

## **Xellia Holdco A/S**

CVR no. 34 88 05 49

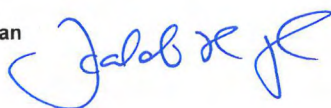
Dalslandsgade 11, 2300 Copenhagen S

### **Annual Report 2015**

January 1 - December 31, 2015

The Annual Report has been presented and adopted at the Annual General Meeting of the Company on 31/3 2016

Chairman

A handwritten signature in blue ink, appearing to read "Jacob de Jager", is written over a horizontal line.

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## Income statement

	Note	2015 TUSD	2014 TUSD
Administrative costs	3	(15)	(21)
Impairment loss, investment in subsidiary	7	-	(227,294)
Currency translation adjustment		-	(52,573)
Operating profit (loss) / EBIT		<u>(15)</u>	<u>(279,888)</u>
Financial income	4	1,071	1,070
Financial expenses	5	<u>(10,258)</u>	<u>(9,713)</u>
Profit (loss) before income taxes		<u>(9,202)</u>	<u>(288,531)</u>
Income taxes	6	<u>4,326</u>	<u>5,722</u>
Profit (loss) for the year		<u>(4,876)</u>	<u>(282,809)</u>
Attributable to:			
Retained earnings		<u>(4,876)</u>	<u>(282,809)</u>
		<u>(4,876)</u>	<u>(282,809)</u>

## Balance sheet

	Note	2015 TUSD	2014 TUSD
<b>ASSETS</b>			
Investment in subsidiary	7	235,020	235,020
Loan to group company	9	35,200	35,200
Deferred taxes		5,184	2,781
<b>Total non-current assets</b>		<b>275,404</b>	<b>273,001</b>
Receivable from group company		270	276
Income tax receivable		647	-
Receivables		917	276
Cash at bank		5,909	3,836
<b>Total current assets</b>		<b>6,826</b>	<b>4,112</b>
<b>Total assets</b>		<b>282,230</b>	<b>277,113</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		17,564	17,564
Retained earnings		90,606	95,482
<b>Total equity</b>	8	<b>108,170</b>	<b>113,046</b>
Deferred taxes		-	-
<b>Total provisions</b>		<b>-</b>	<b>-</b>
Loan from group company	9	174,047	163,850
<b>Total non-current liabilities</b>		<b>174,047</b>	<b>163,850</b>
Income tax payable		-	211
Other liabilities		13	6
<b>Total current liabilities</b>		<b>13</b>	<b>217</b>
<b>Total liabilities</b>		<b>174,060</b>	<b>164,067</b>
<b>Total equity and liabilities</b>		<b>282,230</b>	<b>277,113</b>
Contingent liabilities	10		

## Notes

### 1 General information

Xellia Holdco A/S (the Company) was incorporated on December 6, 2012 and established the subsidiary New Xellia Group A/S on May 2, 2013. On July 17, 2013 New Xellia Group A/S (together, the Group) purchased the shares in Otrortopco AS, Norway. The Group is a leading specialty pharmaceutical Group, focusing on the anti-infective market, operating under the name Xellia Pharmaceuticals. The main activity of the Group is to develop, manufacture and market life-saving pharmaceutical drugs. The Group specializes in difficult to make fermented antibiotics and injectable finished products.

The Company's main activity is holding the investment in New Xellia Group A/S and financing activities in that respect.

Xellia Holdco A/S is a limited liability company domiciled in Denmark. The address of its registered office is Dalslandsgade 11, 2300 Copenhagen S.

### 2 Accounting policies

#### Basis of preparation

The Financial statements of Xellia Holdco A/S for the period January 1, 2015 – December 31 2015, have been prepared in accordance with Danish Financial Statements Act applying to small companies in reporting class B and presented in TUSD.

The accounting policies are unchanged from last year.

#### In general

The Financial statements have been prepared under the historical cost method. All expenses incurred to achieve the earnings for the year are recognized in the Income Statement.

Assets are recognized in the Balance Sheet when it is probable that the company will receive future economic advantages and the assets value can be measured reliably.

Liabilities are recognized in the Balance Sheet when it is probable that future economical disadvantages will accrue to the company and the value of the liability can be measured reliably.

#### Consolidation

In accordance with the Danish Financial Statements Act § 112, 1, no. 2 Xellia Holdco A/S has not prepared consolidated financial statements. Reference is made to the consolidated financial statements of Novo Nordisk Foundation, registered office: Tuborg Havnevej 19, 2900 Hellerup, Denmark.

Novo A/S owns 100% of the shares in Xellia Holdco A/S, which is controlled by the Novo Nordisk Foundation.

#### Foreign currency translation

Financial items for the company are measured in the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of company is US dollar (USD).

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the transaction date. Exchange differences arising between the exchange rate at the transaction date and the exchange rate at the date of actual payment are recognized in the income statement under financial income or financial expenses.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. The following cross rate has been applied USD/DKK, 0.146 (2014: 0.163). The difference between the exchange rate prevailing at the balance sheet date and the exchange rate prevailing at the date when the receivable or payable arose or the exchange rate applied in the most recent financial statements is recognized in the income statement under financial income or financial expenses.

#### Administrative costs

Administrative costs comprise expenses incurred for the management and administration of the company. This includes costs relating to the company's management and related professional fees.

#### Dividends from subsidiaries

Dividends from subsidiaries are recognized as income in the Income Statement of the company in the year in which the dividend is declared.

#### Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies.

#### Financial assets and liabilities

Financial assets and liabilities are non-derivatives with fixed or determinable payments that are not listed on an active market.

Loans and receivables are entered in the balance sheet under the following items: Loans to group companies, loans from group companies.

Financial liabilities are entered in the balance sheet under the following items: Loans from group companies and current income tax payable.

## Notes

### 2 Accounting policies (continued)

#### **Taxes**

Corporation taxes, comprising the current taxes liability, change in deferred taxes for the year, and possible adjustments relating to previous years.

The current income taxes charge is calculated on the basis of the tax laws at the balance sheet date in Denmark. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxes are measured using the balance sheet liability method and comprises all temporary differences between the accounting and tax values of assets and liabilities. The tax value of tax-loss carry-forwards is included in the calculation of deferred taxes to the extent that the tax losses can be expected to be utilized in the future. Deferred taxes is measured according to current tax rules and at the tax rate expected to be in force on elimination of the temporary differences. Changes in deferred taxes due to tax rate changes are recognized in the income statement.

#### **Investment in subsidiary**

Investment in subsidiary is measured at cost. If the cost exceeds the recoverable amount, it is written down. The carrying amount of the investment is annually reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

#### **Loans to group companies**

Loans to group companies are recorded in the balance sheet at the lower of amortized cost and net realizable value, which normally corresponds to nominal value.

#### **Loans from group companies**

Loans from group companies are recognized initially at fair value. Loans are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Loans from group companies are classified as current liability unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### **Income tax receivables/payables**

Income tax receivables and payables are measured at amortized cost.

#### **Other liabilities**

Other liabilities are measured at amortized cost.

## Notes

### 3 Administrative costs

The Board of Directors has not received any remuneration for their services. The Company has no employees.

### 4 Financial income

	<u>2015</u>	<u>2014</u>
	TUSD	TUSD
Interest income from group company	1,071	1,070
	<u>1,071</u>	<u>1,070</u>

### 5 Financial expenses

	<u>2015</u>	<u>2014</u>
	TUSD	TUSD
Interest expense to group company	(10,197)	(9,599)
Foreign exchange losses	(49)	(110)
Other interest expenses	(12)	(4)
	<u>(10,258)</u>	<u>(9,713)</u>

### 6 Taxes

	<u>2015</u>	<u>2014</u>
	TUSD	TUSD
Current tax on profit for the year	1,923	1,496
Change in deferred tax	2,403	4,221
Adjustments prior years	-	5
	<u>4,326</u>	<u>5,722</u>

### 7 Investment in subsidiary

The investment relate to the establishment of New Xellia Group A/S on May 2, 2013 and subsequent capital increase.

Below information is based on latest available annual report for New Xellia Group A/S, covering the period January 1 - December 31, 2015.

<u>Name</u>	<u>Voting rights</u>	<u>Registered office</u>	<u>Share Capital</u>	<u>Profit for the year</u>	<u>Equity</u>
			TUSD	TUSD	TUSD
New Xellia Group A/S	99%	Dalslandsgade 11, Copenhagen	17,848	(1,069)	261,820

On May 2, 2013 Xellia Holdco AS (the Company) established New Xellia Group A/S and on July 17, 2013 New Xellia Group A/S together (the Group) purchased the shares in Otnortopco AS, Norway.

## 8 Share capital and statement of changes in equity

The Company's share capital consists of 100,500,000 shares.

All shares are held by Novo A/S and carries equal voting rights.

	Number of shares	Total, value TUSD
Establishment 2012	500,000	87
Additions 2013	100,000,000	17,477
January 1, 2014	100,500,000	17,564
Additions	-	-
December 31, 2015	100,500,000	17,564

	2015 TUSD			
	Share capital TUSD	Share premium TUSD	Retained earnings TUSD	Total equity TUSD
January 1	17,564	-	95,482	113,046
Profit (loss) for the year	-	-	(4,876)	(4,876)
December 31	17,564	-	90,606	108,170

	2014 TUSD			
	Share capital TUSD	Share premium TUSD	Retained earnings TUSD	Total equity TUSD
January 1	17,564	-	378,291	395,855
Profit (loss) for the year	-	-	(282,809)	(282,809)
December 31	17,564	-	95,482	113,046

## 9 Loans

	2015 TUSD			
	0 - 1 year	1 < 5 years	> 5 years	Carrying total
Maturities				
Loan to group company	0	35,200	0	35,200
Financial asset	0	35,200	0	35,200
Loan from group company	0	174,047	0	174,047
Financial liability	0	174,047	0	174,047
	2014 TUSD			
	0 - 1 year	1 < 5 years	> 5 years	Carrying total
Maturities				
Loan to group company	0	35,200	0	35,200
Financial asset	0	35,200	0	35,200
Loan from group company	0	163,850	0	163,850
Financial liability	0	163,850	0	163,850

## 10 Contingent liabilities

The company is jointly taxed, together with other Danish entities controlled by Novo A/S. Under the Danish tax regime all Danish entities are jointly and severally liable to the Danish tax Group's tax payments.



## Management's statement

The Executive Management and Board of Directors have today considered and adopted the Annual Report of Xellia Holdco A/S for the financial year January 1, 2015 – December 31, 2015.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

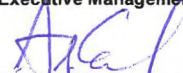
In our opinion, the Financial Statements of the company give a true and fair view of the financial position at 31 December 2015 of the company and of the results of company operations in the period January 1, 2015 – December 31, 2015.

In our opinion, Management's Review includes the required description and information about significant changes in the year in accordance with Danish Financial Statements Act.

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

Copenhagen, March 31, 2016

### Executive Management



Morten Aleksandr Engel  
President and CEO

### Board of Directors



Michael Shalmi  
Chairman



Morten Aleksandr Engel  
AEEE



Jørgen Rønnow

## Independent Auditor's Report

To the Shareholders of Xellia Holdco A/S

### Report on the Financial Statements

We have audited the Financial Statements of Xellia Holdco A/S for the financial year January 1 – December 31, 2015, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

#### Management's Responsibility 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 Financial Statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

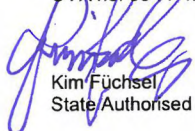
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

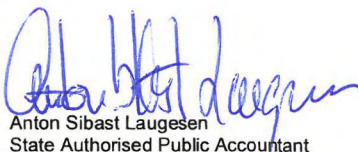
#### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at December 31, 2015 and of the results of the Company operations for the financial year January 1 – December 31, 2015 in accordance with the Danish Financial Statements Act.

Copenhagen, March 31, 2016  
**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
CVR no. 33 77 12 31



Kim Fuchsel  
State Authorised Public Accountant



Anton Sibast Laugesen  
State Authorised Public Accountant