



New Xellia Group A/S

CVR no. 35 23 52 99

Dalslandsgade 11, DK-2300 Copenhagen S

Annual report for 2023

Adopted at the annual general meeting on

DocuSigned by:

Jakob Hans Johansen

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Jakob Hans Johansen
chairman

Table of contents

	Page
Statements	
Statement by management on the annual report	1
Independent Auditor's Report	2
Management's review	
Company details	5
Management's review	6
Financial statements	
Income statement January 1 - December 31	7
Balance sheet December 31	8
Statement of changes in equity	10
Notes	11

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, 2023.

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

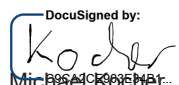
In our opinion, the financial statements give a true and fair view of the company's financial position at December 31, 2023 and of the results of the company's operations for the financial year January 1 - December 31, 2023.

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.

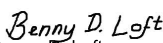

Copenhagen, April 15, 2024



Executive Management

DocuSigned by:

Michael Koehler
Chief Executive Officer

Board of Directors


Steen Riisgaard
Apr 15, 2024 3:07 PM CEST
Steen Riisgaard
chairman

Barbara Purcell
Apr 16, 2024 6:23 PM EDT
Barbara Ann Purcell

Henrik Kjær Hansen
Apr 15, 2024 10:16 PM CEST
Henrik Kjær Hansen


Benny D. Loft
Apr 15, 2024 12:28 PM CEST
Benny Daigaard Loft

Preben Haaning
Apr 15, 2024 9:54 AM CEST
Preben Haaning


Julie McHugh
Apr 15, 2024 1:23 PM CEST
Julie McHugh

Andreas Rummelt
Apr 15, 2024 12:15 PM CEST
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 December 31, 2023, and of the results of the Company's operations for the financial year January 1 - December 31, 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of New Xellia Group A/S for the financial year January 1 - December 31, 2023, 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 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, April 15, 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33 77 12 31



Torben Jensen
State Authorised Public Accountant
mne18651



Allan Knudsen
State Authorised Public Accountant
mne29465

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

Michael Kocher

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, New Xellia Group A/S purchased the shares in Otnortopco AS, Norway.

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.

New Xellia Group A/S and its affiliates operates under the name Xellia Pharmaceuticals.

Xellia Pharmaceuticals is a specialty pharmaceutical company and a global leader in providing anti-infective treatments and other critical care therapies for serious and often life-threatening conditions.

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 (the group).

Financial review

For the year ended December 31, 2023, New Xellia Group A/S has a loss of 599,862 TUSD.

The result for for the year is negatively impacted by impairment losses on investment in subsidiaries and receivables from group companies.

Uncertainties relating to going concern

After recognition of the 2023 loss, the Equity is negative and totals -319,352 TUSD as of December 31, 2023.

The parent company Novo Holdings A/S has issued a Letter of support to which the parent company will provide the liquidity required for New Xellia Group A/S to fulfil its obligations at least until December 31, 2024.

Based on the circumstances described above, the financial statements are prepared by the Management on the basis that New Xellia Group A/S is a going concern.

Subsequent events

After the balance sheet date, the following significant subsequent events have occurred in the period between the end of the financial year and the Board of Directors' approval of the annual report.

Management expects a Board approval to draw the 50 MUSD credit facility committed by Novo Holdings A/S.

Management and the owner are in discussion with the lenders regarding a waiver for the breach of covenants.

Income statement January 1 - December 31

	<u>Note</u>	<u>2023</u> TUSD	<u>2022</u> TUSD
Gross profit		827	950
Other operating income/expenses	2	<u>0</u>	<u>721</u>
Profit/loss before financial income and expenses		827	1,671
Impairment losses on investments in subsidiaries	6	-457,706	0
Impairment losses on receivables from group companies		-122,620	0
Financial income	3	29,248	11,986
Financial expenses	4	<u>-51,081</u>	<u>-21,309</u>
Profit/loss before tax		-601,332	-7,652
Tax on profit/loss for the year	5	<u>1,470</u>	<u>2,623</u>
Net profit/loss for the year		<u>-599,862</u>	<u>-5,029</u>
 Proposed distribution of profit			
Retained earnings		<u>-599,862</u>	<u>-5,029</u>
		<u>-599,862</u>	<u>-5,029</u>

Balance sheet December 31

	<u>Note</u>	<u>2023</u> TUSD	<u>2022</u> TUSD
Assets			
Investments in subsidiaries	6	0	457,706
Borrowings to group companies		287,849	273,879
Total non-current assets		287,849	731,585
Receivables from group companies		81,237	92,332
Other receivables		64	0
Income tax receivable		3,955	6,771
Prepayments		92	80
Receivables		85,348	99,183
Cash at bank		11,441	3,480
Total current assets		96,789	102,663
Total assets		384,638	834,248

Balance sheet December 31

	<u>Note</u>	<u>2023</u> TUSD	<u>2022</u> TUSD
Equity and liabilities			
Share capital		18,244	18,210
Retained earnings		-337,176	262,577
Fair value of hedging instruments		-420	0
Equity	7	-319,352	280,787
Provision for deferred tax		6,838	4,326
Total provisions		6,838	4,326
Borrowings		359,082	248,605
Borrowings from group companies		261,452	238,504
Other liabilities		485	453
Total non-current liabilities	8	621,019	487,562
Trade payables		297	346
Payables to group companies		72,952	58,273
Other liabilities		2,884	2,954
Total current liabilities		76,133	61,573
Total liabilities		697,152	549,135
Total equity and liabilities		384,638	834,248
Staff	9		
Uncertainties relating to going concern	10		
Subsequent events	11		
Contingent liabilities	12		

Statement of changes in equity

	Share capital	Retained earnings	Fair value of hedging instruments	Total
TUSD				
Equity at January 1, 2023	18,210	262,577	0	280,787
Additions	34	1,496	0	1,530
Purchase of own shares	0	-1,530	0	-1,530
Share based payment	0	143	0	143
Other equity movements	0	0	-538	-538
Tax on other equity movements	0	0	118	118
Net profit/loss for the year	0	-599,862	0	-599,862
Equity at December 31, 2023	18,244	-337,176	-420	-319,352

	Share capital	Retained earnings	Total
TUSD			
Equity at January 1, 2022	18,210	265,365	283,575
Share based payment	0	2,241	2,241
Net profit/loss for the year	0	-5,029	-5,029
Equity at December 31, 2022	18,210	262,577	280,787

Notes

1 Accounting policies

The Annual Report of New Xellia Group A/S for the period January 1 - December 31, 2023, have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

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 Fonden, registered office: Tuborg Havnevej 19, 2900 Hellerup, Denmark.

Xellia Holdco A/S owns 99.7% 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 Novo Nordisk Fonden.

Borrowings and receivables/payables to/from group companies

Borrowings and payables 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.

Borrowings and receivables from group companies are recognized initially at fair value. Borrowings 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 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 income/expenses

Other operating income/expenses comprise items of a secondary nature relative to the company's activities, including impairments on tangible and 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.

Notes

1 Accounting policies

Liabilities

Derivative financial instruments are recognized from the trade date and measured in the financial statement at fair value. Positive and negative fair values of derivative financial instruments are recognized as separate line items in the balance sheet. Changes in the fair value of derivative financial instruments that are classified as hedges of future cash flows and effectively hedge changes in future cash flows are recognized under Other equity movements in a reserve for hedging transactions under equity until the hedged cash flows impact the income statement. The reserve for hedging instruments under equity is presented net of tax. The cumulative gains or losses from hedging transactions that are retained in equity are reclassified and recognized under the same line item as the hedged item (basic adjustment). The accumulated change in value recognized in other equity movements is recognized in the income statement once the hedged cash flows affect the income statement or are no longer likely to be realized. For derivative financial instruments that do not meet the criteria for classification as hedging instruments, changes in fair value are recognized on a continuous basis in the income statement under financial income and expenses.

Other liabilities 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).

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, 0.1483 (2022: 0.1434). 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.

	2023	2022
	TUSD	TUSD
2 Other operating income/expenses		
Income/expenses related to potential sale of the Group	0	-721
	0	-721

Notes

	<u>2023</u>	<u>2022</u>
	TUSD	TUSD
3 Financial income		
Interest received from group companies	28,413	8,815
Other financial income	433	181
Foreign currency gains	402	2,990
	<u>29,248</u>	<u>11,986</u>
4 Financial expenses		
Interest expenses to group companies	25,245	13,559
Other financial expenses	25,595	7,569
Foreign currency losses	241	181
	<u>51,081</u>	<u>21,309</u>
5 Tax on profit/loss for the year		
Current tax on profit / loss for the year	-3,837	-6,771
Change in deferred tax	2,367	4,059
Adjustments of tax prior years	1	89
Adjustments of deferred tax prior years	-1	0
	<u>-1,470</u>	<u>-2,623</u>

Notes

	2023	2022
	TUSD	TUSD
6 Investments in subsidiaries		
Cost at January 1	457,706	457,706
Cost at December 31	457,706	457,706
Revaluations at January 1	0	0
Revaluations for the year, net	-457,706	0
Revaluations at December 31	-457,706	0
Carrying amount at December 31	0	457,706

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Otnortopco AS	Norway	100%	-734	-2,081,409

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

7 Equity

The share capital consists of 104,707,764 shares of a nominal value of TUSD 18,244. No shares carry any special rights.

The company holds 149,720 treasury shares, corresponding to 0.14 %. These shares have not been cancelled and are therefore held as treasury shares. The company may choose to sell these shares at a later time.

The share capital has developed as follows:

	2023	2022	2021	2020	2019
	TUSD	TUSD	TUSD	TUSD	TUSD
Share capital at January 1	18,210	18,210	17,930	17,929	17,929
Additions for the year	34	0	280	1	0
Share capital at December 31	18,244	18,210	18,210	17,930	17,929

Notes

8 Non-current liabilities

	2023	2022
	TUSD	TUSD
Borrowings		
Between 1 and 5 years	359,082	248,605
Non-current portion	359,082	248,605
Within 1 year	0	0
Current portion	0	0
	359,082	248,605
Borrowings from group companies		
Between 1 and 5 years	261,452	238,504
Non-current portion	261,452	238,504
Other short-term debt to subsidiaries	72,952	58,273
Current portion	72,952	58,273
	334,404	296,777
Other liabilities		
Between 1 and 5 years	485	453
Non-current portion	485	453
Other short-term other debt	2,884	2,954
Current portion	2,884	2,954
	3,369	3,407

The Senior Club Facility with Danske Bank and Nordea is subject to covenants. Net interest-bearing debt must not exceed equity including shareholder loans by more than 2 times and certain minimum EBITDA targets for the group must be met on a semi-annual basis commencing on June 30, 2023. Per December 31, 2023, the "Net interest-bearing debt to Equity" ratio is -10.0x and the ratio must be comprised between 0.0x and 2.0x to comply with the covenant for the Senior Club Facility. The group is therefore not in compliance with one financial covenant. The group has until April 29, 2024 to cure the financial covenant breach, and therefore the Senior Club Facility is presented as non-current liabilities. The adjusted EBITDA for the group is 29,0 MUSD and must be at least 20,0 MUSD per December 31, 2023 to comply with the covenant for the Senior Club Facility. Refer to note 10 and 11 for further information.

9 Staff

Number of fulltime employees on average	27	25
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Notes

10 Uncertainties relating to going concern

After recognition of the 2023 loss, the Equity is negative and totals -319,352 TUSD as of December 31, 2023.

The parent company Novo Holdings A/S has issued a Letter of support to which the parent company will provide the liquidity required for New Xellia Group A/S to fulfil its obligations at least until December 31, 2024.

Based on the circumstances described above, the financial statements are prepared by the Management on the basis that New Xellia Group A/S is a going concern.

11 Subsequent events

After the balance sheet date, the following significant subsequent events have occurred in the period between the end of the financial year and the Board of Directors' approval of the annual report.

Management expects a Board approval to draw the 50 MUSD credit facility committed by Novo Holdings A/S.

Management and the owner are in discussion with the lenders regarding a waiver for the breach of covenants.

12 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.

The company has issued a letter of support to certain subsidiaries to which the company will provide the liquidity required to fulfil its obligations at least until December 31, 2025.