.

The AMR Action Fund

- The Fund invests in small and medium-sized clinical-stage biotech companies focused on developing innovative antibacterial treatments that address the most dangerous and resistant bacteria.
- Together with Novo Nordisk, the Novo Nordisk Foundation and Novo Holdings have contributed USD 75 million to the Fund, which has raised USD 1 billion in total.

Paratek Pharmaceuticals

- With annual revenues greater than USD 100 million, Paratek is one of the largest independent antibiotics companies in the world.
- Novo Holdings and Gurnet Point Capital acquired Paratek in 2023 in a deal valued at USD 462 million.



Renewable Energy

New steps towards a greener future

Novo Holdings' Real Assets team made 2023 a milestone year – with over EUR 700 million committed to renewable energy since 2020.

In 2020, Novo Holdings' Capital Investments division established the Real Assets team with a dedicated focus on sectors such as real estate, infrastructure, and renewable energy, aligning with Novo Holdings' commitment to generating positive outcomes to benefit people and the planet.

The real estate portfolio has made several substantial investments, notably with Urban Partners (previously NREP), a real estate developer and investor based in the Nordics, which is committed to leading the way towards a carbon-neutral building sector. The renewable energy sector, however, was an area in which the Real Assets team saw several attractive investment opportunities in 2023, despite a turbulent year for the sector.

One such opportunity was the Q-Energy Fund V, to which Novo Holdings committed EUR 125 million. The Fund is managed by the Spanish renewables manager Qualitas Energy, which focuses on solar, wind, hydro, battery storage and biogas, primarily in Europe and with some activities in the Americas. The primary emphasis of the fund will be on the aging German onshore wind market, to which Qualitas Energy will employ a wind repowering strategy to acquire and replace older, smaller turbines with newer and more efficient turbines.

According to Jacob Lyngsgaard, Senior Partner and Head of Real Assets at Novo Holdings, another landmark development for the Real Assets team was the joint establishment of Glentra in 2022, which was formally announced in September 2023 alongside first closure of its inaugural fund. Glentra Capital is a newly established investment firm with an ambition to accelerate the energy transition for a clean and sustainable future. Novo Holdings invested in Glentra Capital along with PKA, one of Denmark's largest pension funds, as the two anchor investors, making an initial total commitment of EUR ~ 440 million.



Glentra will invest in and grow companies that lead the development and deployment of renewable energy such as offshore and onshore wind, solar, sustainable fuels, energy storage, electric mobility and other related sectors.

"Renewable energy is an area that we have been following closely for a while now," said Jacob Lyngsgaard. "The investment landscape is incredibly dynamic and there are new developments all the time, making it a vibrant but challenging space to enter. We had the confidence to invest



in Glentra Capital thanks to the expertise of its founders, Henrik Tordrup and Lars Villadsen, who each contribute with deep sectoral knowledge on a global level, combined with many years of investment experience in the energy sector."

By year end, Novo Holdings and Glentra partnered to execute their first co-investment to which Novo Holdings committed EUR 105 million. The investment was in energyRe, a large US renewables developer with

"Novo Holdings has the capability to invest across all stages of the investment cycle. From nurturing innovative start-ups through our Bioindustrial Investments team to bolstering large-scale projects aimed at scaling the heights of green technology through our Capital Investments team, we can bring innovation to scale."

Morten Beck Jørgensen
Managing Partner, Capital Investments

a pipeline across offshore wind, onshore wind/solar, transmission, and distributed energy solutions.

Partnerships with great potential

New investments in this sector require meticulous evaluation and due diligence to navigate the complexities and uncertainties that characterise emerging markets such as wind and solar energy. These areas, despite their immense potential, are fraught with risks such as regulatory uncertainties, technological advancements, market fluctuations, and the intermittent nature of renewable energy sources.

"This further emphasises the importance of having the right leadership at the helm. Strong partnerships in this sector – such as the one we have entered with Glentra Capital – are not just about pooling financial resources; they embody a convergence of expertise, experience, and vision that is crucial for navigating the investment landscape with precision and foresight," said Jacob Lyngsgaard.

Morten Beck Jørgensen, Managing Partner, Capital Investments, added: "Novo Holdings has the capability to invest across all stages of the investment cycle. From nurturing innovative start-ups through our Bioindustrial Investments team to bolstering large-scale projects aimed at scaling the heights of green technology through our Capital Investments team, we can bring innovation to scale. And scale is really the key word here, because the ability to bring emerging energy transition technologies to scale is an essential requirement to enable the green transition globally."

Since Novo Holdings' overall focus on the green transition is growing, the Real Assets team will increase its capacity in this area. The team is bringing on board new investment partners with a focus on both direct and indirect investments into the green transition. This expansion aligns seamlessly with Novo Holdings' new strategy, which will be rolled out in 2024, and includes a significantly larger allocation of funds to green transition investments, with a particular focus on green technologies.

Capital Investments

Capital Investments manages Novo Holdings' non-life science investments. Providing vital diversification to the Novo Nordisk Foundation asset base. In addition to generating attractive returns, Capital Investments has a global mandate, allocating capital in three areas:

1. Public investments: stocks, credits and bonds.
2. Private equity: venture, growth and buy-outs.
3. Real assets: real estate, infrastructure and the green transition.

Approximately 53% of the Capital Investment portfolio is managed internally and 47% by external managers. With Novo Holdings new strategy to 2030, Capital Investments is set to expand its operations during 2024.

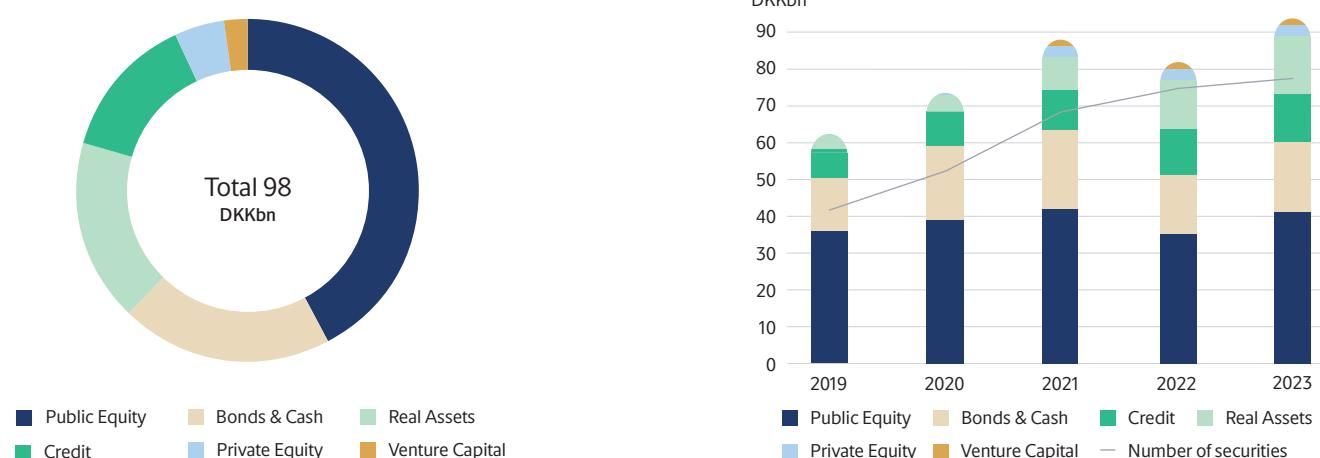
Year in review

By the end of 2023, Capital Investments managed a total portfolio of DKK 98 billion, comprising 49% of the total Novo Holdings Investment Assets portfolio, compared to DKK 83 billion in 2022. The Capital Investments portfolio generated a profit of DKK 7.6 billion, compared to DKK -5.1 billion in 2022.

Public investments

Capital Investments' public portfolio had a solid performance in 2023. The equity portfolio delivered returns above long-term average returns, on par with the benchmark. The fixed income portfolio also performed well, both on an absolute and a relative basis, with both direct and indirect performing strongly.

Capital Investments Assets portfolio by asset class, end of 2023



Private equity and real assets

The Capital Investments private portfolio had a more difficult year, as rising interest rates had a negative impact on valuations. This led to multiple contraction and negative returns within the private equity portfolio. The rising interest rates also negatively impacted our real estate exposure in Scandinavia, due to cap rate expansion. This resulted in a negative return in 2023. However, Capital Investments' real asset exposure in the US, comprising both real estate and infrastructure, delivered positive returns for the year.

Notable investments in 2023 include a EUR 267 million investment in EuroClear, a global provider of financial market infrastructure. EuroClear is committed to investing to support market stability and to develop markets both locally and globally.

Co-investments in the US include affordable housing in San Francisco and a logistics portfolio in Miami. In Spain, Capital Investments invested in Qualitas, a European renewable energy fund manager.

Capital Investments formally announced its investment in Glentra Capital and the closing of its first fund in September 2023. At the end of the year, they announced their first co-investment in energyRe, a US-based developer of solar and wind power and energy transmission. Read more about Glentra on page 34.

People and organisation

Organisational growth

To enable our strategy, we continue to grow and globalise our team. Novo Holdings¹ employed 169 people by the end of 2023, up by 11% since the end of 2022. During 2023, we continued to build out our investment capabilities and we further strengthened our support functions. We are a truly global organisation with offices in Copenhagen, London, Boston, San Francisco, Singapore, and Shanghai.

We invest in People

We have a strong organisational foundation with a solid Employee Value Proposition, a strong culture and a brand in the talent market that is continually growing stronger. To continue to futureproof the organisation, we focus our efforts around i) Talent Attraction & Retention, ii) Culture and iii) Leadership and Development.

To enable high performance, we strive for Diversity, Equity and Inclusion – in and outside of Novo Holdings

We believe that diversity, equity, and inclusion are key to achieving our mission. Having varied perspectives helps generate better ideas to solve the complex problems of a changing, and increasingly diverse world. It is our overall aim to create and sustain an environment that actively embraces diversity and inclusion.

In 2023, we continued to increase diversity in Novo Holdings with deliberate focus on integrating DE&I across all processes and structures in Novo Holdings. Several initiatives have been taken or initiated during 2023, e.g. structuring a more flexible workplace, training to increase awareness and including bias tests in our recruitment processes. Further, our focus on attracting more female investment professionals has paid off with the recruitment of eight female investment professionals in 2023.

Status of Diversity in Novo Holdings 2023

In 2023, Novo Holdings reached 33% women in the Executive Leadership Team as well as 20% in the Novo Holdings Management Group. These two groups constitute our two management layers. In addition to our current status, we are also working actively with succession planning and talent management to continue to improve our diversity at Novo Holdings.

For our statements on corporate social responsibility 99a of the Danish Financial Statements Act, we refer to Annex A of the Novo Nordisk Foundation's (CVR: 10 58 29 89) Annual report: <https://novonordiskfonden.dk/app/uploads/Novo-Nordisk-Foundation-2023-Annual-Report.pdf>

	2019	2020	2021	2022	2023	2026 targets
Board of Directors	14%	14%	14%	25%	33% ⁱ	40%
Executive Leadership Team	0%	14%	25%	22%	33% ⁱⁱ	33%
Management (Partner/Director level and above)	19%	21%	16%	20%	20% ⁱⁱⁱ	33%
Executive Leadership Team and Management	16%	20%	18%	20%	20%	33%
Women % of all employees	36%	35%	37%	26%	41%	N/A
Non-Danes % of all employees	34%	41%	43%	48%	50%	N/A

The composition of the Board of Directors met the gender diversity requirements set out in Danish legislation.

ⁱ9 Board members in total, 3 women

ⁱⁱ6 ELT members in total, 2 women

ⁱⁱⁱ50 Management employees in total, 10 women

Actions to improve Diversity and Inclusion in Novo Holdings

- A Diversity Policy stating that we aim to promote and foster diversity.
- Optimisation of recruitment processes to eliminate bias.
- Building pipelines to support an inflow of diverse talent.
- Recruiting women at all levels, including professionals early in their career (to build diversity from the bottom of the pyramid and develop leaders) to senior professionals (to become leaders, decision makers and role models).
- Testing of performance processes for bias to avoid pay gaps that cannot be explained by tenure, investment modality or location.
- Introducing flexible working models, e.g. new parental leave policy
- Increasing awareness and understanding of DE&I challenges through various activities and programmes (Inclusion tactics, meeting behavior, language coaching established).

Our employees represent 19 nationalities (50% of all employees being Danish) and comprise a wide range of experience and educational backgrounds. 41% of our employees are females, with a 20% female/80% male gender split among management positions by the end of 2023² (up from 15% females in management in 2022).

¹The Novo Holdings Investment Group consists of Novo Holdings A/S as well as the separate entities Novo Holdings (US), Inc., Novo Holdings Equity Asia Pte. Ltd., Singapore and Novo 1999 Advisory Shanghai Ltd., China providing certain consultancy services to Novo Holdings A/S.

Investing for purpose and impact

Novo Holdings has made it our responsibility to invest in research and development that addresses unmet medical needs and enables the acceleration of the green transition across society.

Our mission is to improve people's health and the sustainability of society and the planet by generating attractive long-term returns on the assets of our owner, the Novo Nordisk Foundation. Aligned with the philanthropic interests and focus areas of the Foundation, a significant share of our investment portfolio is dedicated to the life sciences and we are committed

to exploring how biological discoveries can help to solve our global environmental challenges.

In all aspects of our business, we strive to embody our core corporate values of Performance, Respect, and Responsibility. Being a responsible investor is critical to delivering strong financial returns and generating positive societal impact. Therefore, we integrate environmental, social, and governance (ESG) considerations into our investment decision-making process and take an engaged ownership approach towards our portfolio companies.

Investment approach

Novo Holdings aspires to be a leading responsible investor recognised for delivering strong financial returns and positive societal impact. Our responsible investment approach is underpinned by three strategic objectives – as detailed in the figure.

Health

Provide more people with better treatments to improve health in society.

- Invest in the development and improvement of therapies, treatments and health technologies.
- Invest in companies contributing to increased quality, improved efficiency, or lower costs for healthcare solutions.
- Contribute to building the Nordic life science ecosystem and target antimicrobial resistance.

Commitment

- Allocate a significant part of our investment portfolio to life science investments through 2030.

Planet

Contribute to the green transition.

- Invest in the development of bioindustrial solutions that support the efficient use of natural resources in agriculture and food and, alternative materials and chemicals.
- Invest in projects, which reduce greenhouse gas (GHG) emissions and enable the use of renewable energy.
- Reduce GHG emissions in line with Paris Agreement.

Commitment

- Set 2030 company-wide emission reduction targets that are aligned with the SBTi.

People

Create responsible and diverse workplaces.

- Build, scale and futureproof innovative companies providing healthy, safe and attractive workplaces.
- Increase diversity, equity, and inclusion in business leadership.

Commitment

- By 2027, all boards with Novo Holdings representation shall include at least 40% of members from the underrepresented gender or diverse backgrounds.

3 GOOD HEALTH AND WELL-BEING



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION

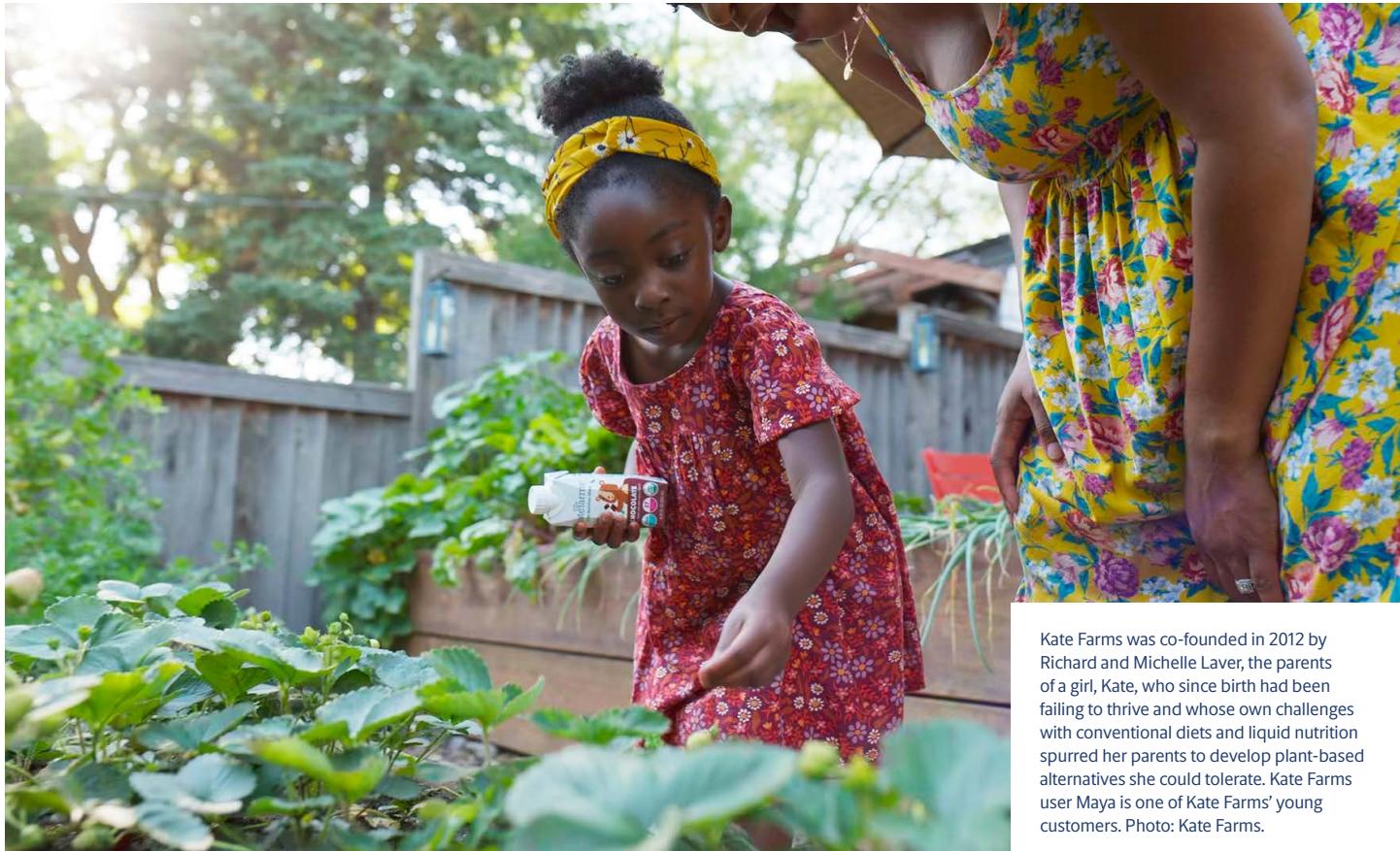


8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES





Kate Farms was co-founded in 2012 by Richard and Michelle Laver, the parents of a girl, Kate, who since birth had been failing to thrive and whose own challenges with conventional diets and liquid nutrition spurred her parents to develop plant-based alternatives she could tolerate. Kate Farms user Maya is one of Kate Farms' young customers. Photo: Kate Farms.

Healthcare investments to tackle unmet patient needs globally

Novo Holdings is among the leading investors in healthcare, globally, and the sector continues to comprise a majority of our life science investment portfolio. In 2023, we added 22 new healthcare companies to our portfolio, bringing the total to 121.

Our engaged ownership approach is core to our mission. We work directly with our portfolio companies to enable them to advance crucially important drug candidates and to ensure therapeutic products reach the people that need them.

For example, we welcomed two new portfolio companies dedicated to improving mental health in 2023. One of these investments is Octave, a behavioural health practice creating a new standard for delivering high-quality and widely-accessible care. With in-person and virtual clinics, Octave offers personalised care plans that deepen relationships with customers while also making care more affordable through insurance.

Technologies and treatments targeting cardiovascular diseases were also priority investment areas in 2023. Amongst others, Novo Holdings invested in FIRE1, a connected medical device solutions company, dedicated to improving outcomes for people suffering with heart failure.

Finally, biotech companies advancing cancer treatments remained a significant investment category. A key investment this past year was the Series A Extension funding round for Adcendo, which is developing breakthrough antibody-drug conjugates (ADCs) for the treatment of underserved cancers.

Biotechnology to enable the green transition

As part of our focus on planetary health, we have expanded our portfolio of bioindustrial companies, which develop solutions utilising biological processes and materials that are more resource-efficient and sustainable than conventional solutions. By year-end, the Novo Holdings Bioindustrial Investments Portfolio totalled 23 companies.

A stand-out example from the portfolio is Biomason, a US-based bioindustrial company, which uses bacteria and natural minerals to create sustainable building materials such as bricks and cement. This biotechnology has the potential to transform the construction industry. In fact, according to the World Green Building Council, buildings and partially the manufacturing of raw building materials like conventional cement are currently responsible for 39% of global energy-related carbon emissions.

In 2023, we added two companies specialised in water management to the bioindustrial investment portfolio. The first is New Zealand-based Aquafortus, a water technology company that purifies high salinity brines and derives valuable metals and minerals from them in the process. The second is HPNow, a Danish-based start-up that is addressing growing global challenges in clean water and sanitation through its range of on-site ultra-pure hydrogen peroxide generation solutions.

Climate action

In 2023, Novo Holdings committed to set company-wide emission reduction targets for 2030 through the Science Based Targets initiative (SBTi). SBTi aims to mobilise companies to set ambitious targets for reducing greenhouse gas (GHG) emissions in line with the goals of the Paris Agreement – limiting global warming to 1.5°C above the pre-industrial levels.

We have started the process of setting 1.5°C-aligned targets for SBTi approval based on our GHG baseline for our own operations and investment portfolio. Our portfolio consists of a variety of early stage to mature companies within and outside of the life sciences. We will continue work with our portfolio companies to establish a level of ambition on climate commitments and reporting, and a roadmap for decarbonisation.

Ambitions for 2024

We have two primary ambitions for Novo Holding's sustainability journey in 2024.

The first relates to how we do business – as we are focused on making sustainability a key investment consideration. In 2023, approximately 15 % of Novo Holdings' employees participated in ESG training to strengthen and align the role sustainability plays in how we assess potential investments. We will continue to grow and expand our ESG training offering

throughout 2024. We will give particular consideration to how investment professionals who act as board representatives at portfolio companies address and promote ESG topics as part of their board mandates.

The second relates to how we engage with our portfolio. In 2024, we will embark on our third cycle of collecting ESG data for both our publicly listed and private portfolio companies. On an annual basis we are refining and reviewing our approach to gathering and assessing the ESG performance of these companies. We will continue to provide private portfolio companies with relevant and timely insights on their ESG performance to further support their progress.



Responsible investment approach

Integrating ESG in the investment process

At Novo Holdings, we integrate ESG throughout the investment process, from investment strategy through pre-investment and ownership. The process is specifically tailored to each of our investment areas.

Responsible investment priorities

		Life Science investments	Capital Investments
		Early Stage	Growth & Late Stage
Investment strategy	 Improve health	•	•
	 Support the green transition	•	• ¹
Pre-investment	 Investments subject to exclusion list	•	•
	 ESG due diligence checklist completed	•	•
	 ESG due diligence informed by site visits, third-party consultants and/or management interviews		•
Ownership	 ESG risks and opportunities included in investment proposals	•	•
	 ESG measures coupled with value-creation planning		•
	 Promote engaging and responsible workplaces and develop diversity in business leadership	•	•
	 ESG promoted through board mandates	•	• ²
	 Voting at annual general meetings (public companies only)	• ³	•
	 Annual ESG survey (private companies only)	•	•
	 Semi-annual ESG risks screen aided by external ESG data		•
	 Annual assessments of asset ESG maturity	•	•

Note 1: Allocation to green transition through Real Asset program / Note 2: In private companies where we have board seats / Note 3: Public biotech companies.

Financial performance 2023 and outlook for 2024

Our portfolio recovered significantly in 2023, following the headwinds and market downturn affecting the portfolio in 2022. Good underlying fundamentals at portfolio company level as well as better market conditions in many sectors helped to deliver a strong return on both an absolute and relative basis. Our Investment Portfolio returned 9.4% overall (vs. benchmark of 6.4%) during 2023, corresponding to returns of DKK 16 billion. Our 5- and 10-year trailing returns were both 10.1%.

Investment activity across all our Life Science Investments teams remained high throughout the year, but our Principal Investments team did see a drop in deal success from the previous record years. This is a result of increasing competitiveness in our chosen markets as well as a natural consequence from the significantly better than average success over the last three years or so. Most pleasing, however, was the strong discipline in valuation and pricing in these markets, which is one of the core drivers of our return thesis. The private equity portfolio as a whole delivered 2.3% return in 2023 against a benchmark of 2.0%, with the most significant contribution coming from the performance of Clario, a service provider of clinical research data management, which saw its valuation increase on the back of positive commercial traction. For acquisitions, we deployed a total of DKK 8 billion into private equity during 2023, with a new control deal into Ellab (page 24), as well as a number of our portfolio companies continuing their value creation with strong add-on acquisitions.

Our life science public portfolio recovered very well, far exceeding benchmark with a return of over 16% against a benchmark of 0.5%. Strongest performers were Evotec and Convatec in terms of total contribution, but overall the portfolio was well positioned to take advantage of the recovery in many sectors.

Venture Investments was also the beneficiary of recovery in public stocks, balanced against some headwinds in the Private Venture portfolio. Return for the year was close to 17%, against a benchmark for the period of just under 1%.

The second half of 2023 saw a stabilisation in interest rates as well as better visibility of a ceiling on inflation. Our bond portfolio is relatively short in duration, which is a significant contributor to out-performance against benchmarks, and overall our bonds and cash returned to positive performance in 2023 with 4.2% return.

Even with the return to positive performance, it is equally pleasing to report that the fundamentals of most of our portfolio companies remain sound and in line with the investment case. This is particularly good to report for our Growth and new BioIndustrial portfolios, which have hit many significant milestones during 2023, but which do not yet merit reflection in the underlying valuations. It does, however, show continued support of the value creation plan implemented for each portfolio company and positions them strongly to realise strong performance and valuation increases in the coming years. This strength in the underlying fundamentals also acts as an additional validation point for our engaged ownership model as a driver of long-term returns.

The one area of negative returns for the portfolio was in our real assets, which saw an increase in cap rates, adversely affecting real estate assets. There is also a legacy of concentration around some assets, which will reduce as we continue to increase our exposure to the asset class. Total return from real assets was -7.7%, against a benchmark of -1.7%

Operating Cost development

As per our strategic direction and associated operating model, we continued to expand our organisation over the course of 2023, bringing the number of total global employees to 178 by the end of the year. Operating a people business, this development was a key driver in the development of our total costs, recorded at DKK 945 million in 2023, representing a 29% growth compared to 2022 and 0.46% of the Investment Assets by the end of 2023.

Income from the Novo Group companies and returns on our Investment Assets amounted to DKK 31 billion during 2023. Less costs of DKK 945 million, operating profit was realised at DKK 30 billion. As expected this is significantly above the year of 2022.

Including the Novo Nordisk Foundation's share of the joint Investment Portfolio, financial items and tax, net profit for the year amounted to DKK 25 billion, above our expectations when we entered into the year.

Outlook for 2024

As 2023 closes, so does our Strategy 2023, and we embark on our new Strategy 2030. This new strategy will continue to generate diversification

Total Assets under Management

DKKbn



Novozymes, Novo Holdings intends to maintain approximately 25.5% ownership in the combined entity, Novonesis.

Our presence in Asia will continue to expand over the new strategy period, and priorities will be given to building our competencies in digital and sustainability at a corporate level.

As we begin our new strategy period, a large number of pillars are embedded within Novo Holdings for long term sustainable returns from the investment portfolio. Strong fundamentals within our portfolio companies along with continued positive momentum from the macro environment and new allocations to fast growing transformational sectors help cement our expectations for 2024 for positive income and returns on par with 2023.

globally as well as across asset classes. Additionally, our new BioIndustrial team will enhance our mission to support planetary health by supporting companies facing scaling challenges as well as developing novel biological solutions to solve some of our planet's greatest challenges. Novo Holdings will also proudly increase our competencies and investment activity towards supporting those companies driving the green energy transition. For 2024 we have once again confirmed to Novo Nordisk that we intend to participate in the share buy-back programme and to maintain our ownership of around 28% of the Novo Nordisk "B" share capital. Also, as stated in connection with the merger announcement of Chr. Hansen and

Business and financial risks

As a global multi-asset class investor, risks present themselves in many shapes and forms. They range from operational business risks associated with how we operate the company to financial risks associated with the strategic and tactical composition of the portfolio of assets under management.

Managing such risks in a systematic way is key to creating and protecting the values of Novo Holdings and to successfully executing our strategy. To monitor and manage these risks, we apply a defined process for identifying, monitoring, mitigating and reporting risks. Risks are identified, assessed and sought mitigated through a dedicated process, led by the newly established Risk & Compliance team, with support from a dedicated Allocation and Risk Management Committee, investment areas as well as business support specialists.

A consolidated overview of risks is presented to the Board of Directors for approval once yearly as an integral part of the annual strategy review, applying scenario and risk-thinking exercises as part of our annual strategic planning process. These include analyses of market dynamics as well as socioeconomic and political developments that present risks or opportunities for our business. We complement the annual consolidated risk overview to the Board with quarterly updates on financial risks as well as ad hoc reporting on operational risks.

By the end of 2023, the following seven key business and financial risks have been identified (see details on page 45):

Risk	Potential impact		
	Value of Investment Portfolio	Monetary loss	Reputational loss
 Global recession	✓		
 Capital market downturn	✓		
 Life sciences sector downturn	✓		
 Attraction and retention		✓	
 Financial fraud and IT security breaches	✓	✓	
 Legal risks	✓	✓	
 Global expansion	✓	✓	

With the establishment of a dedicated Risk & Compliance team, the Head of Risk & Compliance has succeeded the CFO as Chair of the Allocation and Risk Management Committee, which is responsible for overseeing risk management of the assets under management from both a strategic and a tactical perspective. The Allocation and Risk Management Committee meets on a quarterly basis, supplemented with extraordinary meetings if required. During 2023, the discussions in the Allocation and Risk Management Committee have primarily been centered around (i) the continuously increased geopolitical risks, including implications related to the Russia-Ukraine war and US-Sino relations; (ii) the rapidly changing inflation and interest rates environment; (iii) the US banking crisis in March 2023, and (iv) strategic asset allocation for the Novo Holdings Strategy 2030.

Moving into 2024, we will maintain a strong focus on monitoring geopolitical and macro-economic risks, which to a still greater extent are driving capital markets and investment risks. Moreover, we will have a strong focus on cybersecurity and increased attention on a historically big global election year - including the US presidential election - and the potential implications on societal polarisation, macro-economics, geopolitics and capital markets.

Statements on data ethics cf. section 99d of the Danish Financial Statements Act

To cope with the challenges that arise from the fast-moving technological development, along with evolving risks and benefits from large scale data use, Novo Holdings has developed a policy on how to use and handle data in an ethical way. The policy is based on five principles for how to handle data in an ethical way including the respect for the privacy of employees and prioritising of openness and transparency in the ongoing challenges that handling both personal data and non-identifiable data entails. Read more in our Policy on data ethic: https://assets.novoholdings.dk/f/228216/x/c32bf61d38/novoholdings_policy-on-data-ethical.pdf

Global recession While consensus suggests a soft landing, a global recession in 2024 cannot be ruled out. Our exposure towards the life sciences sector will likely provide for some resilience for the value of our Investment Portfolio and income from the Novo Group companies is expected to be only marginally impacted. In addition, we pursue mitigation through pre-defined risk tolerance levels, including high liquidity reserves.

Capital market downturn Given the current geopolitical situation and macro-economic uncertainties, the risk of another capital market downturn in 2024 remains relatively high. We pursue protection of the value of our Investment Portfolio through relatively high liquidity reserves and continued diversification of the Investment Portfolio.

Life sciences sector downturn We are deliberately highly exposed towards the life sciences sector through our ownership in the Novo Group companies and around 50% of the Investment Portfolio allocated to life sciences. However, we consider the risk of a life sciences sector downturn during 2024 as low.

Mitigating actions towards the value of our total assets includes diversification into different sub-sectors and companies as a means to seek different types of life science exposure. Further, we invest across the life science continuum and in different geographies, like we deliberately invest into innovative companies. Finally, relatively high liquidity reserves provide for some protection.

Attraction and retention risk Our employees are our main asset and with a highly competitive talent market, attraction and retention remain a key operational risk factor. We consider our ability to attract and retain the right talent as business critical to our success, and inability to fill out critical roles with a specific set of capabilities or experience needed will likely jeopardise our business success. Attraction and retention of talent is monitored and discussed via our Remuneration Committee, the Nomination Committee and our yearly Organisational Review.

Financial fraud and IT security breaches As an asset manager, we rely on strong financial and IT processes as a foundation for efficient investment processes and asset management. Further, it is essential that these processes are robust and provide protection for potential external or internal fraud and cyber-attacks to avoid loss of capital or data, and to avoid disruption of our business.

Aside from the potential monetary loss caused by fraud or loss of data and business disruption in case of cyber-attacks, such events will damage the reputation of Novo Holdings as a professional and reliable business partner.

We continue strengthening our financial controls by building and documenting key processes and by employing dedicated resources to manage these. This includes automated payment processes as well as deploying callbacks to prevent fraudulent activities in our investment processes. Further, we continuously strengthen our IT security with a deliberate focus on IT behavior as well as infrastructure. In support of this, we conduct annual reviews and audits of our financial controls and our IT security efforts.

Legal risks Our investment and operational activities give rise to numerous potential legal risks, including – but not limited to – claims resulting from breach of contract, general litigation risk, directors' liability, breach of local law or regulations, fraud and criminal liability. We invest in companies located in many different jurisdictions and across a broad set of asset classes, which entails legal risks that, if not known, understood and mitigated, can lead to financial loss for Novo Holdings. Further, certain legal risks could also impact the reputation of Novo Holdings as a reliable, trusted and professional business partner.

We have implemented operating procedures in all key processes, supported by involvement of internal finance, legal and tax resources throughout the investment processes, supplemented by a thorough insurance programme.

Global expansion Several risks need to be managed in the context of our geographical expansion, including complexity related to tax and banking in the new business environment, as well as compliance risks, to avoid monetary loss for Novo Holdings, and impact to the reputation of Novo Holdings as a reliable, trusted and professional business partner. Further, our ability to attract and retain key employees can be at risk.

We carefully consider the regulatory environment to ensure compliance and a robust foundation for operation, building on knowledge from our network. In addition, we welcome new employees through a dedicated on-boarding programme, as a way of becoming familiar with our processes and culture.

Management review
Governance

Corporate governance

Corporate governance codes and practices

Compliance	Governance structure			Assurance	
Danish and foreign laws and regulations Corporate governance standards Novo Holdings Way	The Novo Nordisk Foundation			Audit of Annual Report Internal controls	
	Board of Directors				
	The Chairs	Nomination Committee	Remuneration Committee		
	Executive Management				
	Executive Leadership Team				
	Life Science Operating Committee	Capital Investments Operating Committee			
Organisation					

Shareholder

Novo Holdings is a holding and investment company wholly owned by the Novo Nordisk Foundation and established in 1999 for the purpose of managing the assets of the Novo Nordisk Foundation.

The Chairs

The Chairs consist of the Chair and the Vice Chair, both of whom are elected directly by the shareholder at the general meetings. At the Annual General Meeting in 2023, Lars Rebien Sørensen was re-elected as Chair and Steen Riisgaard was re-elected as Vice Chair. The Chairs assist the Board of Directors in the planning of Board meetings, employment of Executive Management and other assignments as decided by the Board.

Nomination Committee

The Nomination Committee is a board committee mandated by Novo Holdings' Board to oversee the composition of the boards of directors in the key companies in Novo Holdings' Investment Portfolio, and to review and endorse board succession candidates for board members nominated by Novo Holdings to serve on these boards.

The Nomination Committee is appointed by Novo Holdings' Board and consists of Chair Lars Rebien Sørensen and Vice Chair Steen Riisgaard. During 2023, the Nomination Committee focused particularly on the desired competences to be represented on the boards of key companies within the Novo Holdings Investment Portfolio and reviewed and discussed the long-term succession planning related to these.

Remuneration Committee

The Remuneration Committee is a board committee mandated by Novo

Holdings' Board and assists the board with oversight of the remuneration policy as well as the actual remuneration of board members, board committees, Executive Management, Leadership Team and the organisation.

The Remuneration Committee is appointed by the Board and consists of Chair Lars Rebien Sørensen, Vice Chair Steen Riisgaard and Board member Viviane Monges.

In 2023, the Remuneration Committee focused particularly on reviewing market trends and changes to compensation in the market impacting our structure and levels of our remuneration framework that includes base salary adjustment, short-term and long-term incentive programmes.

When determining the remuneration paid to the Board of Director, Executive management, Leadership teams and the organisation, we refer to market benchmarks and consider the balance between fixed and variable pay as well as the threshold, target and maximum achievement levels determined for variable pay. It is the Remuneration Committee's and the Board of Director's assessment that this approach is functioning properly and ensures a remuneration which is fair, not excessive and which supports the attraction and retention of qualified candidates

Assurance

The Financial Statements in the Annual Report are audited by an independent audit firm elected at the Annual General Meeting. As a part of their audit they evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management. Furthermore, they obtain an understanding of the internal controls relevant to the audit.

Board of Directors and Executive Leadership Team

Board of Directors

The Board of Directors oversees and guides Novo Holdings in realising its purpose of improving people's health and the sustainability of society and the planet.

The Board of Directors sets the strategic direction, decides on key priorities, including organisational development and budget allocation, approves specific

investment proposals and is responsible for the overall risk management of Novo Holdings. During 2023, the Board of Directors met five times with a participation rate of 92%, against 97% in 2022. Elected once annually at the Annual General Meeting, the Board of Directors is comprised of nine members, including the Chair and the Vice Chair, and represents a broad range of relevant industry, investment and life science capabilities.



Lars Rebien Sørensen, Chair

Year joined Board: 2017

Education

MSc in Forestry from the Copenhagen Royal Veterinary and Agricultural University and BSc in International Economics from Copenhagen Business School.

Background

Lars Rebien Sørensen has over 35 years of general management experience in the pharmaceutical industry. He joined the Novozymes A/S (then Novo Nordisk A/S, Enzymes Division) Marketing team in 1982. Over the years he held various global positions across the Middle East and the United States. In 1994, he was appointed a member of the corporate management team and assumed responsibility for the Novozymes A/S Healthcare Business. In November 2000, he became President and CEO of Novo Nordisk A/S, a position he held until December 2016.

Board positions and other management duties

- Chair of the Board, Novo Nordisk Foundation, Denmark
- Vice Chair of the Board, Ferring Pharmaceuticals, Switzerland
- Chair of the Advisory Board, Axcel Management A/S, Denmark
- Board Member, Thermo Fischer Scientific Inc., United States
- Board Member, Jungbunzlauer Suisse AG, Switzerland
- Adjunct Professor, the University of Copenhagen's School of Life Sciences (appointed in 2007)
- Adjunct Professor, the Centre for Corporate Governance at Copenhagen Business School (appointed in 2018)



Steen Riisgaard, Vice Chair

Year joined Board: 2013

Education

MSc in Microbiology from the University of Copenhagen. He is a Research Fellow at Statens Serum Institute (SSI) and a Research Microbiologist at Foss Electric, Denmark.

Background

Steen Riisgaard has over 35 years of experience in industrial biotechnology. He joined the Novozymes A/S (then Novo Nordisk A/S, Enzymes Division) Research & Development team in 1979. In 1982, he moved to Tokyo to start up a new Enzymes Research & Development unit in the Novo Nordisk subsidiary, Novo Industry Japan Ltd. He returned to Denmark in 1985 and held a number of different positions in the company until 1989 when he was promoted to Corporate Executive Vice President of the Enzymes Business. In 2000, Steen Riisgaard became the President and CEO of Novozymes A/S, from the demerger from Novo Nordisk A/S, and served in that position until April 2013.

Board positions and other management duties

- Chair of the Board, New Xellia Group A/S, Denmark
- Board Member, Novo Nordisk Foundation, Denmark
- Board Member, Corbion N.V., the Netherlands
- Vice Chair of Fugleværnsfonden, Denmark



Francis Cuss, Board member

Year joined Board: 2017

Education

BA in Natural Sciences, MB, BChir and MA from Cambridge University. He is a Fellow of the Royal College of Physicians and of the Faculty of Pharmaceutical Medicine.

Background

Francis Cuss has over 35 years of clinical experience across the pharmaceutical industry. In 1986, he started at GlaxoSmithKline plc (then Glaxo Inc.), UK and United States, as a Director in Pulmonary Clinical Research. From 1989, Francis Cuss worked at the Schering-Plough Research Institute where he held several positions in Discovery and Development, eventually becoming Senior Vice President of Early Clinical Research & Experimental Medicine. Francis Cuss joined Bristol-Myers Squibb Research & Development in 2003, first working as Senior Vice President of Discovery and later as Senior Vice President for all of Research and Early Development. In 2010, he joined the company's senior management team. In 2013, he was appointed Executive Vice President, Chief Scientific Officer and Head of Research & Development at Bristol-Myers Squibb Company, retiring in 2017.

Board positions and other management duties

- Trustee for Montclair State University in New Jersey, United States
- Board Director of Mural Oncology (public) (MURA - Nasdaq), USA, and a Member of the Audit Sub-Committee and Chair of the Compensation Sub-Committee of the MURA Board.



Viviane Monges, Board member

Year joined Board: 2018

Education

MBA, Ecole Supérieure de Commerce de Paris.

Background

Viviane Monges has over 30 years of financial management experience, predominantly in the pharmaceutical industry. She joined Wyeth Pharmaceuticals Inc. in 1997 and held several leadership roles, including CFO of the Europe Region unit and CFO of the Global Pharma Business unit. From 2006 to 2010, Viviane Monges was with Novartis A/G as Europe CFO and then as Global Division CFO of the OTC Division. In 2010, she joined Galderma S.A., a multinational dermatology company as Group CFO, which was later acquired by Nestlé S.A. From 2015 to 2018, she served as CFO of the Nestlé Business Excellence Division. Since then, she has been serving on the boards of several health care companies, including Chair of EUROAPI.

Board positions and other management duties

- Chair of the Board, EUROAPI, France
- Board Member and Chair of the Audit Committee, Ferring Pharmaceuticals, Switzerland
- Board Member and Chair of the Audit Committee, ADC Therapeutics, Switzerland
- Board Member and Chair of the Audit Committee, Pharvaris, the Netherlands



Henrik Poulsen, Board member

Year joined Board: 2021

Education

MSc in Finance & Accounting and BSc in International Business from Aarhus School of Business, Denmark.

Background

In the period 1999-2006, Henrik Poulsen held various executive roles with LEGO rising to become Executive Vice President of Markets & Products. During 2006-2008, Henrik Poulsen served as Operating Executive of Kohlberg Kravis Roberts & Co. in the UK. In 2008, Henrik Poulsen was appointed as CEO and President of the Danish telecommunication company TDC Group. From 2012-2020, Henrik Poulsen served as CEO and President of Ørsted A/S, a global leader in renewable energy.

Board positions and other management duties

- Chair of the Board, Faerch A/S and Faerch Group Holdings A/S, Denmark
- Chair of the Board, Chair of the Nomination Committee and Member of the Remuneration Committee, Carlsberg A/S, Denmark, Chair of the Board, Carlsberg Breweries A/S, Denmark
- Vice Chair of the Board, Member of the Audit Committee, and Chair of the Remuneration Committee, Novo Nordisk A/S, Denmark
- Supervisory Board Member, Bertelsmann SE & Co. KGaA, Germany
- Senior Advisor, A.P. Møller Holding, Denmark



Jeppe Christiansen, Board member

Year joined Board: 2009

Education

MSc in Economics from the University of Copenhagen.

Background

Jeppe Christiansen has over 35 years of experience in fund and investment management across the financial industry. From 1986 to 1988, Jeppe Christiansen worked as an economist in Sparekassen SDS. He joined LD Pensions in 1988 where he became Head of Fund Management and later transitioned to Executive Vice President, responsible for investments. From 1998 to 2004, Jeppe Christiansen was Executive Director in Danske Bank with responsibility for group equity business and corporate international banking. From 2004 and until 1 April 2009, he was CEO of Lønmodtagernes Dyrtidsfond (LD). In 2005, Jeppe Christiansen established Maj Invest and has been CEO of the Maj Invest Group since the establishment.

Board positions and other management duties

- CEO, Maj Invest Holding A/S and Executive Director in two wholly owned subsidiaries, Denmark
- Chair of the Board, Haldor Topsøe A/S, Denmark
- Chair of the Board, EMLIKA Holding ApS, and two wholly owned subsidiaries, Denmark
- Chair of the Board, JEKC Holding ApS, Denmark
- Board Member, KIRKBI A/S, United Shipping & Trading Company, Pluto Naturfonden, Lone Dybkjær Fonden, and Randers Regnskov, Denmark
- Board Member, BellaBeat Inc., United States
- Adjunct Professor of Finance, Copenhagen Business School, Denmark



Jean-Luc Butel, Board member

Year joined Board: 2017

Education

BA in International Affairs from George Washington University and an MBA in International Management from Thunderbird's School of Global Management.

Background

Jean-Luc Butel has over 35 years of international business development experience across the healthcare industry. He joined Johnson & Johnson Medical in 1984. In 1991, he joined Becton Dickinson & Company as President Japan and then became President Worldwide Consumer Healthcare. From 1999 to 2003, Jean-Luc Butel was President of Johnson & Johnson Independence Technology (IT). He joined Medtronic in 2003, where he served as Senior Vice President and was later appointed Executive Vice President and President, International. In 2012, Jean-Luc Butel joined Baxter International Inc. as the Corporate Vice President and President, International. From 2015 to 2017, he was a Senior Advisor for McKinsey & Company's Healthcare Systems & Services.

Board positions and other management duties

- Advisor, Novo Holdings Advisory Group (NAG), Denmark.
- Board Member and Member of the Nominating Committee, Takeda Pharmaceutical Co. Ltd, Japan
- Board Member and Chair of the Nomination Committee, Rani therapeutics, United States
- Board Member, Jana Care, United States
- Board Member DxD Hub Singapore. Chair Health Evaluation Committee
- Board member and Audit Committee member, ICON Group, Australia



Britt Meelby Jensen, Board member

Year joined Board: 2022

Education

MSc in International Marketing and Management from Copenhagen Business School in Denmark and furthermore received an MBA from Solvay Business School (Université Libre de Bruxelles) in Brussels.

Background

Between 2000-2002, Britt Meelby Jensen worked as a Management Consultant in McKinsey & Company. She joined Novo Nordisk A/S in 2002 where she held several leadership roles, including Corporate Vice President of Global Marketing, Market Access & Commercial Excellence. In 2013, Britt Meelby Jensen was appointed CEO of Dako A/S, a global cancer diagnostics company owned by Agilent Inc. From 2015-2019, she was President and CEO of the Danish public biotech company, Zealand Pharma A/S, where the company was listed on Nasdaq in the US. From 2019-2022, Britt Meelby Jensen served as CEO of Swedish Medtech company, Atos Medical AB, owned by PAI partners, and she stepped down following the sale of the company to Coloplast. In 2022, Britt Meelby Jensen was appointed as CEO of Ambu A/S where had served as Board member since 2019.

Board positions and other management duties

- CEO, Ambu A/S, Denmark
- Advisor, Novo Holdings Advisory Group (NAG), Denmark.
- Board Member, Hempel Foundation and Hempel Invest A/S, Denmark
- Board member of the Industry Association for Employers in Denmark, IAD



Susanne Schaffert, Board member

Year joined Board: 2023

Education

Scientific academic background and holds a PhD and a Diploma in Chemistry (MSc) from the Institute of Organic Chemistry, University Erlangen in Germany, and has completed the Executive Leadership Program and Executive Finance Leadership Program at Harvard Business School.

Background

In 2019-2022, Susanne Schaffert was President at Novartis Oncology in Basel, Switzerland, and has had a number of significant roles within the Novartis Group, including European General Manager of Novartis Oncology, Global Head of Investor Relations, and Global Franchise Head Immunology and Transplantation, as well as Global Brand Director. She holds a proven record of broad leadership and P&L experience on regional- and global level within biotech, pharmaceuticals, specialised care and oncology, and has had a number of Board positions within EFPIA, Novartis and JV GSK-Novartis Consumer Health.

Board positions and other management duties

- Board Member of Incyte, USA
- Board Member of Galapagos BE
- Board Member of ARTBio, USA
- Board Member of Vetter Pharma, Germany
- Member of the Executive Education Committee of University of St. Gallen

Executive Management and Executive Leadership Team

Executive Management consist of the CEO and CFO. Executive Management is responsible for the daily management of Novo Holdings' operations and provides recommendations to the Board of Directors with respect to investments, strategic direction, organisational development and financial planning.



Kasim Kutay, CEO

- With Novo Holdings since 2016
- 25 years of prior investment banking experience focused on the healthcare sector, with 7 years at Moelis & Company and 18 years at Morgan Stanley



Nigel Govett, CFO

- With Novo Holdings since 2022
- 22 years of prior investment banking and private equity experience, including Oman Investment Fund and EQT



Christoffer Søderberg, Managing Partner, Principal Investments

- With Novo Holdings since 2016
- Background in consulting (BCG) focusing on private equity clients and investment banking (Carnegie). Also spent a handful of years in the industry working with strategy, M&A and as CFO

The Executive Leadership Team of Novo Holdings is composed of the CEO, the CFO, the Managing Partners of the Investment Areas as well as the CPO and the General Counsel. The Executive Leadership Team provides leadership across the organisation in support of the overall direction set for the Company.



Petrina Knowles Gjelstrup, CPO

- With Novo Holdings since 2019
- 19 years of prior experience in HR in international companies such as A.P. Møller-Mærsk, Carlsberg, TDC and Danske Bank



Morten Beck Jørgensen, Managing Partner, Capital Investors

- With Novo Holdings since 2005
- 25 years of investment experience including Nordea Markets and Novo Nordisk



Barbara Fiorini Due, General Counsel

- With Novo Holdings since 2020
- 23 years of prior corporate and M&A legal experience from Genmab, ISS World Services and the law firm Plesner

We are a value-based company and strive for high performance with respect and responsibility.



Statements
Financial
statements



AMSilk enables medical device manufacturers to increase the biocompatibility of existing products and new product innovations. Its bioengineered silk-based materials can be applied as coating on medical devices such as implants or surgical mesh, or used in gel or spray form for wound care and medical skin care, as well as cosmetics, amongst many other applications.

Statement of comprehensive income

Year-end 31 December		Note	2023	2022
DKK million				
Income from Novo Group companies	2.1	18,578	14,551	
Return from Life Science Investments	2.2	5,075	-6,424	
Return from Capital Investments	2.2	7,560	-5,057	
Total income and investment return		31,213	3,070	
Costs	2.3, 2.4	-945	-733	
Operating profit		30,268	2,337	
Novo Nordisk Foundation's share of return of joint Investment Portfolio		-3,968	2,997	
Financial income		72	67	
Financial expenses		-964	-101	
Profit before tax		25,408	5,300	
Income taxes	2.5	23	1,342	
Net profit for the year		25,431	6,642	
Other comprehensive income		0	0	
Total comprehensive income		25,431	6,642	

Balance sheet

Year-end 31 December

DKK million	Note	2023	2022
Assets			
Novo Group companies	3.1	6,844	3,322
Life Science Investments	4.1, 4.2	102,770	97,699
Capital Investments	4.1, 4.2	98,257	83,128
Property	3.2	429	436
Total non-current assets		208,300	184,585
Investments pending settlement		525	361
Tax receivables		40	602
Other receivables		389	289
Cash at bank		1,267	411
Total current assets		2,221	1,663
Total assets		210,521	186,248
Equity and liabilities			
Share capital	5.1	500	500
Retained earnings		152,234	126,803
Total equity		152,734	127,303
Amounts owed to group companies	5.2	21,684	22,644
Total non-current liabilities		21,684	22,644
Real estate debt		219	248
Amounts owed to group companies	5.2	1,900	7,400
Joint Investment Portfolio, Novo Nordisk Foundation		31,490	26,657
Trade payables		159	138
Investments pending settlement		2,082	1,629
Capital Investments liabilities	4.1, 4.2	0	10
Other liabilities		82	67
Other provisions	6.2	171	152
Total current liabilities		36,103	36,301
Total liabilities		57,787	58,945
Total equity and liabilities		210,521	186,248

Equity statement

Year-end 31 December

DKK million	Share capital	Retained earnings	Total
2022			
Equity at the beginning of the year	500	158,161	158,661
Net profit for the year	-	6,642	6,642
Dividends paid during the year	-	-38,000	-38,000
Equity at the end of the year	500	126,803	127,303
2023			
Equity at the beginning of the year	500	126,803	127,303
Net profit for the year	-	25,431	25,431
Dividends paid during the year	-	0	0
Equity at the end of the year	500	152,234	152,734

Cash flow statement

1 January to 31 December

DKK million	Note	2023	2022
Dividends received, Novo Group companies		9,831	7,603
Proceeds from sale of shares in Novo Group companies		8,776	6,982
Investments in Novo Group companies		-3,551	-17
Divestments of Life Science Investments		11,004	9,242
Investments in Life Science Investments		-13,433	-19,398
Dividends received, Life Science Investments		2,406	480
Interest received, Life Science Investments		27	0
Divestments of Capital Investments		35,991	65,701
Investments in Capital Investments		-44,405	-65,537
Dividends received, Capital Investments		211	183
Interest received, Capital Investments		813	480
Interest received, banks etc.		43	67
Interest paid, banks etc.		-24	-14
Investments in property		-1	-1
Operating expenses paid		-900	-790
Paid corporation tax		585	859
Net cash from operating activities		7,373	5,840
Cash flows from financing activities			
Dividends paid to Novo Nordisk Foundation		0	-8,000
Contribution from the Novo Nordisk Foundation to the joint Investment Portfolio		7,400	8,000
Repayments to the Novo Nordisk Foundation from the joint Investment Portfolio		-6,517	-5,619
Repayments to the Novo Nordisk Foundation on long-term loan		-7,400	0
Net cash from financing activities		-6,517	-5,619
Net cash flow		856	221
Cash and cash equivalents at the beginning of the year		411	190
Cash and cash equivalents at the end of the year	7.1	1,267	411



Operational excellence is a solid foundation for success, driven by robust systems, policies and procedures as well as industry-leading investment teams and a strong collaboration and cohesion at all layers of the organisation.

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1. Basis of preparation

1.1 General accounting policies

Basis of preparation

The separate financial statements for Novo Holdings included in this Annual Report have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act for reporting class C enterprises (Large).

The financial statements are presented in DKK million, unless otherwise stated.

Principal accounting policies

Novo Holdings' accounting policies are described in each of the individual notes to the financial statements. Accounting policies listed in the table below are regarded as the principal policies applied by the Management.

Note	Area
3.1	Investments in Novo Group companies
4.1	Life Science Investments and Capital Investments

Applying materiality

The financial statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. The transactions are presented in classes of similar items in the financial statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the financial statements or in the notes. There are substantial disclosure requirements throughout IFRS. Management provides specific disclosures required by IFRS, unless the information is not applicable or considered immaterial to the economic decision-making of the users of these financial statements.

Translation of foreign currencies

The financial statements are presented in Danish kroner (DKK), which is the company's functional currency and presentation currency.

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates. Foreign exchange gains and losses on completion of these transactions and on the translation of monetary assets and liabilities in foreign currencies to the exchange rates prevailing on the balance sheet date are recognised in the statement of comprehensive income.

Exchange rate differences arising on the translation of non-monetary items, such as other Capital Investments at fair value recognised in the statement of comprehensive income, are recognised as part of the gain or loss on fair value adjustments.

1.2 Significant accounting estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that can have a significant effect on the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures.

Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the reported carrying amounts of assets and liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates may be necessary if there are changes in the circumstances on which the estimate was based, or more detailed information becomes available. Such changes are recognised in the period in which the estimate is revised.

The application of the accounting policies may require Management to make judgements that can have a significant effect on the amounts recognised in the financial statement. Management's judgement is required in particular when assessing the substance of transactions that have a complicated structure or legal form.

The significant accounting estimates and judgements can potentially significantly impact the separate financial statement.

Novo Holdings believes the following to be the significant accounting estimates and related judgements used in the preparation of its financial statement:

Note	Significant accounting estimates and judgements
4.1	Fair value measurement and valuation of unquoted investments

Please refer to the specific note for further information on the key accounting estimates and judgements as well as assumptions applied.

Financial assets and liabilities

Financial assets and liabilities measured at fair value can be categorised using the fair value measurement hierarchy.

Depending on purpose, Investments are classified into the following categories:

- Financial assets at fair value through the income statement
- Financial assets at amortised cost

Management determines the classification of its financial assets on initial recognition and re-evaluates this at the end of every reporting period to the extent that such a classification is required.

Recognition and measurement

Purchases and sales of financial assets are recognised on the settlement date. These are initially recognised at fair value.

Fair value disclosures are made separately for each class of financial instruments at the end of the reporting period.

Financial assets are removed from the balance sheet when the rights to receive cash flows have expired or have been transferred, and Novo Holdings has transferred substantially all the risks and rewards of ownership.

Financial assets 'at fair value through the income statement'

Financial assets at fair value through the income statement consist of investments and forward exchange contracts. Equity investments are included in investments assets.

Net gains and losses arising from changes in the fair value of financial assets are recognised in the income statement as income from investments.

The fair values of quoted investments are based on current bid prices at the end of the reporting period. Financial assets for which no active market exists are carried at fair value based on a valuation methodology.

Financial assets 'at amortised cost'

Financial assets at amortised cost are cash at bank and non-derivative financial assets solely with payments of principal and interest.

If collection is expected within one year (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Other receivables are recognised initially at fair value. Subsequently, they are measured at amortised cost using the effective interest method, less allowance for doubtful receivables.

Financial liabilities 'at amortised cost'

Financial liabilities at amortised cost consist of bank overdrafts, trade payables and other liabilities.

The Joint Investment Portfolio is measured at fair value by using the cash flows from the underlying assets in the portfolio. The underlying assets in the portfolio are measured at fair value.

1.3 Changes in accounting policies and disclosures

No changes have been made to the principal accounting policies, and the policies have been applied consistently to all the years presented.

A re-classification of certain transactions costs from Costs to Total income and investment return has been made.

1.4 New standards and interpretations not yet implemented

Novo Holdings has adopted all new and amended standards and interpretations issued by IASB and endorsed by the EU effective as of 1 January 2023. The application of new and amended accounting standards has not had material impact on the Financial Statements in 2023 and no future periods from the adoption of these new IFRS's are anticipated. It is the management's assessment that the above-mentioned changes in accounting standards and interpretations will not have any significant impact on the financial statements upon adoption of these standards.

2. Results for the year

This section provides information related to the company's operating profit and tax to help the reader get a deeper understanding of the company's performance in 2023.

2.1 Income from Novo Group companies

DKK million	2023	2022
Dividends received from Novo Nordisk A/S	9,028	7,207
Dividends received from Novozymes A/S	803	396
Gain from sale of shares in Novo Nordisk A/S	8,747	6,948
Total income for the year	18,578	14,551

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Accounting policy

Dividends and realised gains are included in 'Income from Novo Group companies' in the statement of comprehensive income.

2.2 Return from the Investment Assets Portfolio

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Accounting policy

Realised and unrealised gains and losses on fair value adjustments are recognised in the statement of comprehensive income in the financial year in which they arise. Realised gains and losses on sale of financial assets are calculated on the basis of the original purchase price. Purchase and sale of investments are recognised on the trade date.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within 'Return from Life Science Investments' / 'Return from Capital Investments' when the right to receive payments is established.

Realised direct transaction costs and earnings related to Life Science Investments and Capital Investments are included under realised gains and losses. Indirect costs are included under costs.

DKK million	2023			2022		
	Life Science Investments	Capital Investments	Total	Life Science Investments	Capital Investments	Total
Realised gain and return for the year, net	2,222	1,911	4,133	2,994	1,919	4,913
Appreciation to fair value, net	2,853	5,649	8,502	-9,418	-6,976	-16,394
Total investment result for the year	5,075	7,560	12,635	-6,424	-5,057	-11,481

2.3 Employee costs

DKK million	2023	2022	
Wages and salaries	219	184	
Long-term incentives	110	87	
Pension costs, defined contribution plans	19	19	
Other employee costs	10	7	
Total employee costs	358	297	
<i>Allocation of employee costs by category:</i>			
Life Science Investments	175	153	
Capital Investments	49	42	
Administration & management	134	102	
Total employee costs	358	297	
<i>Hereof remuneration to Executive Management:</i>			
Salaries and short-term incentives	23	18	
Long-term incentives	21	21	
Pension	1	1	
Total remuneration to Executive Management	45	40	
Average number of full-time employees	113	93	

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Accounting policy

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are recognised in the year in which the employees render the associated services. Where the company provides long-term employee benefits, the costs are accrued to match the rendering of the services.

Since 2017, long-term incentive programmes (LTIP) have been agreed for all employees subject to them meeting certain targets. The LTIP is a capped programme measured against specific and pre-defined hurdles.

The Executive Management also constitutes the Key Management Personnel.

2.4 Costs per area

DKK million	2023	2022
Costs regarding Life Science Investments	623	450
Costs regarding Capital Investments	39	34
Administration & management	283	249
Costs	945	733
Direct transaction costs	219	89
Total costs for the year	1,164	778

Pursuant to section 96 (3) of the Danish Financial Statement Act information about the Auditor's fee is stated in the consolidated financial statements of Novo Nordisk Fonden.

Costs consists of employee costs of DKK 358 million (2022: DKK 297 million) and external costs of DKK 587 million (2022: DKK 436 million). For more information in relation to employee costs, please refer to note 2.3.

Total costs including results from Novo Holdings operating entities Novo Holdings US, Inc., Novo Holdings Equity Asia Pte. Ltd. and Novo 1999 Advisory Shanghai Ltd. are DKK 913 million (2022: DKK 711 million).

A re-classification of DKK 45 million of direct transaction costs from Costs to Total income and investment return has been made to the comparative figures for 2022.

2.5 Income taxes

DKK million	2023	2022
Computation of effective tax rate		
Statutory tax rate	22.0%	22.0%
Non-taxable income less non-deductible expenses	-17.3%	-47.3%
Deduction in accordance with the transparency rule	-4.8%	0.0%
Effective tax rate	-0.1%	-25.3%

When assessing Danish corporation tax, the company and all Danish subsidiaries are taxed jointly. Novo Holdings is acting as the administrative company of the joint taxation. The Danish group companies are jointly liable for corporation tax on the consolidated taxable income.

The income tax paid for the Danish tax group in the current year was 16,756 DKK million (DKK 8,872 million in 2022). There have been some adjustments to prior years which predominantly arise from tax payments regarding tax disputes. The adjustments to prior years have resulted in tax payable of DKK 170 million (DKK 15 million in 2022).

From 1 January 2024 Novo Holdings will be subject to Global Minimum Tax (OECD BEPS Pillar 2 rules). The rules are not expected to have a material impact on the tax position of Novo Holdings in 2024.

The taxable income mainly consist of returns from Capital Investments, which was positive in 2023. Further, the change in non-taxable income less non-deductible expenses from 2022 to 2023, can mainly be explained by the non-taxable income from group companies being measured against a higher profit before tax in 2023 compared to the lower profit before tax in 2022.



Accounting policy

Corporation taxes in the statement of comprehensive income include tax payable for the year. Tax payable/receivable includes tax payable computed on the basis of the expected taxable income for the year and any adjustment for tax payable for previous years.

Novo Holdings is covered by the tax rules concerning compulsory joint taxation, due to which the company is jointly taxed with its Danish subsidiaries.

Corporation tax is allocated between profit-making and loss-making Danish companies in ratio to their taxable income. Provision is made for tax using the full allocation method. However, Novo Holdings applies the tax transparency rules and distributes its taxable income to the Novo Nordisk Foundation when the taxable income is positive.

3. Investments in Novo Group and property

3.1 Investments in Novo Group companies

DKK million	2023	2022
Cost 1 January	3,322	3,339
Additions during the year	3,551	17
Disposals during the year	-29	-34
Carrying amount at 31 December	6,844	3,322

The Novo Group companies are valued at historical costs.

Accounting policy

Investments in the category 'Novo Group companies' are defined as being the directly owned shares in Novo Nordisk A/S and Novozymes A/S. Investments in Novo Group companies are included in the financial statements at cost. If cost exceeds the recoverable amount, the carrying amount is written down to recoverable amount.

The cost at disposals is calculated by using the weighted average.

Direct transaction costs related to Novo Group companies are included in the carrying amount.

3.2 Property

DKK million	2023	2022
Cost 1 January	477	476
Additions during the year	1	1
Cost at 31 December	478	477
Depreciation at 1 January	-41	-34
Depreciation for the year	-8	-7
Depreciation at 31 December	-49	-41
Carrying amount at 31 December	429	436

Accounting policy

Property is measured at historical cost less accumulated depreciations and any impairment loss. Depreciation is based on the straight-line method over estimated useful life of the assets (building: 50 years). Land is not depreciated.

4. Investment Assets Portfolio

4.1 Life Science Investments and Capital Investments



Accounting policy

Life Science Investments are defined as direct or indirect investments in financial assets that are primarily related to either healthcare or bioindustrial segments and which do not meet the definition of investments in Novo Group companies. Investments that do not meet the definition of any of the above two categories are defined as Capital Investments.

Subsidiaries, associates and other financial assets that fall into the category of either Life Science or Capital Investments are recognised in accordance with IFRS9 at fair value through profit or loss. Investments are initially recognised at fair value and subsequently adjusted to fair value.



Significant accounting estimates and judgements

Life Science Investments and Capital Investments are valued at fair value. By nature, uncertainties exist regarding fair value assessment of investments not based on observable market data. Consequently, preparation of the financial statements requires the application of certain estimates and judgements.

The material area of estimation or judgement for each of the applied valuation approaches is set out below:

Valuation approach	Valuation methodology	Estimation and assumptions	Value DKK million 2023	Value DKK million 2022
Income-based approaches	Discounted cash flows	Cash flows and discount rates	27,545	24,497
Market-based approaches	Trading multiples	Selection of comparable companies, trading multiples, sales and profit forecast	18,202	16,258
Value trigger approach	Relative adjustments based on pre-defined value triggers	Relative adjustment to previous valuation	9,732	6,262
Financing round approach	Price at recent financing round	N/A	3,113	3,976
LP approach	Adjusted reported NAV	Latest reported NAV adjusted for capital calls, capital returns and pricing development (if relevant)	27,255	23,284
Cost approach	Cost at recent transaction	N/A	7,415	7,124
Total			93,262	81,401

Management reviews and assesses the value of the individual investments on an ongoing basis with specific and planned reviews of the total Investment Assets Portfolio on a quarterly basis.

The discount rates used range from 5% to 18% whereas the EV/EBITDA multiples are in the range from 16x to 22x. These ranges should be seen as a result of our diversified Investment Assets Portfolio.



Accounting policy

Fair value is the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Novo Holdings has implemented fair value guidelines and procedures which ensure a consistent fair value measurement of each individual investment over time. Moreover, the fair value guidelines provide a framework for reasonable, consistent and transparent selection of valuation methodologies for valuing the investments. The selection criteria are in line with the value hierarchy in IFRS 13.

DKK million	2023			2022		
	Life Science Investments	Capital Investments	Total	Life Science Investments	Capital Investments	Total
Cost at 1 January	75,666	65,784	141,450	63,072	63,764	126,836
Additions during the year, net	2,218	9,490	11,708	12,594	2,020	14,614
Cost at 31 December	77,884	75,274	153,158	75,666	65,784	141,450
Value adjustments at 1 January	22,033	17,334	39,367	31,451	24,310	55,761
Appreciation to fair value, net	2,853	5,649	8,502	-9,418	-6,976	-16,394
Value adjustments at 31 December	24,886	22,983	47,869	22,033	17,334	39,367
Fair value at 31 December	102,770	98,257	201,027	97,699	83,118	180,817
Hereof investment with positive value	102,770	98,257	201,027	97,699	83,128	180,827
Hereof investments with negative value	0	0	0	0	-10	-10

Fair value estimation

Hierarchy of fair value inputs

Investments measured at fair value are classified according to a fair value hierarchy depending on the inputs used in the valuation method. The fair value hierarchy distinguishes between observable and unobservable inputs, which are classified at one of the following levels:

- Level 1 – Unadjusted quoted market prices for identical assets in an active market.
- Level 2 - Inputs, other than quoted market prices included within Level 1, which are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). Quoted prices for similar assets are level 2 inputs.
- Level 3 – Inputs for the asset that are not based on observable market data.

Securities traded on active markets are classified at level 1. Securities traded on inactive markets are generally classified at level 2. Securities in private unlisted operating companies are generally classified at level 3.

Investments in private investment companies are classified at level 2 or level 3, depending on the nature of their investment portfolios, their ability to liquidate their underlying investments and any other restrictions on the disposition of the investments. If the investment can be redeemed at the reported net asset value on the measurement date or in the near future, the investment is classified at level 2. Otherwise the investment is classified at level 3.

Policy for determining when transfers between levels are deemed to have occurred

Transfers to level 3 occur when quoted market prices (level 1) or other observable inputs (level 2) are no longer available. Transfers out of level 3 occur if quoted market prices (level 1) or other observable inputs (level 2) become available (e.g. when a private company goes public through an IPO, equity investments in the company transfers from level 3 to level 1 as the shares can be valued using the quoted market price (level 1).

Valuation methods and input

The general principle applied in the selection of valuation approach maximises the use of observable inputs and minimises the use of unobservable inputs.

If a security trades in an active market, the closing price is applied. An active market is defined as one in which transactions for the security occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Should a security not trade in an active market, it is initially booked and held at cost in the first twelve months succeeding the investment, unless any material events occur within this timeframe. Beyond the twelve months window, the valuation methodology follows the following hierarchy:

When independent broker quotes representing contemporaneous trades exist, these will be applied in estimating the fair value of the security. If a portfolio company has carried out any financing rounds within the last twelve months and the pricing in the financing round is likely to represent a fair value, the fair value estimate is based on the price obtained in the financing round.

If neither independent broker quotes nor pricing from financing rounds are available, the fair value will be based on application of a modelling approach, which again follows a strict hierarchy:

1. If the company runs an established business with an identifiable stream of continuing earnings or cash flows that are considered to be maintainable, and it is possible to identify comparable companies in terms of risk attributes and earnings growth prospects, the fair value shall be based on application of the market approach (i.e. relevant multiples based on a set of comparable companies);
2. If no comparable companies in terms of risk attributes and earnings growth prospects can be identified, the fair value shall be based on application of an income approach (i.e. a discounted cash flow model);
3. If the company does not run an established business with an identifiable stream of continuing earnings or cash flows that are considered to be maintainable, the fair value shall be based on a value trigger approach, by which the fair value changes based on the occurrence of value triggering events.

Fair value measurement by hierarchy

DKK million	31 December 2023				Total
	Level 1	Level 2	Level 3		
Life Science Investments					
Public Equity	30,090	0	2,839		32,929
Private Equity	0	0	52,940		52,940
Venture Capital	4,308	0	12,395		16,703
Credit	0	0	198		198
Total Life Science Investments	34,398	0	68,372		102,770
Capital Investments					
Public Equity	36,410	4,617	0		41,027
Private Equity	21	0	4,626		4,647
Venture Capital	0	0	1,931		1,931
Credit	4,074	7,373	1,613		13,060
Real Assets	0	0	16,720		16,720
Bonds	15,142	5,730	0		20,872
Total Capital Investments	55,647	17,720	24,890		98,257
Total investments	90,045	17,720	93,262		201,027

Change in value in 2023 not based on observable market data (level 3):

Asset class	At 1 January	Reclassification	Additions during the year	Disposals during the year	Change in hierarchy due to investments that completed an IPO during the year	Gains through profit or loss*	Total
Public Equity	0	0	3,211	-94	0	-278	2,839
Private Equity	52,892	488	8,125	-4,220	-1,086	1,367	57,566
Venture Capital	12,136	-488	4,094	-787	-91	-538	14,326
Credit	3,497	0	247	-76	0	-1,857	1,811
Real Assets	12,876	0	5,274	-303	0	-1,127	16,720
Total Investments at fair value	81,401	0	20,951	-5,480	-1,177	-2,433	93,262

*Of this amount, DKK 4,661 million relates to unrealised losses on investments held at year-end 2023, compared to DKK 2,042 million gains year-end 2022.

Fair value measurement by hierarchy

DKK million	31 December 2022			
	Level 1	Level 2	Level 3	Total
Life Science Investments				
Public Equity	32,645	0	0	32,645
Private Equity	0	0	49,290	49,290
Venture Capital	4,287	0	9,772	14,059
Credit	0	0	1,705	1,705
Total Life Science Investments	36,932	0	60,767	97,699
Capital Investments				
Public Equity	29,390	5,599	0	34,989
Private Equity	19	0	3,602	3,621
Venture Capital	0	0	2,364	2,364
Credit	4,259	6,141	1,792	12,192
Real Assets	0	0	12,876	12,876
Bonds	11,797	5,279	0	17,076
Total Capital Investments	45,465	17,019	20,634	83,118
Total investments	82,397	17,019	81,401	180,817

Change in value in 2022 not based on observable market data (level 3):

Asset class	At 1 January	Additions during the year	Disposals during the year	Change in hierarchy due to investments that completed an IPO during the year	Gains through profit or loss*	Total
Private Equity	41,910	12,032	-4,815	-170	3,935	52,892
Venture Capital	11,771	3,363	-1,255	-928	-815	12,136
Credit	2,687	686	-77	0	201	3,497
Real Assets	8,396	2,573	-95	0	2,002	12,876
Total Investments at fair value	64,764	18,654	-6,242	-1,098	5,323	81,401

*Of this amount, DKK 2,042 million relates to unrealised gains and losses on investments held at year-end 2022, compared to DKK 10,753 million year-end 2021.

The following table details the applied valuation methods for determination of fair value for each asset class:

Asset class	Valuation methodology used	Unobservable input used	Sensitivity in fair value in case of changes in unobservable input
Public Equity	<ul style="list-style-type: none"> Closing prices according to exchange markets Estimated market price based on observable input* 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A
Private Equity (direct)	<ul style="list-style-type: none"> Discounted cash flows Trading multiples Cost at recent transaction 	<ul style="list-style-type: none"> Cash flows and discount rates Trading multiples Cost at recent transaction 	<ul style="list-style-type: none"> If trading multiples decreased by 10%, the fair value would decrease by DKK 2,495 million (2022: DKK 2,870 million) If the WACC increased by 0.25pp, the fair value would decrease by DKK 734 million (2022: DKK 601 million)
Private Equity (LP)	<ul style="list-style-type: none"> Adjusted reported NAV 	<ul style="list-style-type: none"> Latest reported NAV adjusted for capital calls, capital returns and pricing development (if relevant) 	<ul style="list-style-type: none"> N/A
Venture Capital (Public)	<ul style="list-style-type: none"> Closing prices according to exchange markets 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A
Venture Capital (Private – direct)	<ul style="list-style-type: none"> Discounted cash flows Trading multiples Relative adjustment based on pre-defined value triggers Cost at recent transaction Financing round 	<ul style="list-style-type: none"> Cash flows and discount rates Trading multiples Value trigger assumptions Cost at recent transaction Price at financing round 	<ul style="list-style-type: none"> If trading multiples decreased by 10%, the fair value would decrease by DKK 21 million (2022: DKK 17 million) If the WACC increased by 0.25pp, the fair value would decrease by DKK 0 (2022: DKK 0)
Venture Capital (Private - LP)	<ul style="list-style-type: none"> Adjusted reported NAV 	<ul style="list-style-type: none"> Latest reported NAV adjusted for capital calls, capital returns and pricing development (if relevant) 	<ul style="list-style-type: none"> N/A
Credit	<ul style="list-style-type: none"> Closing prices according to exchange markets Estimated market price based on observable input 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A
Credit (Private - LP)	<ul style="list-style-type: none"> Adjusted reported NAV 	<ul style="list-style-type: none"> Latest reported NAV adjusted for capital calls, capital returns and pricing development (if relevant) 	<ul style="list-style-type: none"> N/A
EM debt	<ul style="list-style-type: none"> Closing prices according to exchange markets Estimated market price based on observable input 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A
Real Assets (Private – Direct)	<ul style="list-style-type: none"> Discounted cash flows Cost at recent 	<ul style="list-style-type: none"> Cash flows and discount rates Price at financing round 	<ul style="list-style-type: none"> If the WACC increased by 0.25pp, the fair value would decrease by DKK 1,093 million (2022: DKK 1,187 million)
Real Assets (Private – LP)	<ul style="list-style-type: none"> Adjusted reported NAV 	<ul style="list-style-type: none"> Latest reported NAV adjusted for capital calls, capital returns and pricing development (if relevant) 	<ul style="list-style-type: none"> N/A
Bonds	<ul style="list-style-type: none"> Closing prices according to exchange markets Estimated market price based on observable input 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A

* The fair value of certain total return swaps and bonds included as collateral under Public Equity is estimated based on observable input.

4.2 Financial instruments and financial risk management

Financial instruments

Novo Holdings contracts derivatives to hedge financial assets based on individual considerations. The table below shows the derivatives contracted to hedge currency exposure on investments which give rise to value adjustments in the statement of comprehensive income:

DKK million	31 December 2023		31 December 2022	
	Contract amount	Market value	Contract amount	Market value
USD	-4,997	39	-4,673	91
EUR	66	-1	172	54
GBP	-588	0	-508	13
SEK	-18	-1	-23	0
CHF	-99	-4	-211	0
Other	0	0	50	0
Total	-5,636	33	-5,193	158

Our policy regarding currency hedging is described in the following section on financial risk management.

Financial risk management

In its ordinary course of activities, Novo Holdings actively manages a variety of financial risks including currency risk, credit risk, interest rate risk, price risk, liquidity and concentration risk. Novo Holdings identifies, measures and monitors risk through various control mechanisms as detailed in the following sections, including maximum approved counterparty exposure and diversifying exposures and activities across a variety of instruments, markets and counterparties. The financial risks are continually monitored by the Allocation & Risk Management Committee to ensure that appropriate steps are taken if the portfolio allocation deviates from the defined long-term risk targets.

Type	Financial risk level	Basis for financial risk level assessment
Currency risk	Medium	Relatively high unhedged allocation towards USD
Credit risk	Low	Low allocation to high yield bonds
Interest rate risk	Low	High allocation to short-term bonds
Price risk	High	High allocation to diversified growth assets
Liquidity risk	Low	High allocation to liquid assets
Concentration risk	Low	Diversified investment portfolio. Low allocation to single investment assets

Currency risk

Currency risk is the risk of financial loss from change in currency rates. Currency risk arises as Novo Holdings invests in financial assets in other currencies than DKK. Most of the expenses are denominated in DKK.

Risk management policies and procedures

The financial assets in the Investment Assets Portfolio are primarily exposed to USD, EUR and GBP. Novo Holdings policy is not to hedge equity-based assets, but to hedge bond-based and liquid assets based on individual considerations.

Hedging of currency exposure is carried out through currency derivatives, which generally have a maturity period that would not exceed six months.

The currency exposure is monitored on a quarterly basis by Allocation & Risk Management Committee and reported to the Novo Nordisk Foundation on a yearly basis.

The following table details the exposure to currency risk:

	Value 31 December 2023		Value 31 December 2022	
	Local currency, million	DKK million	Local currency, million	DKK million
Traded investment assets				
USD	\$12,809	86,506	\$ 12,204	84,783
EUR	€5,307	39,563	€ 4,725	35,138
GBP	£2,004	17,231	£ 1,873	15,721
Other	-	9,735	-	0
FX derivatives				
USD	-\$740	-4,997	-\$ 673	-4,673
EUR	€9	66	€ 23	172
GBP	-£68	-588	-£ 61	-508
Other	-	-117	-	-184
Cash in foreign currency				
USD	\$169	1,141	\$ 49	342
EUR	€3	26	€ 2	15
GBP	£1	10	£ 1	5
Other	-	8	-	0

The following table details the sensitivity to currency fluctuations:

	31 December 2023		31 December 2022	
	Unhedged exposure Local currency million	Impact on gain/loss for 2023 (DKK million)	Unhedged exposure Local currency million	Impact on gain/loss for 2022 (DKK million)
10% USD appreciation	\$12,238	8,265	\$ 11,580	8,045
10% GBP appreciation	£1,937	1,665	£ 1,813	1,522

The unhedged exposure relative to the total exposure in USD is 94% in 2023 (95% in 2022). The exposure and sensitivities in the table above includes non-monetary items. Based on monetary items alone, the impact on gain/loss in 2023 from a 10% USD appreciation and a 10% GBP appreciation would be DKK 486 million (2022: DKK 496 million) and DKK 13 million (2022: DKK 9 million), respectively. A depreciation in currencies would have an equal but opposite impact.

Credit risk

Credit risk occurs in relation to bonds and other contractual obligations and is the risk of financial loss from failure of a counterparty to meet the contractual obligations.

Risk management policies and procedures

Novo Holdings policy is to limit the risk of financial loss from counterparty default by having most of the interest-bearing investments in Danish government bonds and domestic mortgage credit bonds with low credit risk and a minor share in high yield debt with lower credit rating. Credit ratings are

considered and monitored by the investment teams to evaluate the risk of loss from default. Investments are made across a variety of issuers to reduce the concentration of credit risk. Based on individual consideration of each asset, it is decided whether the credit risk should be hedged through derivatives.

The debt investments with high credit risk are mainly classified within Venture Capital (convertible bonds) and Credit (corporate debt in developed market). The following table illustrates the exposure of the Investment Assets Portfolio to credit risk:

DKK million	2023	2022	Credit risk assessment
Public Equity*	6,196	6,118	Low risk
Venture Capital	242	283	High risk
Credit	13,258	13,897	Medium/High risk
Real Assets	288	0	Medium/High risk
Bonds	20,872	17,076	Low risk
Total	40,856	37,374	

* The credit risk assessment for public equity is based on the bonds included as collateral for total return swaps.

The credit risk assessment for receivables classified as current assets is low.

Interest rate risk

Interest rate exposure arises in relation to interest-bearing investments and is the risk of financial loss from a change in interest rates.

Risk management policies and procedures

Novo Holdings' policy is to allocate the majority of the interest-bearing asset exposure to Danish government bonds and domestic mortgage credit bonds, and a minority to high yield debt. The interest rate risk is not hedged through derivatives, but the duration of the portfolio is adjusted to a desired exposure.

The following table details the market value and the duration of the interest-bearing investments. The future payments from the floating rate interest bearing assets will fluctuate with the short-term market interest rates. However, the fair value will not fluctuate significantly with changes in market interest rates.

An increase of one percentage point in the interest rate would, other things being equal, result in a decrease in the interest bearing investments of DKK 439 million (2022: DKK 432 million).

DKK million	2023	2022		
	Fair value	Duration (years)	Fair value	Duration (years)
Floating	13,893	0.3	8,902	0.2
Fixed	17,277	1.4	18,324	1.3
Mix	9,686	1.7	10,148	1.7
Total	40,856	1.1	37,374	1.2

Price risk

Price risk is the risk that the value of the Investment Assets Portfolio will fluctuate due to changes in the market price, caused by factors specific to the individual investment, the sector in which the investment operates or factors generally affecting all similar investments traded in the market.

Risk management policies and procedures

Novo Holdings invests both directly and indirectly through positions in mutual funds and private equity funds. The price risk is generally not hedged through derivatives. To minimise the price risk while still achieving an attractive return, the Investment Assets Portfolio is allocated according to a predefined set of risk tolerance levels with the following specific risk measures:

1. Sustaining the contribution to society: The risk of not maintaining the real purchasing power of the Investment Assets Portfolio (net of grant payouts) over the coming 10 years, excluding the effect from the cash inflow from Novo Nordisk and Novozymes.

2. Sustaining the portfolio value: The risk that the Investment Assets Portfolio will lose 25% or more in value over the coming 5 years, including the effect from grant payouts and excluding cash inflow from Novo Nordisk and Novozymes.
3. Limiting the exposure to single investments: No single investment can represent more than a certain amount (%) of the Investment Assets Portfolio.

The defined risk measures and portfolio allocation are monitored on a quarterly basis by the Allocation & Risk Management Committee and reported to the Boards of Novo Holdings on a quarterly basis and of the Novo Nordisk Foundation on a yearly basis. In addition to the measures above, the Committee uses simulated portfolio returns in historical stress scenarios to evaluate the current and forward-looking price risk.

The value exposed to price risk is the value of the Investment Assets Portfolio, which is detailed in the following table.

	31 December 2023			%	31 December 2022			%
	Life Science Investments	Capital Investments	Total Investments		Life Science Investments	Capital Investments	Total Investments	
Public Equity	32,929	41,027	73,956	37	32,645	34,989	67,634	38
Private Equity	52,940	4,647	57,587	29	49,290	3,621	52,911	29
Venture Capital	16,703	1,931	18,634	9	14,059	2,364	16,423	9
Credit	198	13,060	13,258	7	1,705	12,192	13,897	8
Real Assets	0	16,720	16,720	8	0	12,876	12,876	7
Bonds	0	20,872	20,872	10	0	17,076	17,076	9
Total	102,770	98,257	201,027	100	97,699	83,118	180,817	100

A decrease of 10 percent in the average price would, other things being equal, result in a decrease in the portfolio value DKK 20,103 million (2022: DKK 18,082 million). An increase in the average price of 10% would have an equal but opposite impact.

Liquidity risk

Liquidity risk is the risk of not being able to raise enough cash to meet the financial obligations when they fall due. Novo Holdings' amount of financial obligations is minimal compared to the amount of liquid financial assets, and the direct liquidity risk is therefore immaterial. However, Novo Holdings has material indirect financial obligations towards the Novo Nordisk Foundation's grant-giving obligations. The main financial obligation is to ensure the Novo Nordisk Foundation's substantial commitments to charity, investment activities and commitment to providing a stable basis for the commercial and research activities of the companies in the Novo Group.

Risk management policies and procedures

The liquidity risk is monitored on a quarterly basis by the Allocation & Risk Management Committee and reported to the Board of Novo Holdings on a quarterly basis and the Novo Nordisk Foundation on a yearly basis. The Investment Assets Portfolio is allocated to ensure that the Novo Nordisk Foundation can liquidate assets at any time, without incurring losses from forced disposals, for a value corresponding to i) actual committed as well as expected 5-year grant payout obligations plus, ii) an additional buffer. The current liquidity reserve is assessed by grouping all investments into different liquidity categories with a weight from 0% to 100%. The categorisation is based on daily trading volumes, which are used to estimate the time needed to divest the investments without impacting the trading prices negatively.

In addition to the liquidity reserve, the expected cash inflow (i.e. dividends and share buybacks) from Novo Nordisk and Novozymes also supports that the Novo Nordisk Foundation can meet current and future grant payout obligations. The strategic allocation of the Investment Assets Portfolio provides for the ability to manage a liquidity shortfall, including the unlikely event that the cash inflow from Novo Nordisk and Novozymes were discontinued.

To further ensure that the Novo Nordisk Foundation will have enough liquidity to meet its financial obligations, the target amount of bonds in the Investment Assets Portfolio is set to exceed the current grant payout obligations.

Finally, the company also monitors its short-term liquidity, which is measured by the amount of highly-liquid, short-term bond investments with high credit rating in the Investment Assets Portfolio.

Concentration risk

Concentration risk is the potential for a loss in value of an investment portfolio or in a single investment asset when an individual or group of exposures move together in an unfavorable direction. The implication of concentration risk is that it generates such a significant loss that recovery is unlikely.

By the end of 2023, the Investment Assets Portfolio was valued at DKK 201 billion and was balanced with 51% allocated to Life Science Investments and 49% allocated to Capital Investments. The Investment Assets Portfolio is allocated towards equity, with public equity representing 37% and private equity representing 28% of the portfolio, respectively. The bond and cash portfolio represents 10% of the Investment Assets Portfolio, venture capital represented 9%, real assets 9% and credit 7%. The geographical representation of the Investments Assets Portfolio is largely unchanged compared to the beginning of the year, with around 24% of the portfolio exposed to DKK, 43% to USD, and 20% to EUR. The largest single investment asset represents 8.2% of the Investment Assets Portfolio at the end of 2023.

Risk Management policies and procedures

The concentration risk is monitored on a quarterly basis by the Allocation & Risk Management Committee and is reported to the Board of Novo Holdings on a quarterly basis and the Novo Nordisk Foundation on a yearly basis.

Novo Holdings reduces the risk by having a diversification strategy when investing. Novo Holdings invest across the full continuum of the life sciences sector, from early start-ups to global well-established companies. Capital Investments provides Novo Holdings with global exposure outside the life sciences sector. The investment strategy complies with the risk tolerance framework agreed with the Novo Nordisk Foundation.

5. Capital structure

5.1 Share capital

Share capital	No.	Nominal value DKK million
A share capital (shares of DKK 1)	115,400,000	115
B share capital (shares of DKK 1)	384,600,000	385
Total share capital as of 31 December	500,000,000	500

Any share amount of DKK 1 of the A share capital carries 10 votes, while any share amount of DKK 1 of the B share capital carries 1 vote.

There have been no changes in the share capital during the last 5 years and the share capital has been fully paid in.

Proposed distribution of profit	2023	2022
Proposed dividend	5,500	0
Retained earnings	19,931	6,642
	25,431	6,642

Paid ordinary dividend per share equals DKK 0 (2022: DKK 3.60)

Paid extraordinary dividend per share equals DKK 0 (2022: DKK 72.40)

5.2 Amounts owed to group companies

DKK million	2023	2022
Contractual undiscounted cash flows		
Within a year	1,900	7,400
More than 5 years	29,567	32,072
Total	31,467	39,472
Carrying amount at 31 December	23,584	30,044

Accounting policy

Dividends are recognised as a liability in the period in which they are declared at the Annual General Meeting.

Capital

Novo Holdings has a material indirect financial obligation towards the Novo Nordisk Foundation's grant-giving obligations. The financial obligation is met by generating attractive long-term returns on the Investment Assets Portfolio and the Novo Group companies in line with the investment strategy. Equity, long-term debt owed to group companies and the Novo Nordisk Foundation's share of the joint investment portfolio can be viewed as managed capital by Novo Holdings and is used to achieve this.

In connection with an extraordinary dividend of DKK 30,000 million in 2022, Novo Holdings has entered into a loan agreement with the Novo Nordisk Foundation. The interest rate on the loan is fixed at 3.5% and interest is accrued to the principal amount on an annual basis. The loan is to be repaid in December 2032 at the latest. DKK 1,900 million of the amount is expected to be repaid to the Novo Nordisk Foundation in 2024. The term of the loan can be extended by the Novo Nordisk Foundation. The fair value of loan is DKK 24,196 million (2022: Equal to the carrying amount).

The fair value of the liability has not been based on observable market data (Level 3 in the fair value hierarchy). The expected cash flows has been discounted by using an average interest rate of 3.19%.

5.3 Reconciliation of liabilities arising from financing activities

DKK million	2023					
	1 January	Repayments	Proceeds	Additions	Other	31 December
Real estate debts	248	0	0	0	-29	219
Amounts owed to group companies	30,044	-7,400	0	940	0	23,584
Joint Investment Portfolio	26,657	-6,517	7,400	3,968	-18	31,490
Liabilities arising from financing activities	56,949	-13,917	7,400	4,908	-47	55,293

DKK million	2022					
	1 January	Repayments	Proceeds	Additions	Other	31 December
Real estate debts	248	0	0	0	0	248
Amounts owed to group companies	0	0	30,000	44	0	30,044
Joint Investment Portfolio	27,291	-5,619	8,000	-2,997	-18	26,657
Liabilities arising from financing activities	27,539	-5,619	38,000	-2,953	-18	56,949

5.4 Maturity analysis - liabilities

DKK million	2023				
	Contractual undiscounted cash flows	Within a year	Within 2-5 years	More than 5 years	Total
Non-derivative liabilities					
Amounts owed to group companies		1,900	0	29,567	31,467
Real estate debt		9	36	419	464
Trade payables		159	0	0	159
Other liabilities and provisions		139	114	0	253
Total liabilities	2,207	150	29,986	32,343	

DKK million	2022				
	Contractual undiscounted cash flows	Within a year	Within 2-5 years	More than 5 years	Total
Non-derivative liabilities					
Amounts owed to group companies		7,400	0	32,072	39,472
Real estate debt		2	8	288	298
Trade payables		138	0	0	138
Other liabilities and provisions		118	101	0	219
Total liabilities	7,658	109	32,360	40,127	

6. Remuneration

6.1 Remuneration to the Board of Directors

	DKK thousands			2023			2022		
	Board fee	Committee work	Travel and other allowance	Total	Board fee	Committee work	Travel and other allowance	Total	
Lars Rebien Sørensen	1,794		75	1,869	1,725	-	112	1,837	
Steen Riisgaard	1,196		75	1,271	1,150	-	112	1,262	
Jean-Luc Butel	598	500	298	1,396	575	500	372	1,447	
Viviane Monges	598	150	183	931	575	144	350	1,069	
Jeppe Christiansen	598		75	673	575	-	112	687	
Francis Cuss	598		372	970	575	-	335	910	
Henrik Poulsen	598		75	673	575	-	112	687	
Britt Meelby Jensen	598	500	75	1,173	431	500	37	968	
*Susanne Schaffert	448	375	111	934	-	-	-	-	
	7,026	1,525	1,339	9,890	6,181	1,144	1,542	8,867	

Committee work consists of Novo Advisory Group.

*Susanne Schaffert joined the Board May 2023.

6.2 Long-term incentive programme

In 2017, a Long Term Incentive Programme (the LTIP) was introduced for all employees in Novo Holdings, under which certain targets must be met within a three-year period. In the following years, additional Long Term Incentive Programmes were introduced, setting performance targets for a four-year period. Based on the investment returns for 2023, we have made provision for these incentive schemes.

DKK million	2023	2022
Other provisions		
Provision for incentive fees at 1 January	152	133
Paid during the year	-90	-66
Appreciation during the year, net	109	85
Provision for incentive fees at 31 December	171	152

7. Other disclosures

7.1 Cash and cash equivalents

DKK million	2023	2022
Cash at bank	1,267	411
Cash and cash equivalents	1,267	411

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Accounting policy

Cash and cash equivalents consists of cash offset by short-term bank overdrafts. Where short-term bank overdrafts are consistently overdrawn, they are excluded from cash and cash equivalents. The movement in such facilities is presented under financing activities in the cash flow statement.

7.2 Contractual obligations

At year-end, Novo Holdings was contractually obligated to make callable follow-on investments or capital contributions of the total outstanding amount:

DKK million	2023	2022
Contractual obligations related to Life Science Investments	6,556	6,635
Contractual obligations related to Capital Investments	13,864	13,100
Total contractual obligations	20,420	19,735

In connection with the merger of Novozymes and Chr. Hansen, Novo Holdings had made certain commitments under given terms and conditions including providing irrevocable undertakings in support of the proposed merger including to exchange Novo Holdings' 22% stake in Chr. Hansen at an exchange ratio of 1.0227 new B-shares in Novozymes for each individual Chr. Hansen share. Other Chr. Hansen shareholders were offered an exchange ratio of 1.5326.

7.3 Events after the balance sheet date

The merger of Novozymes and Chr. Hansen was completed end January 2024.

Novo Holdings has entered into an agreement to acquire Catalent Inc. in an all cash transaction. The transaction is subject to customary closing conditions. The total transaction is valuing Catalent at USD 16.5 billion. Under the terms of the agreement Novo Nordisk will acquire three manufacturing sites for an upfront payment of USD 11 billion.

There have been no other events after the balance sheet date which would have a significant impact on the assessment of Novo Holdings financial position as of 31 December 2023.

7.4 Financial definitions

Equity ratio

Total equity at year-end as a percentage of total assets at year-end.

7.5 Related parties

Related party transactions

The Novo Nordisk Foundation, Novo Holdings (US) Inc., Inc., Novo Holdings Equity Asia Pte. Ltd., Novo 1999 Advisory Shanghai Ltd., the Sonion Group, the Xellia Group, the Novo Nordisk Group, the Novozymes Group, the NNIT Group, the BBI Group, the Altasciences Group, the Ritedose Group, the MKG Group, the KabaFusion Group, the Dades Group, the Ellab Group, other subsidiaries, associated companies and the Boards and Executive Managements of the Novo Nordisk Foundation and Novo Holdings are considered to be related parties. All agreements have been negotiated on market-based terms, and the majority of the agreements are valid for one year.

Other than the above-mentioned intercompany transactions and normal remuneration to management disclosed in Note 2.3 "Employee costs", no transactions have been concluded with the Board of Directors, Executive Management or other related parties.

Ownership

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. Novo Holdings is a wholly-owned subsidiary of the Novo Nordisk Foundation and is consolidated into the group financial statements of the Novo Nordisk Foundation.

The consolidated financial statements of the Novo Nordisk Foundation can be ordered at:

Novo Nordisk Foundation
Tuborg Havnevej 19
DK-2900 Hellerup
Municipality of Gentofte, Denmark

DKK million	2023	2022
Novo Nordisk Foundation		
Sale of services to the Novo Nordisk Foundation	81	123
Purchase of services from the Novo Nordisk Foundation	15	16
Interest on loan to the Novo Nordisk Foundation	940	44
Long term portion of loan from the Novo Nordisk Foundation (see note 3.3)	21,684	22,644
Short term portion of loan from the Novo Nordisk Foundation (see note 3.3)	1,900	7,400
The Novo Nordisk Foundation's share of joint Investment Portfolio	31,490	26,657
The Novo Nordisk Foundation's share of result from joint Investment Portfolio	3,968	-2,997
Dividend payment to the Novo Nordisk Foundation	0	38,000
Novo Nordisk A/S		
Participation in share buy-back programme (sale of shares)	8,776	6,982
Purchase of services from Novo Nordisk A/S	2	5
Novozymes A/S		
Purchase of services from Novozymes A/S	1	1
NNIT A/S		
Purchase of services from NNIT A/S	9	20
Indkøbsselskabet Novo Holdings A/S		
Purchase of services from Indkøbsselskabet Novo Holdings A/S	16	0
Novo Holdings (US), Inc. - previously Novo Ventures (US), Inc.		
Purchase of services from Novo Holdings (US), Inc.	399	305
Novo Holdings Equity Asia Pte. Ltd		
Purchase of services from Novo Holdings Equity Asia Pte. Ltd.	32	18
Novo 1999 Advisory Shanghai Ltd.		
Purchase of services from Novo 1999 Advisory Shanghai Ltd.	16	4
Other subsidiaries and associates		
Loans to subsidiaries	7,814	7,434
Loans from subsidiaries	823	777
Contingent liabilities regarding commitments to subsidiaries	632	728
Loans to associates	175	163

7.6 Group companies

Listed by investment category and secondarily degree of control.

Novo Group

Subsidiaries

	<i>Ownership/voting rights*</i>
Novo Nordisk A/S, Denmark	28.1%/77.1%
Novozymes A/S, Denmark	29.2%/74.0%

Life Science Investments

Subsidiaries

21st. Bio A/S, Denmark	52%
Acesion Pharma ApS, Denmark	57%
Aloop Therapeutics ApS, Denmark	100%
Altasciences HoldCo A/S, Denmark	100%
Antraka ApS, Denmark	100%
Arya BidCo Ltd., United Kingdom	100%
Availity HoldCo A/S, Denmark	100%
Avilex Pharma ApS, Denmark	56%
BBI HoldCo A/S, Denmark	100%
BiOrigin ApS, Denmark	100%
Claris Biotherapeutics, Inc., USA	53%
Echo TopCo A/S, Denmark	64%
ENV HoldCo A/S, Denmark	100%
ERT HoldCo A/S, Denmark	100%
HyperBio Therapeutics ApS, Denmark	100%
NH Kronos GP, LLC, USA	100%
NH Kronos Ultimate Holdings, LP, USA	89%
Novo DP2, Inc., USA	100%
Novo Invest 1 A/S, Denmark	100%
Novo Invest 2A A/S, Denmark	100%
Novo Holdings Invest Asia A/S, Denmark	100%
Novo Maia, LP, USA	77%
Novo Ventures 1 P/S, Denmark	100%
Obis Medicines ApS, Denmark	98%
Ritedose HoldCo A/S, Denmark	100%
Riva Therapeutics, Inc., USA	83%
Sonian HoldCo A/S, Denmark	100%
Xellia HoldCo A/S, Denmark	100%

Associates

Allievex Corporation, USA	46%
Antag Therapeutics ApS, Denmark	40%
Asgard Therapeutics AB, Sweden	20%
Bactolife ApS, Denmark	25%
Biomason Inc., USA	30%
Biosyntia ApS, Denmark	34%
Breye Therapeutics ApS, Denmark	50%
Centauri Therapeutics Ltd., United Kingdom	21%
Chr. Hansen Holding A/S, Denmark	22%
Chromologics ApS, Denmark	27%
Commit Biologics ApS, Denmark	24%
Convatec Group Plc., United Kingdom	20%
Draupnir Bio ApS, Denmark	31%
Engimmune Therapeutics AG, Switzerland	31%
Evosep ApS, Denmark	20%
F2G Limited, United Kingdom	25%
Glycomine, Inc., USA	33%
Hemab ApS, Denmark	21%
Heparegenix GmbH, Germany	24%
Hoba Therapeutics ApS, Denmark	36%
Inspirna, Inc., USA	23%
Karus Therapeutics Ltd., United Kingdom	25%
Muna Therapeutics ApS, Denmark	20%
Nuvig Therapeutics Inc., USA	28%
Orexo AB, Sweden	28%
Revagenix, Inc., USA	45%
STipe Therapeutics ApS, Denmark	29%
Tarveda Therapeutics, Inc., USA	37%
The Protein Brewery BV, Netherlands	22%
Tribune Therapeutics AB, Sweden	33%
Vestaron Corporation, USA	25%

Capital Investments***Subsidiaries***

Dades A/S, Denmark	58%
NNIT A/S**, Denmark	33.5%
Komplementarselskabet Novo Capital Investors ApS, Denmark	100%
Novo Capital Investors P/S, Denmark	100%

Others***Subsidiaries***

Ejendomsselskabet Novo Holdings P/S, Denmark	100%
Ejendomsselskabet Novo Holdings Komplementar ApS, Denmark	100%
Indkøbsselskabet Novo Holdings A/S, Denmark	100%
Novo Holdings Equity Asia Pte. Ltd., Singapore***	100%
Novo Holdings (US), Inc., USA***	100%

Associates

Glentra Holding P/S, Denmark	20%
Glentra GP ApS, Denmark	20%
NIP Norway Gardermoen Logistikkbygg Holding AS, Norway	27%
Renewable Energy Partnership P/S, Denmark	33%
Renewable Energy Partnership 1 GP ApS, Denmark	33%
Urban Partners A/S, Denmark	25%

* Voting rights are only disclosed if different from ownership. Voting rights are calculated nominally, i.e. excluding treasury shares.

** NNIT A/S is listed as a subsidiary given that Novo Holdings A/S and the subsidiary Novo Nordisk A/S together own 51% of the shares and votes in the company.

*** The companies are separate legal entities that provide certain consultancy services to Novo Holdings, mainly within the areas of identifying, analysing, and negotiating investment opportunities among life science and biotech companies in the US and Asia. They also conduct related follow-up activities, such as board memberships and control and reporting efforts. Novo Holdings Equity Asia Pte., Ltd. owns all shares in Novo 1999 Advisory Shanghai Ltd., China, which also provides certain consultancy services to Novo Holdings.

For a complete overview of the subsidiaries in Novo Holdings A/S group, please refer to the consolidated financial statements of the Novo Nordisk Foundation.

Statements

Management's
statement and
Auditor's report



In late 2023, the Novo Holdings San Francisco team moved into new offices in the Financial District. Our San Francisco office is home to members of our Ventures, Growth, and Bioindustrial Investments teams, and the new space reflects the growth Novo Holdings has experienced over the past few years.

Novo
Holdings

Management's statement

The Executive Management and Board of Directors have today considered and adopted the Annual Report of Novo Holdings A/S for the financial year 1 January – 31 December 2023.

The Annual Report is prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company's operations and cash flows for 2023.

In our opinion, Management's review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hellerup, 5 March 2024

Executive Management

Kasim Kutay
CEO

Nigel Govett
CFO

Board of Directors

Lars Rebién Sørensen
Chair

Steen Riisgaard
Vice Chair

Jean-Luc Butel

Henrik Poulsen

Jeppe Christiansen

Viviane Monges

Francis Cuss

Britt Meeby Jensen

Susanne Schaffert

Independent Auditor's report

To the Shareholder of Novo Holdings A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2023, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of Novo Holdings A/S for the financial year 1 January - 31 December 2023, which comprise statement of comprehensive income, balance sheet, equity statement, cash flow statement and notes, including material accounting policy information the Company's "financial statements".

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 5 March 2024

PricewaterhouseCoopers

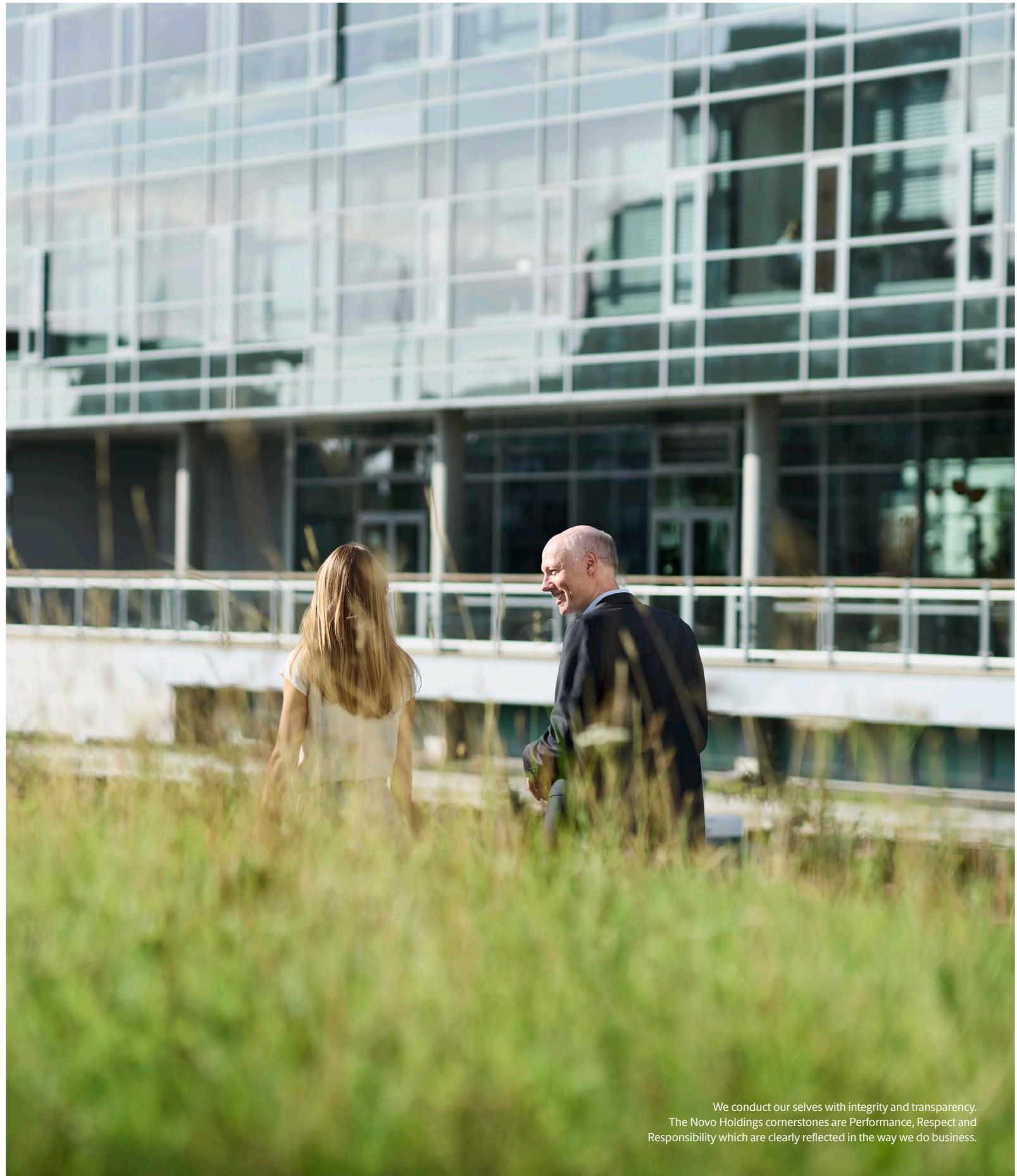
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Mogens Nørgaard Mogensen

State Authorised Public Accountant
mne21404

Tue Stensgård Sørensen

State Authorised Public Accountant
mne32200



We conduct ourselves with integrity and transparency.
The Novo Holdings cornerstones are Performance, Respect and
Responsibility which are clearly reflected in the way we do business.

