



Xellia Holdco A/S

CVR no. 34 88 06 49

Dalslandsgade 11, DK-2300 Copenhagen S

Annual report for 2019

Adopted at the annual general meeting on
22 April 2020


chairman

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Statement by management on the annual report

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, 2019 - December 31, 2019.

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 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

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.

Management recommends that the annual report should be approved by the company in general meeting.


Copenhagen, 22 April 2020

Executive Management




Henrik Kjær Hansen
President and CEO

Board of Directors



Peter Helt Jacobsen Haahr
chairman



Søren Justesen



Henrik Kjær Hansen

Independent auditor's report

To the shareholder of Xellia Holdco A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the company at 31 December 2019, and of the results of the company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Xellia Holdco A/S for the financial year 1 January - 31 December 2019, 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 judgment and maintain professional skepticism throughout the audit. We also:

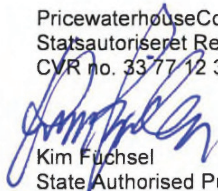
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

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, 22 April 2020

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31



Kim Fuchsel
State Authorised Public Accountant
MNE no. 9291



Conrad Mattrup Lundsgaard
State Authorised Public Accountant
MNE no. 34529

Company details

The company

Xellia Holdco A/S
Dalslandsgade 11
DK-2300 Copenhagen S

Telephone: +45 32 64 55 00

CVR no.: 34 88 05 49

Reporting period: 1 January - 31 December

Domicile: Copenhagen

Board of Directors

Peter Helt Jacobsen Haahr
Søren Justesen
Henrik Kjær Hansen

Executive Management

Henrik Kjær Hansen, president and ceo

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's review

General information and principal activities of the company

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 Otnortopco 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.

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

Development in activities and financial position

The only activity for the company in 2019 is holding the investment in New Xellia Group A/S:

For the year ended 31 December 2019, Xellia Holdco A/S achieved a loss of 347 TUSD.

Significant events occurring after the end of the financial year

The Board considers outbreak of the COVID-19 as event after the balance sheet date that does not materially affect 2019.

The company's outlook for the future might be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak.

However, as long as the Xellia Group is able to supply anti-infective to its customers, the Group will more likely than not see an increase in revenue and profit relative to expectations due to the increasing demand from health systems as hospital admittance rates increase.

It is more likely than not that the company will maintain its financial result.

Company Management has tried to estimate the effect of COVID-19 on the expected net profit of the company. It is, however, too early yet to give an opinion as to the extent of the negative implications.

Income statement 1 January - 31 December

	Note	2019 TUSD	2018 TUSD
Administrative costs		-11	-35
Operating profit/loss		-11	-35
Financial income	2	0	55
Financial expenses	3	-315	-585
Profit/loss before tax		-326	-565
Tax on profit/loss for the year	4	-21	2
Net profit/loss for the year		-347	-563
Proposed distribution of profit			
Retained earnings		-347	-563
		-347	-563

Balance sheet 31 December

	Note	2019 TUSD	2018 TUSD
Assets			
Investments in subsidiaries	5	238,416	235,020
Deferred tax assets		0	4
Fixed asset investments		238,416	235,024
Total non-current assets		238,416	235,024
Income tax receivable		0	19
Receivables		0	19
Cash at bank		13,028	16,735
Total current assets		13,028	16,754
Total assets		251,444	251,778

Balance sheet 31 December

	Note	2019 TUSD	2018 TUSD
Equity and liabilities			
Share capital		20,998	20,998
Retained earnings		230,235	230,582
Equity	6	251,233	251,580
Deferred taxes		1	0
Total provisions		1	0
Income tax payable		16	0
Other liabilities		194	198
Total current liabilities		210	198
Total liabilities		210	198
Total equity and liabilities		251,444	251,778
Subsequent events	7		
Contingent liabilities	8		

Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 January 2019	20,998	230,582	251,580
Net profit/loss for the year	0	-347	-347
Equity at 31 December 2019	20,998	230,235	251,233

	Share capital	Retained earnings	Total
Equity 1 January 2018	20,998	231,145	252,143
Net profit/loss for the year	0	-563	-563
Equity 31 December 2018	20,998	230,582	251,580

Notes

1 Accounting policies

The financial statements of Xellia Holdco A/S for the period January 1, 2019 - December 31, 2019, 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 financial statements for 2019 is presented in TUSD.

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.

Asset 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.

Consolidated financial statements

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

1 Accounting policies

Income statement

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.

Financial income and expenses

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

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.

Investments in subsidiaries

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.

Equity

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.

Income tax and deferred tax

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 tax 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.

Other liabilities and receivables

Other liabilities and receivables are measured at amortized cost.

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 the company is US dollar (USD).

1 Accounting policies

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 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.

	2019	2018
	TUSD	TUSD
2 Financial income		
Other financial income	0	48
Foreign currency gains	0	7
	<u>0</u>	<u>55</u>
3 Financial expenses		
Other financial expenses	23	78
Foreign currency losses	292	507
	<u>315</u>	<u>585</u>
4 Tax on profit/loss for the year		
Current tax on profit / loss for the year	16	-19
Change in deferred tax	-3	17
Adjustments of deferred tax prior years	8	0
	<u>21</u>	<u>-2</u>
5 Investments in subsidiaries		
Cost at 1 January 2019	235,020	235,020
Additions for the year	3,396	0
Cost at 31 December 2019	<u>238,416</u>	<u>235,020</u>
Carrying amount at 31 December 2019	<u>238,416</u>	<u>235,020</u>

Notes

6 Equity

The company share capital consists of 1,250,000 shares of a nominal value of TUSD 20,998.

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

5,000 shares from the establishment in 2012 with a total value of TUSD 87
1,000,000 shares from the additions in 2013 with a total value of TUSD 17,477
245,000 shares from the additions in 2016 with a total value of TUSD 3,434

Totally 1,250,000 shares at 31 December 2019 with a total value of TUSD 20,998

The share capital has developed as follows:

	2019	2018	2017	2016	2015
	TUSD	TUSD	TUSD	TUSD	TUSD
Share capital at 1 January 2019	20,998	20,998	20,998	17,564	17,564
Additions for the year	0	0	0	3,434	0
Share capital at 31 December 2019	20,998	20,998	20,998	20,998	17,564

7 Subsequent events

Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the company.

The company's outlook for the future might be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak.

However, as long as the Xellia Group is able to supply anti-infective to its customers, the Group will more likely than not see an increase in revenue and profit relative to expectations due to the increasing demand from health systems as hospital admittance rates increase.

It is more likely than not that the company will maintain its financial result.

Company Management has tried to estimate the effect of COVID-19 on the expected revenue and net profit of the company. It is, however, too early yet to give an opinion as to the extent of the negative implications. Therefore, Management finds itself unable to disclose reliably its outlook for the future.

8 Contingent liabilities

The company is jointly taxed with the Danish companies owned by Novo Holdings A/S. The joint taxation also 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.