



Xellia Group ApS

CVR no. 31 08 95 06

Dalslandsgade 11, 2300 Copenhagen S

Annual report for 2020

Adopted at the annual general meeting on
18 March 2021

DocuSigned by:

Mikkel Lyager Olsen

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Mikkel Lyager Olsen
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Xellia Group ApS for the financial year 1 January - 31 December 2020.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the company's operations and financial matters and the results of the company's operations and its financial position.

We recommend the adoption of the annual report at the annual general meeting.

Copenhagen, 18 March 2021

Executive board

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Carl Ake Carlsson
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Bente Schmidt Nielsen
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Independent auditor's report

To the shareholder of Xellia Group ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the company at 31 December 2020, and of the results of the company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Xellia Group ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("financial statements").

Basis for 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on management's 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, we conclude that 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 of 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 the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

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 judgement and maintain professional scepticism 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.

Independent auditor's report

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.

Copenhagen, 18 March 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

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Torben Jensen

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State Authorised Public Accountant
MNE no. 18651

DocuSigned by:


Conrad Mattrup Lundsgaard

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State Authorised Public Accountant
MNE no. 34529

Company details

The company

Xellia Group ApS
Dalslandsgade 11
2300 Copenhagen S

Telephone: +45 32 64 55 00

CVR no.: 31 08 95 06

Reporting period: 1 January - 31 December

Domicile: Copenhagen

Executive board

Carl-Åke Carlsson
Mikkel Lyager Olsen
Bente Schmidt Nielsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Consolidated financial statements

The company is included in the group annual report of Novo Nordisk Foundation

The group annual report of Novo Nordisk Foundation may be obtained at the following address:

Novo Nordisk Foundation, Tuborg Havnevej 19, DK-2900 Hellerup

Parent company

The company's parent company is Xellia Group AS, Norway.
The ultimate owner of Xellia Group AS is Novo Nordisk Foundation.

Management's review

Business review

The activities of Xellia Group ApS are to hold shares in the 100% owned subsidiary Xellia Pharmaceuticals ApS.

Financial review

The company's income statement for the year ended 31 December 2020 shows a profit of TDKK 67,848, and the balance sheet at 31 December 2020 shows equity of TDKK 1,672,668.

Long-term part of loan from Group companies has decreased from MDKK 1,744.0 at 31 December 2019 to MDKK 1,659.3 at 31 December 2020. Short-term part of loan from Group companies amount to 0.0 MDKK at 31 December 2020 compared to 13.1 MDKK at 31 December 2019.

During the financial year Xellia Group ApS has received a contribution of MDKK 1,346 from its parent company Xellia Group AS, Norway as a receivable and correspondingly increased retained earnings. The receivable was immediately contributed to the subsidiary Xellia Pharmaceuticals ApS, whereby the carrying amount of MDKK 1,346 of the receivable was added to investments in subsidiaries.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Special risks apart from generally occurring risks in industry

Specific prerequisites for assessment of the expected development of the company

As a significant part of the company's debts are in foreign exchange, the company's result depends on the development in the USD and NOK exchange rate.

Income statement 1 January - 31 December

	Note	2020 TDKK	2019 TDKK
Administrative costs		-41	-80
Operating profit/loss		-41	-80
Financial income	2	149,281	3,832
Financial costs	3	-62,258	-110,330
Profit/loss from ordinary activities before tax		86,982	-106,578
Profit/loss before tax		86,982	-106,578
Tax on profit/loss for the year	4	-19,134	23,447
Net profit/loss for the year		67,848	-83,131
Proposed distribution of profit			
Retained earnings		67,848	-83,131
		67,848	-83,131

Balance sheet 31 December

	Note	2020 TDKK	2019 TDKK
Assets			
Investments in subsidiaries	5	3,326,243	1,980,032
Fixed asset investments		3,326,243	1,980,032
Total non-current assets		3,326,243	1,980,032
Receivables from group companies		44,654	50,700
Deferred tax asset	6	0	4,038
Corporation tax		12,692	15,558
Receivables		57,346	70,296
Total current assets		57,346	70,296
Total assets		3,383,589	2,050,328

Balance sheet 31 December

	Note	2020 TDKK	2019 TDKK
Equity and liabilities			
Share capital		100,150	100,150
Retained earnings		1,572,518	158,459
Equity		1,672,668	258,609
Provision for deferred tax	6	27,788	0
Total provisions		27,788	0
Payables to group companies		1,659,335	1,744,044
Total non-current liabilities	7	1,659,335	1,744,044
Short-term part of long-term debt	7	0	13,146
Trade payables		9	0
Payables to group companies		23,757	34,468
Other payables		32	61
Total current liabilities		23,798	47,675
Total liabilities		1,683,133	1,791,719
Total equity and liabilities		3,383,589	2,050,328
Contingencies	8		

Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 January 2020	100,150	158,459	258,609
Contribution	0	1,346,211	1,346,211
Net profit/loss for the year	0	67,848	67,848
Equity at 31 December 2020	100,150	1,572,518	1,672,668

	Share capital	Retained earnings	Total
Equity at 1 January 2019	100,150	241,590	341,740
Net profit/loss for the year	0	-83,131	-83,131
Equity at 31 December 2019	100,150	158,459	258,609

Notes

1 Accounting policies

The financial statements of Xellia Group ApS for 2020 for the period 1 January 2020 - 31 December 2020, have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and the Accounting Standard on small enterprises.

The accounting policies applied are consistent with those of last year.

The annual report for 2020 is presented in TDKK.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Subsidiaries

Consolidated financial statements

With reference to the Danish Financial Statements Act section 112, pgh. 1, no. 2 group financial statements have not been prepared.

Income statement

Cost of sales

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognised as distribution costs. Costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

Notes

1 Accounting policies

Administrative costs

Administrative costs comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is included to the extent that goodwill relates to administrative activities.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Investments

Investments in subsidiaries are recognised and measured in the Annual Report of the Parent company at purchase price.

Declared dividend is included in the income statement.

The carrying amounts are reviewed on an annual basis to determine whether there is any indication of impairment. If so, the asset is written down to its lower recoverable amount. The recoverable amount of the asset is calculated as the higher of net selling price and value in use.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Notes

1 Accounting policies

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to 'Equity'.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Notes

	2020	2019
	TDKK	TDKK
2 Financial income		
Other financial income	8	531
Foreign exchange adjustments	149,273	3,301
	149,281	3,832
3 Financial costs		
Interest to group companies	61,034	74,259
Foreign exchange adjustments	1,224	36,071
	62,258	110,330
4 Tax on profit/loss for the year		
Current tax on profit / loss	-12,692	-15,558
Change in deferred tax	31,826	-7,889
	19,134	-23,447
5 Investments in subsidiaries		
Cost at 1 January 2020	1,980,032	1,980,032
Increase of capital by contribution	1,346,211	0
Cost at 31 December 2020	3,326,243	1,980,032
Carrying amount at 31 December 2020	3,326,243	1,980,032

Notes

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Xellia Pharmaceuticals ApS (DKK)	Denmark	100%	2,621,030	-115,666
CFT Pharmaceuticals LLC (USD)	USA	100%	85	-11

Equity and profit/loss for the year are in local functional currency.

	2020 TDKK	2019 TDKK
6 Provision for deferred tax		
Provision for deferred tax at 1 January 2020	-4,038	3,851
Change for the year	31,826	-7,889
Provision for deferred tax at 31 December 2020	27,788	-4,038
Currency exchange losses	27,788	-4,038
Transferred to deferred tax asset	0	4,038
	27,788	0
Deferred tax asset		
Calculated tax asset	0	4,038
Carrying amount	0	4,038

7 Non-current liabilities

	Debt at 1 Jan. 2020	Debt at 31 Dec. 2020	Instalment next year	Debt after 5 years
Payables to group companies	1,744,044	1,659,335	0	245,494
	1,744,044	1,659,335	0	245,494

Notes

8 Contingencies

The company are jointly taxed with the Danish companies owned by Novo Holdings A/S. The joint taxation covers withholding taxes in the form of dividend tax, royalty tax and interest tax. The Danish companies are jointly and severally liable for the joint taxation. Any subsequent adjustments to income taxes and withholding taxes may lead to a larger liability. The tax for the individual companies is allocated in full on the basis of the expected taxable income.