



**New Xellia Group A/S**

CVR no. 35 23 52 99

Dalslandsgade 11, DK-2300 Copenhagen S

**Annual report for 2021**

Adopted at the annual general meeting on

21.4.2022

A handwritten signature in blue ink, appearing to read "Johannes J.", is written over a horizontal line.

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 New Xellia Group A/S for the financial year January 1 - December 31, 2021.

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 December 31, 2021 and of the results of the company's operations for the financial year January 1 - December 31, 2021.

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 adopted at the general meeting.

Copenhagen, 23 March 2022

### Executive Management

*Carl-Åke Carlsson*  
Carl-Åke Carlsson  
Mar 25, 2022 12:19 F

Carl-Åke Carlsson  
Chief Executive Officer and President

### Board of Directors

*Steen Riisgaard*  
Steen Riisgaard  
Mar 24, 2022 1:21 PM

Steen Riisgaard  
chairman

*Barbara Purcell*  
Barbara Purcell  
Mar 29, 2022 8:54 AM

Barbara Ann Purcell

*Henrik Kjær Hansen*  
Henrik Kjær Hansen  
Mar 27, 2022 9:40 PM

Henrik Kjær Hansen

*Benny D. Loft*  
Benny D. Loft  
Mar 23, 2022 7:23 P

Benny Dalgaard Loft

*Preben Haaning*  
Preben Haaning  
Mar 24, 2022 11:56 .

Preben Haaning

*Julie McHugh*  
Julie McHugh  
Mar 23, 2022 1:11

Julie McHugh

*Andreas Rummelt*  
Andreas Rummelt  
Mar 25, 2022 9:51 F

Andreas Rummelt

## Independent Auditor's Report

### **To the Shareholder of New Xellia Group 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 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of New Xellia Group A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity 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' 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'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, 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 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.

## 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, 23 March 2022

**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
CVR no. 33 77 12 31

  
Torben Jensen  
Mar 29, 2022 9:45 PM

Torben Jensen  
State Authorised Public Accountant  
mne no. 18651

  
Rune Vangsøe Sunesen  
Mar 30, 2022 9:41 AM C

Rune Vangsøe Sunesen  
State Authorised Public Accountant  
mne no. 47788

## Company details

### The company

New Xellia Group A/S  
Dalslandsgade 11  
DK-2300 Copenhagen S

Telephone: +45 32 64 55 00

CVR no.: 35 23 52 99

Reporting period: January 1 - December 31

Domicile: Copenhagen

### Board of Directors

Steen Riisgaard, chairman  
Benny Dalgaard Loft  
Julie McHugh  
Barbara Ann Purcell  
Preben Haaning  
Andreas Rummelt  
Henrik Kjær Hansen

### Executive Management

Carl-Åke Carlsson

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## **Management's review**

### **Business review**

New Xellia Group A/S (the Company) was incorporated on May 2, 2013 and on July 17, 2013 the company purchased the shares in Otnortopco AS, Norway (the Group). The Group operates under the name Xellia Pharmaceuticals (Xellia).

Xellia is a specialty pharmaceutical company, focused on providing important anti-infective treatments against serious and often life-threatening infections. Xellia's anti-infective treatments are generics that combat serious bacterial and antibiotic resistant infections as well as certain fungal diseases.

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

The activities of New Xellia Group A/S are to hold shares in the 100% owned subsidiary Otnortopco AS and to provide management services to the group companies.

### **Financial review**

For the year ended December 31, 2021, New Xellia Group A/S achieved a loss of 1.5 MUSD.

### **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.



## Income statement January 1 - December 31

	Note	2021 TUSD	2020 TUSD
<b>Gross profit</b>		<b>483</b>	<b>402</b>
Administrative costs		-274	-191
Other operating expenses	2	-3,972	0
<b>Profit/loss before financial income and expenses</b>		<b>-3,763</b>	<b>211</b>
Financial income	3	13,042	19,730
Financial expenses	4	-11,641	-20,681
<b>Profit/loss before tax</b>		<b>-2,362</b>	<b>-740</b>
Tax on profit/loss for the year	5	860	2,665
<b>Net profit/loss for the year</b>		<b>-1,502</b>	<b>1,925</b>
<b>Proposed distribution of profit</b>			
Retained earnings		-1,502	1,925
		<b>-1,502</b>	<b>1,925</b>

## Balance sheet December 31

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		TUSD	TUSD
<b>Assets</b>			
Investments in subsidiaries		457,706	457,706
Loans to group companies		267,405	265,272
<b>Fixed asset investments</b>		<u>725,111</u>	<u>722,978</u>
<b>Total non-current assets</b>		<u>725,111</u>	<u>722,978</u>
Receivables from group companies		33,718	64,987
Other receivables		0	1
Income tax receivable		0	1,002
Prepayments		72	41
<b>Receivables</b>		<u>33,790</u>	<u>66,031</u>
<b>Cash at bank</b>		<u>3,358</u>	<u>0</u>
<b>Total current assets</b>		<u>37,148</u>	<u>66,031</u>
<b>Total assets</b>		<u><u>762,259</u></u>	<u><u>789,009</u></u>

## Balance sheet December 31

	<u>Note</u>	<u>2021</u> TUSD	<u>2020</u> TUSD
<b>Equity and liabilities</b>			
Share capital		18,210	17,930
Retained earnings		265,365	262,930
<b>Equity</b>	6	<b>283,575</b>	<b>280,860</b>
Provision for deferred tax		283	2,822
<b>Total provisions</b>		<b>283</b>	<b>2,822</b>
Loans		177,000	144,000
Loans from group companies		224,945	215,663
Other liabilities		477	492
<b>Total non-current liabilities</b>		<b>402,422</b>	<b>360,155</b>
Banks		0	306
Payables to group companies		71,732	141,792
Income tax payable		428	0
Other liabilities		3,819	3,074
<b>Total current liabilities</b>		<b>75,979</b>	<b>145,172</b>
<b>Total liabilities</b>		<b>478,401</b>	<b>505,327</b>
<b>Total equity and liabilities</b>		<b>762,259</b>	<b>789,009</b>

## Statement of changes in equity

	Share capital	Retained earnings	Total
TUSD			
Equity at January 1, 2021	17,930	262,930	280,860
Additions	280	9,567	9,847
Purchase of own shares	0	-8,673	-8,673
Share based payment	0	3,043	3,043
Net profit/loss for the year	0	-1,502	-1,502
<b>Equity at December 31, 2021</b>	<b>18,210</b>	<b>265,365</b>	<b>283,575</b>

	Share capital	Retained earnings	Total
TUSD			
Equity at January 1, 2020	17,929	258,582	276,511
Additions	1	24	25
Share based payment	0	2,399	2,399
Net profit/loss for the year	0	1,925	1,925
<b>Equity at December 31, 2020</b>	<b>17,930</b>	<b>262,930</b>	<b>280,860</b>

## Notes

### 1 Accounting policies

The Annual Report of New Xellia Group A/S for the period January 1 - December 31, 2021, 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 is presented in TUSD.

#### **In general**

The annual report 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 New Xellia Group 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.

Xellia Holdco A/S owns 98% of the shares in New Xellia Group A/S and Xellia Holdco A/S is 100% owned by Novo Holdings A/S, which is controlled by the Novo Nordisk Foundation.

#### **Loans to/from 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 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.

## Notes

### 1 Accounting policies

#### Income statement

##### Gross profit (Revenue and Cost of sales)

In accordance with the Danish Financial Statements Act § 32, Revenue and Cost of sales are presented net in the income statement line item named "Gross profit (loss)". Revenue covers sales of management services for the year. Sales are recognized when the service has been rendered, provided that the revenue can be measured on a reliable basis and is expected to be received. Cost of sales comprises the cost of services sold. Cost includes direct labor and operating costs.

##### 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.

##### Other operating costs

Other operating costs comprise items of a secondary nature relative to the company's activities, including impairments on intangible assets.

##### 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 income tax charge for the year and changes in the deferred income tax charge, is recognized in the income statement as regards the portion that relates to the profit/loss for the year.

##### 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.

## Notes

### 1 Accounting policies

#### Equity

##### Share-based payment

Equity settled share-based payments schemes are recognized at the fair value of the employee services received in exchange for the grant of warrants computed by using the value of the granted warrants. The fair value of the granted warrants is calculated using a valuation model. The fair value of warrants on the grant date is recognized as an employee cost over the period in which the warrants are vested to the extent that the employee does not pay the full fair value of the granted warrants. In measuring the fair value, account is taken of the number of employees expected to gain entitlement to the warrants as well as the number of warrants the employees are expected to gain. This estimate is adjusted at the end of each period such that only the number of warrants to which employees are entitled, or expected to be entitled, is recognized. The value of the scheme is offset against equity attributable to shareholders of the company. Adjustments related to prior years are included in the Income statement in the year of adjustment.

Warrants that are subscribed to employees at fair value and paid in full are recognized in equity. When the warrants are exercised the Group will issue new shares in the company.

##### Income tax and deferred tax

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

Deferred income 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 based on the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognized at the expected value of their utilization; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Changes in deferred income tax due to changes to income tax rates are recognized in the income statement.

The Danish entities in the Group 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.

##### Liabilities

Other liabilities are measured at amortized cost.

## Notes

### 1 Accounting policies

#### 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).

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, liabilities, 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, 0.1524 (2020: 0.1651). 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.

	2021	2020
	TUSD	TUSD
<b>2 Other operating expenses</b>		
Costs related to potential sale of the Group	3,972	0
	<b>3,972</b>	<b>0</b>
<b>3 Financial income</b>		
Interest received from group companies	7,943	19,652
Other financial income	31	21
Foreign currency gains	5,068	57
	<b>13,042</b>	<b>19,730</b>
<b>4 Financial expenses</b>		
Interest expenses to group companies	9,282	10,547
Other financial expenses	2,335	3,128
Foreign currency losses	24	7,006
	<b>11,641</b>	<b>20,681</b>



## Notes

	2021	2020
	TUSD	TUSD
<b>5 Tax on profit/loss for the year</b>		
Current tax on profit / loss for the year	449	-2,026
Change in deferred tax	-2,291	-1,659
Adjustments of tax prior years	1,060	1,020
Adjustments of deferred tax prior years	-78	0
	<u><b>-860</b></u>	<u><b>-2,665</b></u>

## 6 Equity

The share capital consists of 104,469,073 shares of a nominal value of TUSD 18,210. No shares carry any special rights.

The share capital has developed as follows:

	2021	2020	2019	2018	2017
	TUSD	TUSD	TUSD	TUSD	TUSD
Share capital at January 1, 2021	17,930	17,929	17,929	17,903	17,884
Additions for the year	280	1	0	26	19
<b>Share capital at December 31, 2021</b>	<u><b>18,210</b></u>	<u><b>17,930</b></u>	<u><b>17,929</b></u>	<u><b>17,929</b></u>	<u><b>17,903</b></u>

## 7 Staff

Average number of employees	<u>26</u>	<u>25</u>
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## 8 Contingent liabilities

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.