



## **Xellia Pharmaceuticals ApS**

**CVR no. 61 09 46 28**

**Dalslandsgade 11, DK-2300 Copenhagen S**

**Annual report for 2020**

Adopted at the annual general meeting on  
18 March 2021

DocuSigned by:

*Mikkel Lyager Olsen*

Mikkel Lyager Olsen  
chairman

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## Statement by management on the annual report

The Executive Board and Board of Directors have today discussed and approved the annual report of Xellia Pharmaceuticals ApS for the financial year 1 Januar, 2020 - 31 December, 2020.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the company's operations and financial matters and the results of the Company's operations and its financial position.

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

Copenhagen, 18 March 2021

### Executive Board:

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*Carl Ake Carlsson*  
Carl-Ake Carlsson  
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### Board of Directors:

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*Mikkel Lyager Olsen*  
Mikkel Lyager Olsen  
Chairman  
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*Carl Ake Carlsson*  
Carl-Ake Carlsson  
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DocuSigned by:

*Bente Schmidt Nielsen*  
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*Niels Murmann*  
Niels Murmann  
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DocuSigned by:

*Jakob Andersen*  
Jakob Christian Andersen  
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*Lars Madsen*  
Lars Beck Madsen  
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## **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 2020, and of the results of the company's operations for the financial year 1 January - 31 December 2020 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 2020, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("financial statements").

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Statement on management's review**

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

#### **Management's responsibilities for the financial statements**

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

## Independent auditor's report

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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, 18 March 2021

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR no. 33 77 12 31

DocuSigned by:



Torben Jensen  
EBAF33559EC74488  
State Authorised Public Accountant  
MNE no. 18651

DocuSigned by:



Conrad Mattrup Lundsgaard  
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State Authorised Public Accountant  
MNE no. 34529

## Company details

### The company

Xellia Pharmaceuticals ApS  
Dalslandsgade 11  
DK-2300 Copenhagen S

Telephone: +45 32 64 55 00

Website: [www.xellia.com](http://www.xellia.com)

CVR no.: 61 09 46 28

Reporting period: 1 January - 31 December

Domicile: Copenhagen

### Board of Directors:

Mikkel Lyager Olsen, chairman  
Carl-Åke Carlsson  
Bente Schmidt Nielsen  
Niels Murmann  
Jakob Christian Andersen  
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

<b>Parent Company</b>		Xellia Pharmaceuticals ApS, Copenhagen, Denmark Nom. TDKK 201,000
<b>Subsidiaries</b>	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., Grayslake, 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
<b>Branches</b>	100%	Xellia Pharmaceuticals ApS, (Dubai Branch), Dubai, United Arab Emirates
	100%	Xellia Pharmaceuticals ApS, (Panama Branch), Panama
<b>Associates</b>	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:

	2020	2019	2018	2017	2016
	MDKK	MDKK	MDKK	MDKK	MDKK
<b>Key figures</b>					
Revenue	2,043	2,346	1,890	1,897	1,475
Profit/loss before amortisation/depreciation and impairment losses	-123	394	30	55	76
Net financials	18	60	29	60	-27
Profit/loss for the year	-116	391	-75	91	34
<b>Balance sheet</b>					
Fixed assets	2,384	1,048	1,008	1,160	1,108
Current assets	1,707	1,603	1,419	1,362	1,299
Balance sheet total	4,091	2,652	2,426	2,521	2,407
Equity	2,621	1,391	1,007	851	759
Provisions	79	80	61	41	68
Long-term debt	699	562	543	829	577
Short-term debt	691	618	816	801	1,003
<b>Financial ratios</b>					
Gross margin	18%	37%	31%	28%	35%
EBIT margin	-8%	16%	-8%	3%	5%
Return on assets	-5%	15%	-6%	2%	4%
Solvency ratio	64%	52%	42%	34%	32%
Return on equity	-6%	33%	-8%	11%	5%
Average number of employees	624	623	580	493	466
Investment in tangible assets	92	102	146	74	89

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the accounting policies.

## Management's review

### Business review

Xellia Pharmaceuticals ApS (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.

Xellia has over 115 years' experience in the development, manufacture and supply of generic fermented and semi-synthetic Active Pharmaceutical Ingredients (API) and Finished Dosage Forms (FDF).

Xellia is the world-leading supplier of the important anti-infectives Vancomycin, Colistimethate Sodium and a leading provider of Daptomycin and Polymyxin B.

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).

Most of the Finished Dosage Forms (FDF) in Xellia's portfolio are injectable. However, Xellia also develops other formulations of its key products, aiming to improve customer value and meet patient needs.

Xellia has four manufacturing facilities located in; Denmark, Hungary, China and in the U.S. Xellia's FDF facilities are in Denmark and the U.S.

Xellia's generic anti-infective business is built to meet the immediate and long-term requirements of the customers comprising branded, specialty and generic pharmaceutical companies in more than 70 countries around the world.

Xellia has several own-label products launched in the US institutional market and a strong performance in the International B2B market.

Further information about Xellia can be found at:  
[www.xellia.com](http://www.xellia.com)

### Recognition and measurement uncertainties

The recognition and measurement of items in the financial statements is not subject to any material uncertainty that could significantly impact the financial statement.

### Financial review

The company's income statement for the year ended 31 December 2020 shows a loss of TDKK 115,666, and the balance sheet at 31 December 2020 shows equity of TDKK 2,621,030.

During the financial year Xellia Pharmaceuticals ApS has received a contribution of MDKK 1,346 from its parent company, Xellia Group ApS as a receivable and correspondingly increased retained earnings. The receivable was immediately followed by a contribution in kind to the subsidiary Xellia Pharmaceuticals Inc., in exchange for shares in Xellia Pharmaceuticals Inc. whereby the carrying amount of MDKK 1,346 of the receivable is added to investments in subsidiaries.

## Management's review

### **Investments**

In 2020, Xellia invested MDKK 34.3 in intangible assets. Furthermore, Xellia invested in tangible assets of MDKK 91.9 mainly to expand and upgrade sterile manufacturing facilities, expand API production capacity, maintain and replace IT equipment and in compliance projects.

### **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.

### **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**

As the company has significant activities in foreign currencies, the company is affected by trends in exchange rates of mainly USD. The company's currency policy is to hedge expected net cash flow risk from currency exposures.

The hedging is made primarily by forward exchange contracts in USD for the next 12 - 24 months.

### **Development in activities and financial position**

Both revenue and net result declined for the year ended 31 December 2020 compared to 2019. The company achieved revenue of MDKK 2,043 (2019 MDKK 2,346). The company experienced the decline in revenue, profitability and net result as a result of a tougher competitive landscape in the US institutional market with price erosions in the company's core products combined with a reduced demand arising from a significant decrease in elective surgeries in US hospital systems due to Covid-19. New manufactory facilities were placed into service and startup cost was expensed. The weakening of the USD through the year reduced the net result.

### **Outlook**

For 2021 the company anticipates seeing a single digit percentage point decrease in revenue and profitability due to the combination of market developments in the US and continuous cost in startup manufacturing and ramp up of production volume. The company continue to incur cost due to significant investment in R&D to build an attractive pipeline of products. Therefore, management expect that the company will return to more sustainable revenue, profitable growth and positive net results from 2022.

The fluctuation in USD exchange rate might influence the net result for 2021.

## Management's review

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

The 2020 financial performance was in line with expectations however the negative impact from Covid-19 pandemic in the US institutional market was not expected. The net result for the year was a net loss of MDKK 115.7 (2019: net profit of MDKK 390.7).

### **Statutory corporate governance report**

In 2020, the Board of Directors of the company held two meetings. The meetings focused on the company's financial performance and status as well as environment, health and safety (EHS) aspects of the company. The meetings are all held with representatives from the company's Finance and EHS departments.

Xellia complies with the Danish Companies Act, Danish Accounting Act and applicable laws in the countries where the company operates.

### **Statutory corporate social responsibility report**

With respect to the 2020 statement on CSR in accordance with section 99a of the Danish Financial Statement Act, reference is made to the 2020 Corporate Report which is part of the Management Review of the 2020 financial Annual Report:

<https://www.xellia.com/-/media/362a6d0bc2164cb1b959260a19581a49.ashx>

### **Statutory report on the underrepresented gender in accordance with section 99b of the Danish Financial Statement Act**

In 2020, the Xellia Group had a total of 1,832 employees: 758 females and 1,074 males (41.4% and 58.6% respectively). The percentage of females was slightly lower compared to 2019, where 43% of the workforce were female. Across 298 people managers, there were 99 females and 209 males (33.2% and 66.8% respectively). This is almost the same to 2019, where 33% of leaders were female.

The development from 2019 to 2020 is not as expected as female managers were expected to increase and is therefore not 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. This year, 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.

Xellia does expect to see the percentage of female managers to increase in 2021 due to the 2020-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**

### **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 1 January - 31 December

	Note	2020 TDKK	2019 TDKK
<b>Revenue</b>	2	<b>2,042,515</b>	<b>2,346,296</b>
Cost of Sales	20	-1,681,185	-1,472,778
<b>Gross profit</b>		<b>361,330</b>	<b>873,518</b>
Distribution costs	20	-67,341	-89,718
Administrative costs	20	-228,485	-196,920
Research and development cost	20	-188,784	-192,940
Other operating expenses	3	-31,561	-6,665
<b>Profit/loss before financial income and expenses</b>		<b>-154,841</b>	<b>387,275</b>
Income from investments in subsidiaries		28,403	116,336
Impairment losses on financial assets		-887	-6,129
Financial income	4	39,858	34,905
Financial expenses	5	-49,088	-85,138
<b>Profit/loss from ordinary activities before tax</b>		<b>-136,555</b>	<b>447,249</b>
<b>Profit/loss before tax</b>		<b>-136,555</b>	<b>447,249</b>
Tax on profit/loss for the year	6	20,889	-56,527
<b>Net profit/loss for the year</b>		<b>-115,666</b>	<b>390,722</b>
Distribution of profit	7		

## Balance sheet 31 December

	Note	2020 TDKK	2019 TDKK
<b>Assets</b>			
Technology and development cost		22,177	26,367
Productions and sales rights		98,024	106,014
Goodwill		2,218	3,120
Software		46,409	22,897
Intangibles under construction		10,152	46,217
<b>Intangible assets</b>	8	<b>178,980</b>	<b>204,615</b>
Land and buildings	9	61,892	63,736
Plant and machinery	9	217,264	224,925
Fixtures and fittings, tools and equipment	9	11,423	13,184
Property, plant and equipment under construction	9	255,713	228,241
<b>Property, plant and equipment</b>		<b>546,292</b>	<b>530,086</b>
Investments in subsidiaries	10	1,656,421	310,210
Investments in associates	11	2,406	3,293
<b>Fixed asset investments</b>		<b>1,658,827</b>	<b>313,503</b>
<b>Total non-current assets</b>		<b>2,384,099</b>	<b>1,048,204</b>
Raw materials		69,476	56,521
Work in progress		168,998	172,448
Finished goods		237,910	196,840
<b>Inventories</b>	12	<b>476,384</b>	<b>425,809</b>
Trade receivables		207,823	195,708
Receivables from group companies		844,395	848,669
Other receivables		134,056	108,518
Corporation tax		15,757	0
Prepayments	13	26,112	22,313
<b>Receivables</b>		<b>1,228,143</b>	<b>1,175,208</b>
<b>Cash at bank</b>		<b>2,317</b>	<b>2,347</b>
<b>Total current assets</b>		<b>1,706,844</b>	<b>1,603,364</b>
<b>Total assets</b>		<b>4,090,943</b>	<b>2,651,568</b>

## Balance sheet 31 December

	Note	2020	2019
		TDKK	TDKK
<b>Equity and liabilities</b>			
Share capital		201,000	201,000
Reserve for development expenditure		14,003	37,846
Retained earnings		2,418,445	1,164,057
Derivative		-12,418	-11,578
<b>Equity</b>	14	<b>2,621,030</b>	<b>1,391,325</b>
Provision for deferred tax	15	79,116	80,315
<b>Total provisions</b>		<b>79,116</b>	<b>80,315</b>
Mortgage loans		213,853	236,961
Lease obligations		2,705	2,578
Holiday allowance		36,575	11,971
Payables to group companies		281,677	310,103
Deferred income		164,679	0
<b>Total non-current liabilities</b>	16	<b>699,489</b>	<b>561,613</b>
Short-term part of long-term debt	16	24,424	0
Trade payables		130,100	148,257
Payables to group companies		329,169	241,860
Corporation tax	17	0	34,048
Other payables	18	207,615	194,150
<b>Total current liabilities</b>		<b>691,308</b>	<b>618,315</b>
<b>Total liabilities</b>		<b>1,390,797</b>	<b>1,179,928</b>
<b>Total equity and liabilities</b>		<b>4,090,943</b>	<b>2,651,568</b>
Staff	20		
Subsequent events	21		
Contingent liabilities	22		
Financial instruments	23		
Related parties and ownership structure	24		
Fee to auditors appointed at the general meeting	25		



## Statement of changes in equity

	Share capital	Reserve for development expenditure	Retained earnings	Derivative	Total
Equity at 1 January 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
Changes in equity of tax	0	0	0	237	237
<b>Equity at 31 December 2020</b>	<b>201,000</b>	<b>14,003</b>	<b>2,418,445</b>	<b>-12,418</b>	<b>2,621,030</b>

	Share capital	Reserve for development expenditure	Retained earnings	Derivative	Total
Equity at 1 January 2019	201,000	37,079	774,102	-5,057	1,007,124
Other equity movements	0	0	0	-8,361	-8,361
Net profit/loss for the year	0	767	389,955	0	390,722
Changes in equity of tax	0	0	0	1,840	1,840
<b>Equity at 31 December 2019</b>	<b>201,000</b>	<b>37,846</b>	<b>1,164,057</b>	<b>-11,578</b>	<b>1,391,325</b>

## Notes

### 1 Accounting policies

The annual report of Xellia Pharmaceuticals ApS for 2020 has 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.

The annual report for 2020 is presented in TDKK.

#### **Basis of recognition and measurement**

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

Assets are recognised 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 recognised 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 amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference 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, pgh. 1, no. 2 group 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.

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

## Notes

### 1 Accounting policies

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

#### Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Income from sales of registrations rights, licenses, royalty or similar are recognized as revenue on agreed milestone payments given that the milestones represent the fair value of the service delivered.

#### Cost of Sales

Cost of productions comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, as well as operation, administration and management of factories.

#### Other operating costs

Other operating costs comprise items of a secondary nature relative to the company's activities, including impairments on 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. Amortisation of goodwill is included to the extent that goodwill relates to distribution activities.

#### Administrative costs

Administrative costs comprise expenses for Management, administrative staff, office expenses and depreciation. Amortisation 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 financial assets.

#### 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 amortisation of recognised development projects.

## Notes

### 1 Accounting policies

#### **Financial income and expenses**

Financial income and expenses are recognised 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, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Pre-payment Scheme, etc.

#### **Income from investments in subsidiaries**

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

#### **Tax on profit/loss for the year**

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

### **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 depreciation and write-downs. Depreciation is made on a straight-line basis over the expected useful life, which is three to five years. Depreciation begins when the asset is ready for use.

##### ***Technology and development projects and Productions and sales rights***

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 all 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 amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

## Notes

### 1 Accounting policies

Gains and losses on the disposal of development projects, patents and licences 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 recognised in the income statement as other operating income or other operating expenses, respectively.

#### **Property, plant and equipment**

Items of land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Interest expenses on loans obtained specifically for the purpose of financing the manufacturing of items of property, plant and equipment are included in cost over the manufacturing period. All indirect, attributable borrowing costs are recognised in the income statement.

Where individual parts of an item of property, plant and equipment have different useful lives, the cost is divided into separate parts, which are depreciated separately.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

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

Depreciation is recognised in the income statement as of costs productions, distribution costs and administrative costs respectively.

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 recognised in the income statement as other operating income or other operating expenses.

## Notes

### 1 Accounting policies

#### 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 recognised and measured in the annual report at purchase price.

Declared dividend is included in the income statement.

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 amortisation 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 realisable value is lower than the cost, inventories are recognised at this lower value.

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

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

## Notes

### 1 Accounting policies

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 recognised in the cost.

The net realisable value of inventories is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account 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, except for sales to wholesalers in the US that have up to 65 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 recognised as a liability at the date of declaration by the annual general meeting.

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

#### Income tax and deferred tax

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

Deferred 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 on the basis of 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 recognised at the expected value of their utilisation; 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.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The company is jointly taxed with the companies within the Novo Holdings A/S. The tax effect of the joint taxation is allocated to both profit and loss making companies in proportion to their taxable income (full allocation with reimbursement as regards tax losses).

#### Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised 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 amortised 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 recognised 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 recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

#### Derivative financial instruments

Derivative financial instruments are initially recognised 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 recognised asset or liability are recognised 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 recognised in other receivables or other payables and in equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised 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 recognised directly in equity.

The fair value of derivative financial instruments are 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 recognised 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 are included in the cash flow statement of the group annual report of Novo Nordisk Foundation.

## Notes

### 1 Accounting policies

#### Financial highlights

Definitions of financial ratios.

Gross margin ratio	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
EBIT margin	$\frac{\text{Profit/loss before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss before financials x 100}}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity at year-end x 100}}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$

	2020	2019
	TDKK	TDKK
<b>2 Revenue</b>		
Revenue	2,042,515	2,346,296
<b>Total revenue</b>	<b>2,042,515</b>	<b>2,346,296</b>

Information on geographical segments

Europe	732,510	673,528
North America	913,655	1,360,755
South America	59,925	56,535
Asia	319,546	237,801
Other	16,880	17,677
<b>Total revenue</b>	<b>2,042,516</b>	<b>2,346,296</b>

### 3 Other operating expenses

Impairment on development projects	31,561	6,665
	<b>31,561</b>	<b>6,665</b>

## Notes

	2020	2019
	TDKK	TDKK
<b>4 Financial income</b>		
Interest received from group companies	183	142
Other financial income	3,284	4,930
Foreign exchange adjustments	36,391	29,833
	<u><b>39,858</b></u>	<u><b>34,905</b></u>
<b>5 Financial expenses</b>		
Interest to group companies	16,071	16,384
Other financial expenses	11,893	7,617
Foreign exchange adjustments	21,124	61,137
	<u><b>49,088</b></u>	<u><b>85,138</b></u>
<b>6 Tax on profit/loss for the year</b>		
Current tax on profit / loss for the year	-35,757	42,984
Change in deferred tax	-1,682	20,108
Adjustments of tax prior years	16,067	-5,822
Adjustments of deferred tax prior years	483	-743
	<u><b>-20,889</b></u>	<u><b>56,527</b></u>
<b>7 Distribution of profit</b>		
Transferred to other statutory reserves	-23,843	767
Retained earnings	-91,823	389,955
	<u><b>-115,666</b></u>	<u><b>390,722</b></u>

## Notes

### 8 Intangible assets

	Technology and develop- ment cost	Productions and sales rights	Goodwill	Software	Intangibles under con- struction	Total
Cost at 1 January 2020	256,647	367,533	21,156	65,569	333,716	1,044,621
Additions for the year	0	0	0	20,787	13,490	34,277
Disposals for the year	0	0	0	-1,453	0	-1,453
Transfers for the year	0	0	0	17,994	-17,994	0
Cost at 31 December 2020	<u>256,647</u>	<u>367,533</u>	<u>21,156</u>	<u>102,897</u>	<u>329,212</u>	<u>1,077,445</u>
Impairment losses and amortisation at 1 January 2020	230,280	261,519	18,036	42,672	287,499	840,006
Impairment losses for the year	0	0	0	0	31,561	31,561
Depreciation for the year	4,190	7,990	902	13,816	0	26,898
Impairment losses and amortisation at 31 December 2020	<u>234,470</u>	<u>269,509</u>	<u>18,938</u>	<u>56,488</u>	<u>319,060</u>	<u>898,465</u>
<b>Carrying amount at 31 December 2020</b>	<b><u>22,177</u></b>	<b><u>98,024</u></b>	<b><u>2,218</u></b>	<b><u>46,409</u></b>	<b><u>10,152</u></b>	<b><u>178,980</u></b>

Depreciated period	<u>5-15 years</u>	<u>5-20 years</u>	<u>20 years</u>	<u>3-5 years</u>
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The residual value of the company's intangible assets are reviewed annually.

Xellia's development projects are related to the 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.

In 2020, Xellia impaired a development project which was capitalized in previous years. Currently, no ongoing development project meets the recognition criteria under IAS 38.

The expected income from capitalized development projects and technology 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 con- struction	Total
Cost at 1 January 2020	388,528	867,299	45,564	237,162	1,538,553
Additions for the year	0	0	0	91,876	91,876
Disposals for the year	-4,606	-35,634	-11,835	0	-52,075
Transfers for the year	5,323	55,347	3,734	-64,404	0
Cost at 31 December 2020	<u>389,245</u>	<u>887,012</u>	<u>37,463</u>	<u>264,634</u>	<u>1,578,354</u>
Impairment losses and depreciation at 1 January 2020	324,792	642,374	32,380	8,921	1,008,467
Depreciation for the year	7,130	39,463	5,184	0	51,777
Reversal of impairment and depreciation of disposed assets	-4,569	-12,089	-11,524	0	-28,182
Impairment losses and depreciation at 31 December 2020	<u>327,353</u>	<u>669,748</u>	<u>26,040</u>	<u>8,921</u>	<u>1,032,062</u>
<b>Carrying amount at 31 December 2020</b>	<b><u>61,892</u></b>	<b><u>217,264</u></b>	<b><u>11,423</u></b>	<b><u>255,713</u></b>	<b><u>546,292</u></b>
Depreciated period	<u>13-40 years</u>	<u>5-13 years</u>	<u>3-13 years</u>		

The company has contractual obligations at 31 December 2020 regarding aquirement of equipment's and buildings amounting to MDK 7.1 (2019: MDKK 4.2)

Capitalization of interest related to tangible assets under construction in 2020 amounts to TDKK 3.138 (2019: TDKK 3.927). A capitalization rate of 2.22% (2019: 3.35%) has been applied.

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

	2020 TDKK	2019 TDKK
<b>10 Investments in subsidiaries</b>		
Cost at 1 January 2020	310,210	310,210
Increase of capital by contribution	1,346,211	0
Cost at 31 December 2020	<u>1,656,421</u>	<u>310,210</u>
<b>Carrying amount at 31 December 2020</b>	<b><u>1,656,421</u></b>	<b><u>310,210</u></b>

## 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%	11,226,357	220,494
Nippon Axellia Co. Ltd. (JPY)	Japan	100%	44,327	-7,352
Xellia Pharmaceuticals Inc. (USD)	USA	100%	246,064	1,998
Xellia Hong Kong Limited (HKD)	Hong Kong	100%	99,130	-3,680
Xellia d.o.o. (HRK)	Croatia	100%	45,052	5,081
Xellia Pharmaceuticals Private Ltd. (INR)	India	100%	67,111	14,808

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

	2020	2019
	TDKK	TDKK
<b>11 Investments in associates</b>		
Cost at 1 January 2020	76,488	70,453
Additions for the year	0	6,035
Cost at 31 December 2020	<u>76,488</u>	<u>76,488</u>
Revaluations at 1 January 2020	-73,195	-67,066
Impairment for the year	-887	-6,129
Revaluations at 31 December 2020	<u>-74,082</u>	<u>-73,195</u>
<b>Carrying amount at 31 December 2020</b>	<b><u><u>2,406</u></u></b>	<b><u><u>3,293</u></u></b>

Investments in associates are specified as follows:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Pharmaero ApS (DKK)	Denmark	50%	4,813	-1,774

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

## Notes

	2020	2019
	TDKK	TDKK
<b>12 Inventories</b>		
Raw materials	69,476	56,521
Work in progress	168,998	172,448
Finished goods	237,910	196,840
	<b>476,384</b>	<b>425,809</b>

### 13 Prepayments

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

### 14 Equity

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

	2020	2019
	TDKK	TDKK
<b>15 Provision for deferred tax</b>		
Provision for deferred tax at 1 January 2020	80,315	60,952
Change for the year	-1,199	19,363
<b>Provision for deferred tax at 31 December 2020</b>	<b>79,116</b>	<b>80,315</b>
Intangible assets	22,637	28,472
Property, plant and equipment	14,966	11,817
Inventories	35,887	39,132
Other taxable temporary differences	5,626	894
	<b>79,116</b>	<b>80,315</b>

## Notes

### 16 Non-current liabilities

	Debt at 1 Jan. 2020	Debt at 31 Dec. 2020	Instalment next year	Debt after 5 years
Mortgage loans	236,961	213,853	23,578	0
Lease obligations	2,578	2,705	198	0
Holiday allowance	11,971	36,575	648	33,908
Payables to group companies	310,103	281,677	0	281,677
Deferred income	0	164,679	0	0
	<b>561,613</b>	<b>699,489</b>	<b>24,424</b>	<b>315,585</b>

As security for mortgage debt, MDKK 240, is given in land and buildings. Per 31 December, 2020 total carrying amount of land and buildings including Plant and machinery and PPE under construction is MDKK 534.9.

	2020 TDKK	2019 TDKK
<b>17 Corporation tax</b>		
Calculated tax payable	0	34,048
<b>Corporation tax payable</b>	<b>0</b>	<b>34,048</b>

### 18 Other payables

Wages/salaries, salary taxes, social security contributions, etc.	112,007	78,338
Other accrued expenses	79,686	100,967
Derivative financial instruments liabilities	15,922	14,845
	<b>207,615</b>	<b>194,150</b>

### 19 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 borrowing rate, total amount of interest in deferred income for 2020 is TDKK 1,496.



## Notes

	<u>2020</u>	<u>2019</u>
	TDKK	TDKK
<b>20 Staff</b>		
Wages and Salaries	396,875	362,906
Pensions	40,885	39,465
Other social security expenses	4,755	5,978
	<u><b>442,515</b></u>	<u><b>408,349</b></u>

Wages and Salaries, pensions and other social security expenses are recognised in the following items:

Cost of sales	368,881	340,412
Distribution costs	26,121	27,996
Administrative costs	47,513	39,941
	<u><b>442,515</b></u>	<u><b>408,349</b></u>

Average number of employees	<u>624</u>	<u>623</u>
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According to section 98B (3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

## 21 Subsequent events

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

## Notes

### 22 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, infinite 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 new Senior Facility Agreement with Danske Bank. The Danske Bank facility is a 165 MUSD 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.

The Danske Bank facility of 165 MUSD replace the previous Senior Facility Agreement with Danske Bank of 164.3 MUSD which was terminated in December 2020.

In May 2018, the Group entered into a Senior Facility Agreement with Nordea. The Nordea facility is a 65 MUSD 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 SFA'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, 2020 the Group complies with the covenants.

In 2016, Xellia entered a mortgage loan of 240 MDKK covering the buildings and equipment. Furthermore, Xellia has capitalized mortgage loan cost totaling 2.6 MDKK which will be amortized over the period of the mortgage loan. The mortgage loan is based on a 15-year loan period. The initial 5 years are based on interest only followed by 10 years of annuity.

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 two overdraft credit lines by year end 2020. The Group's overdraft facility at Danske Bank is 8.0 MUSD of which a total of 0.3 MUSD is drawn. The Danske Bank overdraft is split between drawing of 1.8 MUSD and deposits of 1.5 MUSD.

The Group's overdraft facility at DNB of 40.0 MDKK of which 34.5 MDKK is drawn per December 31, 2020. Amount drawn on both overdrafts are repayable on request.

The unsecured Senior Facility Agreement's with Danske Bank and Nordea are subject to collateral security between New Xellia Group A/S and Xellia Pharmaceuticals ApS. In addition, the mortgage loan with Realkredit Danmark and the overdraft facility as well as security behind trade with derivatives are subject to collateral security between New Xellia Group A/S and Xellia Pharmaceuticals ApS.

## Notes

### 23 Financial instruments

#### Forward exchange contracts (against USD)

The foreign exchange contracts are entered into in order to hedge the functional currency equivalent of the predominantly USD dominated sales. During 2020, the hedging horizon varied between 9 and 21 months for DKK and HUF. The average hedged rate for the forward foreign currency hedge contracts are 6.6 USD/DKK and 292.9 USD/HUF in 2020 and 6.4 USD/DKK and 289.9 USD/HUF in 2021. There is no expected ineffectiveness at 31. December 2020, 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 values the instruments based on discounted cash flows.

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

	TDKK	Period	Contractual value		Gains and losses recognised in income statement	
			2020	2019	2020	2019
USD/DKK		< 1 year	450,683	868,289	24,878	6,079
USD/HUF		< 1 year	87,229	224,075	-128	-2,739
			<b>537,912</b>	<b>1,092,364</b>	<b>24,750</b>	<b>3,340</b>

### 24 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

**Notes**

	<u>2020</u>	<u>2019</u>
	TDKK	TDKK
<b>25 Fee to auditors appointed at the general meeting</b>		
PricewaterhouseCoopers:		
Statutory audit services	977	1,009
Tax assistance	1,795	1,086
Other Services	451	127
	<u><b>3,223</b></u>	<u><b>2,222</b></u>