Xellia Pharmaceuticals ApS

CVR no. 61 09 46 28

Dalslandsgade 11, DK-2300 Copenhagen S

Annual report for 2021

Adopted at the annual general meeting on 25 March 2022 DocuSigned by: Søren Hostrup 851E58CC461F4A4...
chairman

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Statement by management on the annual report

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Xellia Pharmaceuticals ApS 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 approved at the general meeting.

Copenhagen, 22 March 2022

Executive Board:

DocuSigned by:
Carl Ake Carlsson
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Carl-Åke Carlsson

Board of Directors:

DocuSigned by: 851E59CC461F4A4... Søren Hostrup chairman	DocuSigned by: Carl Ake Carlsson AE05F067B1F7493... Carl-Åke Carlsson	DocuSigned by: Bente Schmidt Nielsen 5F64B9FF4D10444... Bente Schmidt Nielsen
DocuSigned by: Niels Murmann 4C91CBEA9EC848A... Niels Murmann	DocuSigned by: 726E673D84BE434... Lone Thiis	DocuSigned by: Lars Madsen AB8ABE51F5154DE... Lars Beck Madsen

Independent Auditor's Report

To the Shareholder of Xellia Pharmaceuticals ApS

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 Xellia Pharmaceuticals ApS 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, 22 March 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

DocuSigned by:	DocuSigned by:
Torben Jensen	
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Torben Jensen	Rune Vangsøe Sunesen
State Authorised Public Accountant	State Authorised Public Accountant
mne no. 18651	mne no. 47788

Company details

The company	Xellia Pharmaceuticals ApS Dalslandsgade 11 DK-2300 Copenhagen S	
	Telephone:	+45 32 64 55 00
	Website:	www.xellia.com
	CVR no.:	61 09 46 28
	Reporting period:	January 1 - December 31
	Domicile:	Copenhagen
Board of Directors:	Søren Hostrup, chairman Carl-Åke Carlsson Bente Schmidt Nielsen Niels Murmann Lone Thiis Lars Beck Madsen	
Executive Board:	Carl-Åke Carlsson	
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 ApS, Denmark. The ultimate owner of Xellia Group ApS is Novo Nordisk Foundation.	

Group chart

Parent Company		Xellia Pharmaceuticals ApS, Copenhagen, Denmark Nom. TDKK 201,000
Subsidiaries	100%	Xellia Pharmaceuticals Ltd., Budapest, Hungary Nom. THUF 5,260,200
	100%	Nippon Axellia Co. Ltd., Tokyo, Japan Nom. TJPY 10,000
	100%	Xellia Pharmaceuticals Inc., Buffalo Grove, Illinois, USA Nom. TUSD 20,000
	100%	Xellia Hong Kong Limited, Hong Kong, Hong Kong Nom. THDK 10
	100%	Xellia d.o.o., Zagreb, Croatia Nom. THRK 20
	100%	Xellia Pharmaceuticals Private Ltd., Bangalore, India Nom. TINR 100
	100%	Xellia Pharmaceuticals Shanghai Co., Ltd., Shanghai, China Nom. TCNY 923
Branches	100%	Xellia Pharmaceuticals ApS, (Dubai Branch), Dubai, United Arab Emirates
	100%	Xellia Pharmaceuticals ApS, (Panama Branch), Panama
Associates	50%	Pharmaero ApS Copenhagen, Denmark Nom. TDKK 40

Financial highlights

Seen over a 5-year period, the development of the company may be described by means of the following financial highlights:

	2021	2020	2019	2018	2017
	MDKK	MDKK	MDKK	MDKK	MDKK
Key figures					
Revenue	1,793	2,043	2,346	1,890	1,897
Profit/loss before amortisation/depreciation and impairment losses	-544	-123	394	30	55
Net financials	-16	18	60	29	60
Profit/loss for the year	-503	-116	391	-75	91
Balance sheet					
Fixed assets	2,424	2,384	1,048	1,008	1,160
Current assets	1,310	1,707	1,603	1,419	1,362
Balance sheet total	3,734	4,091	2,652	2,426	2,521
Equity	2,083	2,621	1,391	1,007	851
Provisions	63	79	80	61	41
Long-term debt	680	699	562	543	829
Short-term debt	909	691	618	816	801
Financial ratios					
Gross margin	-3%	18%	37%	31%	28%
EBIT margin	-31%	-8%	16%	-8%	3%
Return on assets	-14%	-5%	15%	-6%	2%
Solvency ratio	56%	64%	52%	42%	34%
Return on equity	-21%	-6%	33%	-8%	11%
Average number of employees	640	624	623	580	493
Investment in tangible assets	108	92	102	146	74

The financial ratios are calculated in accordance with. The definitions described under accounting policies.

Management's review

Business review
Xellia Pharmaceuticals (“Xellia”) is a specialty pharmaceutical company developing, manufacturing, and commercializing anti-infective treatments against serious and often life-threatening bacterial and fungal infections.

With over 115 years of experience, Xellia is a world-leading trusted supplier of several important established anti-infective drugs, comprising active pharmaceutical ingredients as well as finished dosage forms, where the majority are injectable drug products. Supplying products to more than 70 countries worldwide and with more than 500 customers internationally, Xellia is the leading supplier of important anti-infectives vancomycin and colistimethate sodium (CMS).

The corporate headquarter is located in Copenhagen, Denmark, and Xellia has a global footprint with R&D, manufacturing and commercial operations across Europe, Asia, the Middle East and North America. Specifically, with its four manufacturing facilities located in; China, Denmark, Hungary, and in the US. Xellia operates according to current Good Manufacturing Practice (cGMP) and Xellia’s facilities have received regulatory approval from relevant authorities, including the U.S. Food and Drug Administration (FDA).

Xellia’s purpose is to save lives by leading the fight against infections. We work to achieve our goal by prioritizing the patient and through providing a strong and resilient supply of critical anti-infectives. Continuing the company’s evolution, Xellia Pharmaceuticals’ focus its R&D investments within inhalable and injectable product technologies, generating an innovative pipeline of value-added anti-infective medicines intended to enhance patient care, providing convenience and ease of use for healthcare professionals.

Wholly owned by Novo Holdings A/S, Xellia employs a dedicated team of over 1,700 people. The company is organized into regional business units and has established a dedicated organization to support our industrial customers in international markets with an International Business Unit and a North American Business Unit. Our International Business Unit works with customers in geographic markets in Europe, Asia, Latin America and the Middle East, meeting strong demand for key products from our core portfolio in these regions. The North American Business Unit is built for the commercial pharmaceutical institutional business in the US. The business unit is focused on spearheading the launch and selling of Xellia's own branded, specialty injectable anti-infective drugs to the US institutional markets. The commercial organization is housed at Xellia’s North American headquarters located near Chicago, Illinois.

Further information about Xellia can be found at:
www.xellia.com

Recognition and measurement uncertainties
The recognition and measurement of items in the Annual Report is not subject to any material uncertainties that could significantly impact the Annual Report.

Financial review
The company's income statement for the year ended December 31, 2021 shows a net loss of TDKK 503,090, and the balance sheet at December 31, 2021 shows equity of TDKK 2,082,735.

Management's review

Investments

In 2021, Xellia invested MDKK 15.2 in intangible assets. Furthermore, Xellia invested in tangible assets of MDKK 108.3 mainly to maintain current production facilities, to expand and upgrade sterile manufacturing facilities and in compliance projects.

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.

The company's knowledge resources

Xellia is committed to make important anti-infective treatments against serious and often life-threatening infections available for patients considering safety and quality throughout the whole business model. Xellia's expertise in development and manufacturing of products are crucial to meet regulations from authorities and customers. Xellia has strong focus to transform leadership to have pivotal role in future success, to facilitate collaboration across functions and to foster empowerment to achieve targets.

Development in activities and financial position

Both revenue and net result declined for the year ended December 31, 2021 compared to 2020. The company achieved revenue of MDKK 1,793 (2020 MDKK 2,043). The company experienced the decline in revenue, profitability, and net result as a result of a continuously tougher competitive landscape in the US institutional market with price erosions in the company's core products combined with a reduced demand. The company's subsidiary's production facility in the US subsidiary was taken into service last year however production of commercial products is in its early face and limited income is generated.

Outlook

For 2022 the company anticipates a single digit percentage point increase in revenue and profitability in its base business. Together with the expected significant revenue increase in the growth business and continuous investments and ramp up of the production volume in the US, the company expect to return to more sustainable revenue and profitable growth in 2022, and to achieve positive net results in the following years.

The fluctuation in USD exchange rate might influence the net result for 2022.

Profit/(loss) for the year relative to the expectations most recently expressed

The 2021 financial performance was below expectations with lower revenue and result for the year compared to previous year expectation. The net result for the year was a net loss of MDKK 503.1 (2020: net loss of MDKK 115.7).
The decrease in revenue is a result of lower volumes sold and the continuous price erosion.
Further the lower result is due to delays in commercial production in the company's subsidiary's production facility in the US.

Management's review

Special risks apart from generally occurring risks in industry

Operating risks

The company experience price pressure in the North American and International markets and competition from manufactures in Asia but also an increased demand and interest for essential medicine.

Currency risks

The company has significant activities in foreign currencies and is affected by trends in USD and HUF exchange rates. The company's currency policy is to hedge expected net cash flow risk from those currency exposures.
The hedging is made by forward exchange contracts in USD and HUF for the next 12 - 24 months.

Statutory corporate social responsibility report

With regards to the 2021 statement on CSR in accordance with section 99a of the Danish Financial Statement Act, reference is made to the 2021 Sustainability Report which is part of the Management's Review of the 2021 Annual Report:

https://xellia.com/-/media/xellia/corporate-reports/xellia-sustainability-report-2021.ashx?la=en&hash=ED410A732A3BB03C21905ADCEF3977B7

Policies on the underrepresented gender

In 2021, the Xellia Group had a total of 1,789 employees: 762 females and 1,027 males (42.6% and 57.4% respectively). The percentage of females was slightly higher compared to 2020, where 41.5% of the workforce were female. Across 294 people managers, there were 105 females and 189 males (35.7% and 64.3% respectively). This is almost the same to 2020, where 33% of leaders were female.

The development from 2020 to 2021 is in line with expectation as female managers were expected to increase and is therefore satisfying.

Xellia is committed to building a workforce that is represented by both genders across all management levels, managerial positions, talent pools and succession lists. In 2020 a Global Gender Diversity Team was formalized with representatives from across all group sites and held awareness training for leaders on unconscious bias to help overcome stereotypes and outdated beliefs. Xellia will actively embark on further strategic initiatives to continuously improve the gender diversity ratios throughout Xellia.

In March 2021, Xellia became a signatory to the Women Empowerment Principles (WEP), to formalize our commitment to foster business practices that empower women.

Xellia does expect to see the percentage of female managers to increase further in 2022 due to the 2020- and 2021-initiatives.

Xellia has obtained equal representation on the Board of Directors; thus, a target and a report are not required for underrepresented gender for the Board of Directors.

Management's review

Statement of policy for data ethics
With regards to the 2021 statement on CSR in accordance with section 99d of the Danish Financial Statement Act, reference is made to the 2021 Sustainability Report which is part of the Management's Review of the 2021 Annual Report:

https://xellia.com/-/media/xellia/corporate-reports/xellia-sustainability-report-2021.ashx?la=en&has-h=ED410A732A3BB03C21905ADCEF3977B7

Income statement January 1 - December 31

	Note	2021	2020
		TDKK	TDKK
Revenue	2	**1,792,626**	**2,042,515**
Cost of Sales		-1,839,615	-1,661,779
Gross profit		**-46,989**	**380,736**
Distribution costs		-85,859	-72,323
Administrative costs		-215,744	-223,503
Research and development costs		-195,758	-208,190
Other operating expenses	3	-5,466	-31,561
Profit/loss before financial income and expenses		**-549,816**	**-154,841**
Income from investments in subsidiares		16,454	28,403
Financial income	4	21,826	39,858
Impairment losses on financial assets		-649	-887
Financial expenses	5	-54,005	-49,088
Profit/loss before tax		**-566,190**	**-136,555**
Tax on profit/loss for the year	6	63,100	20,889
Net profit/loss for the year		**-503,090**	**-115,666**
Distribution of profit	7		

Balance sheet December 31

	Note	2021	2020
		TDKK	TDKK
Assets			
Technology and development projects		16,894	22,177
Rights and licenses		93,634	98,024
Goodwill		1,316	2,218
Software		40,014	46,409
Intangibles under construction		11,958	10,152
Intangible assets	8	**163,816**	**178,980**
Land and buildings	9	59,983	61,892
Plant and machinery	9	251,325	217,264
Fixtures and fittings, tools and equipment	9	26,854	11,423
Property, plant and equipment under construction	9	261,764	255,713
Property, plant and equipment		**599,926**	**546,292**
Investments in subsidiaries	10	1,658,376	1,656,421
Investments in associates	11	1,757	2,406
Fixed asset investments		**1,660,133**	**1,658,827**
Total non-current assets		**2,423,875**	**2,384,099**
Raw materials		67,742	69,476
Work in progress		161,143	168,998
Finished goods		277,573	237,910
Inventories		**506,458**	**476,384**
Trade receivables		168,507	207,823
Receivables from group companies		534,126	844,395
Other receivables		75,259	134,056
Income tax receivable		0	15,757
Prepayments	12	25,428	26,112
Receivables		**803,320**	**1,228,143**
Cash at bank		**46**	**2,317**
Total current assets		**1,309,824**	**1,706,844**
Total assets		**3,733,699**	**4,090,943**

Balance sheet December 31

	Note	2021	2020
		TDKK	TDKK
Equity and liabilities			
Share capital		201,000	201,000
Reserve for development expenditure		13,232	14,003
Retained earnings		1,916,126	2,418,445
Derivative		-47,623	-12,418
Equity	13	**2,082,735**	**2,621,030**
Provision for deferred tax	14	62,669	79,116
Total provisions		**62,669**	**79,116**
Mortgage loans		190,741	213,853
Lease obligations		1,086	2,705
Holiday allowance		40,453	36,575
Payables to group companies		305,097	281,677
Deferred income	15	142,373	164,679
Total non-current liabilities	16	**679,750**	**699,489**
Short-term part of long-term debt	16	161,259	24,424
Trade payables		120,596	130,100
Payables to group companies		351,332	329,169
Corporation tax		64,749	0
Other liabilities	17	210,609	207,615
Total current liabilities		**908,545**	**691,308**
Total liabilities		**1,588,295**	**1,390,797**
Total equity and liabilities		**3,733,699**	**4,090,943**
Staff	18		
Subsequent events	19		
Contingent liabilities	20		
Financial instruments	21		
Related parties and ownership structure	22		
Fee to auditors appointed at the general meeting	23		

Statement of changes in equity

TDKK	Share capital	Reserve for development expenditure	Retained earnings	Derivative	Total
Equity at January 1, 2021	201,000	14,003	2,418,445	-12,418	2,621,030
Other equity movements	0	0	0	-45,135	-45,135
Net profit/loss for the year	0	-771	-502,319	0	-503,090
Tax on other equity movements	0	0	0	9,930	9,930
Equity at December 31, 2021	**201,000**	**13,232**	**1,916,126**	**-47,623**	**2,082,735**

TDKK	Share capital	Reserve for development expenditure	Retained earnings	Derivative	Total
Equity at January 1, 2020	201,000	37,846	1,164,057	-11,578	1,391,325
Contribution	0	0	1,346,211	0	1,346,211
Other equity movements	0	0	0	-1,077	-1,077
Net profit/loss for the year	0	-23,843	-91,823	0	-115,666
Tax on other equity movements	0	0	0	237	237
Equity at December 31, 2020	**201,000**	**14,003**	**2,418,445**	**-12,418**	**2,621,030**

Notes

1 Accounting policies

The Annual Report of Xellia Pharmaceuticals ApS for the period January 1 - December 31, 2021 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

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

2020 comparison figures for costs in the income statement has been reclassified. The change has no impact to the profit/loss before financial income and expenses.

The Annual Report is presented in TDKK.

Basis of recognition and measurement

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

Assets are recognized 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 recognized 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 amortized cost using the effective interest method. Amortized cost is calculated as the historic cost less installments and plus/less the accumulated amortization of the variance 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, paragraph 1, no. 2 consolidated financial statements have not been prepared.

Income statement

Segment information

Information is provided on geographical markets. The segment information is provided in consideration of the company's accounting policies, risks, and management control.

Notes

1 Accounting policies

Segment assets comprise assets that are used directly in the segment's revenue-producing activities.

Segment liabilities comprise liabilities resulting from the segment's operations, including trade payables and other payables.

Revenue
Revenue is derived from contracts with customers through the production and transfer of products across various product categories and within several geographical regions. Revenue is recognized in the income statement when the performance obligation is satisfied, and when all obligations stated in the contract are fulfilled. This is defined as the point in time when control of the products has been transferred to the buyer. The transfer of control to customers takes place according to the trade agreement terms, Incoterms, and can vary depending on the customer or the specific trade.

Sales are measured at the fair value of the consideration received or receivable. When sales are recognized, the company records estimates for a variety of sales deductions, including product returns, rebates, and discounts. Sales deductions are recognized as a reduction of gross sales to arrive at net sales, by assessing the expected value of the sales deductions (variable consideration). Where contracts contain customer acceptance criteria, the company recognizes sales when the acceptance criteria are satisfied.

The company has entered into agreements with customers where the customer undertakes sales to third parties and the profit is distributed between the customer and the company based on a predetermined formula.

Income from sales & usage-based registration rights, royalties, licenses or similar are recognized as revenue when the company has fulfilled its performance obligation.

Cost of Sales
Cost of sales comprise the cost of goods sold. Cost includes the cost of raw materials, transport costs, consumables, and goods for resale, direct labor, and indirect costs of production, including operating costs, amortization and depreciation relating to manufacturing facilities, equipment, production related technology and amortization of development projects related to the company's product portfolio. Cost of sales includes expenses in connection with quality assurance of products and any write-down to net realizable value of unsalable or slow-moving items.

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

Distribution costs
Distribution costs comprise costs in the form of salaries to sales and distribution staff, advertising, and marketing expenses as well as depreciation. Amortization of goodwill is included to the extent that goodwill relates to distribution activities.

Notes

1 Accounting policies

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

Impairment losses on financial assets
Impairment losses comprise the year's impairment on subsidiaries and associated companies.

Research and development costs
Research and development costs comprise costs relating to development projects that do not qualify for recognition in the balance sheet and amortization of capitalized development projects.

Financial income and expenses
Financial income and expenses are recognized in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realized and unrealized capital/exchange gains and losses on securities, liabilities and foreign currency transactions and amortization of financial assets and liabilities.

Income from investments in subsidiares
Dividends from subsidiaries are recognized as income in the income statement when adopted at the General Meeting of the subsidiary.

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.

Balance sheet

Intangible assets

Goodwill and Software

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Customer relationships and technology acquired in a business combination are recognized at fair value at the acquisition date.

Software represents is measured at cost less accumulated amortization and write-downs. Amortization is made on a straight-line basis over the expected useful life, which is three to five years. Depreciation amortization begins when the asset is ready for use.

Notes

1 Accounting policies

Technology and development projects and Rights and licenses

Technology and development projects are capitalized when the technology and development costs relate to new products or processes that are clearly defined and identifiable and the company can demonstrate a future economic benefit, the technical feasibility, sufficient resources, a future market, and the intention of completing the intangible asset and ability to use or sell it as well as measure reliably the expenditure attributable to the development. Furthermore, acquired technology and development assets, including milestone and upfront payments which are deemed to enhance the company's intellectual productions and sales rights are capitalized. Technology and development projects that do not fulfill these requirements are expensed. Ongoing development and technology projects are until finished classified as assets under construction.

Following the completion of the development work, development costs are amortized on a straight-line basis over the estimated useful life. The amortization period is usually five years.

Gains and losses on the disposal of development projects, patents and licenses are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognized in the income statement as other operating income or other operating expenses, respectively.

Property, plant and equipment

Property, plant, and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition up until the time when the asset is ready for its intended use. In the case of assets under construction, cost comprises direct and indirect expenses for employee cost, materials, components, and contractors. Borrowing costs relating to both specific and general borrowing directly attributable to assets under construction with a lengthy construction period are recognized in cost during the construction period.

Land and construction in progress are not depreciated.

Depreciation based on the cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	13-40 years
Plant and machinery	5-13 years
Fixtures and fittings, tools and equipment	3-13 years

Depreciation is recognized in the income statement as of cost of sales, distribution costs and administrative costs respectively.

Notes

1 Accounting policies

Gains or losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses from the disposal of property, plant and equipment are recognized in the income statement as other operating income or other operating expenses.

Right of use assets
Right of use assets are measured at cost less accumulated depreciation and impairment losses adjusted for any re-measurements of the lease liability where initial cost is equal to the initial amount of the related lease liability

Depreciation is straight-line on basis of the underlying contracts which are 1-10 years.

Investments in subsidiaries and associates
Investment in subsidiaries and associates are recognized and measured in the Annual Report at purchase price.

Dividends from subsidiaries are recognized as income in the income statement when adopted at the General Meeting of the subsidiary.

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.

Impairment of fixed assets
The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested for impairment, other than what is reflected through normal amortization and depreciation, on an annual basis.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories
Inventories are measured at cost using the FIFO method. Where the net realizable value is lower than the cost, inventories are recognized at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

Notes

1 Accounting policies

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labor and production.

Production overheads include the indirect cost of materials, wages, and salaries as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognized in the cost.

The net realizable value of inventories is calculated as the expected selling price less. The net realizable value is determined considering marketability, obsolescence and expected selling price movements.

Trade receivables
Trade receivables are recognized at the invoiced amount less expected losses for amounts considered irrecoverable (amortized cost). Expected losses are measured as the difference between the carrying amount and the present value of anticipated cash flow. Expected losses are assessed on major individual receivables or in groups at portfolio level based on the receivables' age and maturity profile as well as historical records of losses. The calculated expected losses are adjusted for specific significant negative developments in geographical areas.

Payment terms are typically 30 - 45 days.

Other receivables and prepayments
Other receivables and prepayments are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Equity
Dividends
Proposed dividends are disclosed as a separate item under equity. Dividends are recognized as a liability at the date of declaration by the annual general meeting.

Capitalized development cost occurred from January 1, 2016 are reflected as a reserve in equity in accordance with the Danish Financial Act section 83.

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.

Notes

1 Accounting policies

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

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

Deferred income
Deferred income is recognized when the company receive advance payments for delivery of products or services and the performance obligation is satisfied in future.

Foreign currency translation
On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as financial income or financial expenses.

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 recognized in the latest financial statements is recognized in the income statement as financial income or financial expenses.

Derivative financial instruments
Derivative financial instruments are initially recognized in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Notes

1 Accounting policies

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognized asset or liability are recognized in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognized in other receivables or other payables and in equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognized in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognized in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

Changes in the fair value of financial instruments concerning loans that are designated and qualify as hedges of net investments in independent foreign subsidiaries are recognized directly in equity.

The fair value of derivative financial instruments is calculated using inputs, other than quoted priced observable marked data for the asset or liability, either directly or indirectly. This is level II of the fair value hierarchy.

As for derivative financial instruments that do not qualify for hedge accounting, fair value adjustments are recognized in the income statement on a current basis.

Cash flow statement

Pursuant to section 86 (4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement. The financial statement of Xellia Pharmaceuticals ApS is included in the cash flow statement of the consolidated Annual Report of Novo Nordisk Foundation.

Notes

1 Accounting policies

Financial highlights

Definitions of financial ratios.

EBIT margin = $\frac{\text{Profit/loss before financials x 100}}{\text{Revenue}}$

Solvency ratio = $\frac{\text{Equity, end of year x 100}}{\text{Total assets at year-end}}$

Gross margin = $\frac{\text{Gross profit x 100}}{\text{Revenue}}$

Return on assets = $\frac{\text{Profit/loss before financials x 100}}{\text{Average assets}}$

Return on equity = $\frac{\text{Profit/loss from ordinary operations after tax x 100}}{\text{Average equity}}$

2 Revenue

	2021 TDKK	2020 TDKK
Revenue	1,792,626	2,042,515
Total revenue	**1,792,626**	**2,042,515**
Information on geographical segments		
Europe	610,518	732,510
North America	678,500	913,655
South America	87,755	59,925
Asia	395,448	319,546
Other	20,405	16,879
Total revenue	**1,792,626**	**2,042,515**

3 Other operating expenses

	2021 TDKK	2020 TDKK
Impairment losses, development projects	302	31,561
Costs related to potential sale of Xellia	5,164	0
	5,466	**31,561**

Notes

		2021	2020
		TDKK	TDKK
4	**Financial income**		
	Interest received from group companies	176	183
	Other financial income	2,493	3,284
	Foreign exchange adjustments	19,157	36,391
		21,826	**39,858**

		2021	2020
5	**Financial expenses**		
	Interest to group companies	12,086	16,071
	Other financial expenses	10,675	11,893
	Foreign exchange adjustments	31,244	21,124
		54,005	**49,088**

		2021	2020
6	**Tax on profit/loss for the year**		
	Current tax on profit / loss for the year	-97,579	-35,757
	Change in deferred tax	973	-1,682
	Adjustments of tax prior years	38,793	16,067
	Adjustments of deferred tax prior years	-5,287	483
		-63,100	**-20,889**

		2021	2020
7	**Distribution of profit**		
	Transferred to other statutory reserves	-771	-23,843
	Retained earnings	-502,319	-91,823
		-503,090	**-115,666**

Notes

8 Intangible assets

	Technology and develop-ment projects	Rights and licenses	Goodwill	Software	Intangibles under construction	Total
Cost at January 1, 2021	256,647	367,533	21,156	102,897	329,212	1,077,445
Additions for the year	0	0	0	0	15,239	15,239
Disposals for the year	0	0	0	-4,816	0	-4,816
Transfers for the year	0	3,724	0	9,407	-13,131	0
Cost at December 31, 2021	256,647	371,257	21,156	107,488	331,320	1,087,868
Amortisation and impairment losses at January 1, 2021	234,470	269,509	18,938	56,488	319,060	898,465
Impairment losses for the year	0	0	0	0	302	302
Amortisation for the year	5,283	8,114	902	15,802	0	30,101
Reversal of depreciation of sold assets	0	0	0	-4,816	0	-4,816
Amortisation and impairment losses at December 31, 2021	239,753	277,623	19,840	67,474	319,362	924,052
Carrying amount at December 31, 2021	**16,894**	**93,634**	**1,316**	**40,014**	**11,958**	**163,816**
Useful lives	5-15 years	5-20 years	20 years	3-5 years		

The residual value of the company's intangible assets is reviewed annually.

Xellia’s development projects are related to development of existing and new versions of generic pharmaceutical products. Xellia capitalizes development projects when the recognition criteria in IAS 38 are fulfilled. Development costs are capitalized when a development project has been approved at Xellia Portfolio Review Meeting and the risk-adjusted business case for the project shows a positive net present value.

Currently, no ongoing development project meets the recognition criteria under IAS 38.

The expected income from capitalized technology and development projects exceeds the cost after impairment.

Notes

9 Property, plant and equipment

	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at January 1, 2021	389,245	887,012	37,463	264,634	1,578,354
Additions for the year	0	0	0	108,300	108,300
Disposals for the year	-158	-4,454	-3,445	0	-8,057
Transfers for the year	5,629	73,612	23,008	-102,249	0
Cost at December 31, 2021	394,716	956,170	57,026	270,685	1,678,597
Depreciation and impairment losses at January 1, 2021	327,353	669,748	26,040	8,921	1,032,062
Depreciation for the year	7,475	39,333	7,573	0	54,381
Reversal of depreciation and impairment of disposed assets	-95	-4,236	-3,441	0	-7,772
Depreciation and impairment losses at December 31, 2021	334,733	704,845	30,172	8,921	1,078,671
Carrying amount at December 31, 2021	**59,983**	**251,325**	**26,854**	**261,764**	**599,926**
Useful lives	13-40 years	5-13 years	3-13 years		

The company has contractual obligations at December 31, 2021 regarding purchase of equipment's and buildings amounting to MDKK 0 (2020: MDKK 7.1)

Capitalization of interest related to tangible assets under construction in 2021 amounts to TDKK 2,337 (2020: TDKK 3,138). A capitalization rate of 1.53% (2020: 2.22%) has been applied.

The residual value of the company's tangible assets are reviewed annually.

10 Investments in subsidiaries

	2021 TDKK	2020 TDKK
Purchase price at January 1	1,656,421	310,210
Increase for the year	1,955	0
Increase of capital by contribution	0	1,346,211
Purchase price at December 31	1,658,376	1,656,421
Carrying amount at December 31	**1,658,376**	**1,656,421**

Notes

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Xellia Pharmaceuticals Ltd. (HUF)	Hungary	100%	10,749,432	-101,968
Nippon Axellia Co. Ltd. (JPY)	Japan	100%	52,968	8,642
Xellia Pharmaceuticals Inc. (USD)	USA	100%	247,709	1,645
Xellia Hong Kong Limited (HKD)	Hong Kong	100%	99,108	-2,618
Xellia d.o.o. (HRK)	Croatia	100%	63,578	17,572
Xellia Pharmaceuticals Private Ltd. (INR)	India	100%	88,317	20,649
Xellia Pharmaceuticals Shanghai Co., Ltd. (CNY)	China	100%	923	0

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

	2021	2020
	TDKK	TDKK
11 Investments in associates		
Purchase price at January 1	76,488	76,488
Purchase price at December 31	76,488	76,488
Revaluations at January 1	-74,082	-73,195
Impairment for the year	-649	-887
Revaluations at December 31	-74,731	-74,082
Carrying amount at December 31	**1,757**	**2,406**

Investments in associates are specified as follows:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Pharmaero ApS (DKK)	Denmark	50%	3,516	-1,297

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

Notes

12 Prepayments

Prepayments comprise prepaid expenses mainly third-party services, rent and insurance premiums.

13 Equity

There have been no changes in the share capital during the last 5 years.

	2021	2020
	TDKK	TDKK
14 Provision for deferred tax		
Provision for deferred tax at January 1	79,116	80,315
Change for the year	-16,447	-1,199
Provision for deferred tax at December 31	**62,669**	**79,116**
Provisions for deferred tax on:		
Intangible assets	19,159	22,637
Property, plant and equipment	19,944	14,966
Inventories	37,303	35,887
Other taxable temporary variances	-13,737	5,626
	62,669	**79,116**

15 Deferred income

The company has entered into a long-term contract with a customer, where the company has received advance payments for delivery of products, which is to be delivered in 2022 through 2024.The long-term contract has a financing element. The interest rate used is equal to the company's borrowingrate, total amount of interest in deferred income for 2021 is TDKK 3,784.

Notes

16 Non-current liabilities

	Debt at Jan. 1, 2021	Debt at Dec. 31, 2021	Instalment next year	Debt after 5 years
Mortgage loans	213,853	190,741	23,608	98,881
Lease obligations	2,705	1,086	1,345	0
Holiday allowance	36,575	40,453	196	37,884
Payables to group companies	281,677	305,097	0	305,097
Deferred income	164,679	142,373	136,110	0
	699,489	**679,750**	**161,259**	**441,862**

Xellia Pharmaceuticals ApS' land, buildings, plant and machinery and PPE under construction are pledged in favour of the mortgage loan from Realkredit Danmark. Per December 31, 2021 total carrying amount of land and buildings including plant and machinery and PPE under construction is MDKK 572.3.

17 Other liabilities

	2021 TDKK	2020 TDKK
Wages/salaries, salary taxes, social security contributions	56,954	112,007
Other accrued expenses	117,244	79,686
Derivative financial instruments liabilities	36,411	15,922
	210,609	**207,615**

Notes

	2021	2020
	TDKK	TDKK
18 Staff		
Wages and Salaries	373,189	396,875
Pensions	44,099	40,885
Other social security expenses	6,383	4,755
	423,671	**442,515**
Wages and Salaries, pensions and other social security expenses are recognised in the following items:		
Cost of sales	358,823	368,881
Distribution costs	32,011	31,103
Administrative costs	32,837	42,531
	423,671	**442,515**
Average number of employees	640	624

According to section 98B (3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

19 Subsequent events

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

Notes

20 Contingent liabilities

Pending disputes, litigations and claims
The company and subsidiaries are currently involved in pending disputes, litigations and claims arising out of the normal course of business. For the cases where the Xellia Group has an uncapped, infinitive indemnification right from the former owners of the Group, management has taken this into consideration in determining the appropriate provision. Management does not expect any pending disputes, litigations and claims to have a material impact on the company's financial position, operating profit, or cash flows.

The company is 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.

Contract condition
Xellia has commitments in contracts with some customers to pay for additional costs that the customers eventually will have in case that it is not possible for Xellia to deliver confirmed orders. The amount required to meet such commitments cannot be estimated.

Borrowings
In December 2020, the Group entered into a Senior Facility Agreement with Danske Bank. The Danske Bank facility is a MUSD 165.0 committed revolving loan facility. The termination date is January 2024 with an option to extend the loan with 1+1 years subject to lender consent.

In May 2018, the Group entered into a Senior Facility Agreement with Nordea. The Nordea facility is a MUSD 65.0 committed revolving loan facility. The termination date is May 2023 with an option to extend the loan with 1+1 years subject to lender consent.

The Senior Facility Agreement's with Danske Bank and Nordea are subject to covenants, which are measured at New Xellia Group A/S Group level, under which the net interest-bearing debt must not exceed equity including shareholder loans by 2 times.

Per December 31, 2021 the Group complies with the covenants.

In 2016, Xellia Pharmaceuticals ApS entered a mortgage loan of MDKK 240.0 with Realkredit Danmark covering the buildings and equipment owned by Xellia Pharmaceuticals ApS. In 2021, Xellia Pharmaceuticals ApS has repaid MDKK 23.6, and the mortgage principal was reduced to MDKK 216.4 by the end of 2021. Furthermore, Xellia Pharmaceuticals ApS has capitalized mortgage loan cost which will be amortized over the period of the mortgage loan. As per end 2021, the capitalized mortgage loan cost is MDKK 2.1.

Notes

20 Contingent liabilities (Continued)

The mortgage loan carries a rate which is hedged by a fixed interest rate at 1.126% p.a. for the whole loan period. In addition, Xellia pay a contribution fee of 0.725% p.a. to the mortgage institute.

The Group has one overdraft credit line by year end 2021. The Group's overdraft facility at Danske Bank is MUSD 15.0 of which a total of MUSD 0.0 is drawn. The Danske Bank overdraft is split between drawing of MUSD 0.9 and deposits of MUSD 4.2. Amount drawn on overdraft with Danske Bank is repayable on request. The Group's overdraft facility at DNB of MDKK 40.0 was closed by the end of September 2021.

Xellia Pharmaceuticals ApS, Xellia Pharmaceuticals USA, LLC and New Xellia Group A/S have joint and several liability for the unsecured senior facility agreements with Danske Bank. Xellia Pharmaceuticals USA, LLC is a subsidiary of Xellia Pharmaceuticals Inc. who is responsible for the B2I sales activity in the US as well as the new manufacturing facility located in Cleveland, Ohio. In addition, the Group has a negative pledge associated with the Senior Facility Agreement with Danske Bank which limits the amount of security which the Group may offer to 3rd parties.

Xellia Pharmaceuticals ApS and New Xellia Group A/S have joint and several liability for the unsecured senior facility agreements with Nordea Bank. In addition, the Group has a negative pledge associated with the Senior Facility Agreement with Nordea which limits the amount of security which the Group may offer to 3rd parties.

Xellia Pharmaceuticals ApS and New Xellia Group A/S have joint and several liability for the secured mortgage loan with Realkredit Danmark and the unsecured overdraft facility with Danske Bank as well the derivatives agreements with Danske Bank and Nordea.

Notes

21 Financial instruments

Forward exchange contracts (against USD)

The overall objective of foreign exchange risk management is to reduce the short- term negative impact of exchange rate fluctuations on EBITDA and cash flow, thereby contributing to the predictability of the financial results.

The company hedges future expected EBITDA cash flows up to a maximum of 24 months forward. Hedge accounting is applied to match the impact of the hedged item and the hedging instrument in the income statement.

The foreign exchange contracts are entered into to hedge the functional currency equivalent of the predominantly USD dominated sales.

Xellia Pharmaceuticals ApS are exposed to variability in foreign currency on highly probable USD future income as well as highly probable future payments in DKK and HUF. Xellia Pharmaceuticals ApS expenses in DKK cover salaries and purchase of raw materials and services. Xellia Pharmaceuticals ApS expenses in HUF cover purchase of API and services delivered by Xellia Pharmaceuticals Ltd. (Hungary).

In accordance with Xellia’s current risk management strategy, Xellia minimize the exposure against foreign currencies on highly probable future cash flows. During 2021, the hedging horizon varied between 9 and 13 months for DKK and HUF. The average hedged rate for the forward foreign currency hedge contracts are USD/DKK 6.43 and USD/HUF 289.9 in 2021 and USD/DKK 6.28 and USD/HUF 308.2 in 2022.

There is no expected ineffectiveness at December 31, 2021, primarily because hedging instruments match currencies of hedged cash flows.

Derivative financial instruments are recognized at fair value based on a valuation report prepared by an external party who valuates the instruments based on discounted cash flows.

The company's foreign exchange contracts at the end of December are:

			Contractual value		Gains and losses recognised in income statement	
	TDKK	Period	2021	2020	2021	2020
USD/DKK		< 1 year	576,732	450,683	-29,840	24,878
USD/HUF		< 1 year	86,608	87,229	-567	-128
			663,340	**537,912**	**-30,407**	**24,750**

Notes

22 Related parties and ownership structure

Controlling interest

Xellia Group ApS, Denmark holds the majority of the share capital in the company.
Xellia Group AS, Norway holds the majority of the share capital in Xellia Group ApS.
Otnortopco AS, Norway holds the majority of the share capital i Xellia Group AS.
New Xellia Group A/S, Denmark holds the majority of the share capital in Otnortopco AS.
Xellia Holdco A/S, Denmark holds the majority of the share capital in New Xellia Group A/S.
Novo Holdings A/S, Denmark holds the majority of the share capital in Xellia Holdco A/S.
Novo Nordisk Foundation, Denmark holds the majority of the share capital in Novo Holdings A/S.

Transactions

Pursuant to section 98c(7) of the Danish Financial Statements Act, transactions with related parties have not been disclosed in the financial statements as they have been made on an arm’s length basis.

Ownership structure

According to the company’s register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

Xellia Group ApS, Dalslandsgade 11, DK-2300 Copenhagen S.
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.

	2021	2020
	TDKK	TDKK
23 Fee to auditors appointed at the general meeting		
PricewaterhouseCoopers:		
Statutory audit services	992	977
Tax assistance	1,136	1,795
Other Services	441	451
	2,569	**3,223**