xellia PHARMACEUTICALS

Corporate Report 2019

Enhancing patient care and improving convenience

Our purpose is to save lives by leading the fight against infections.

Our goal is to lead the fight against infections by providing anti-infective solutions against multidrug-resistant microorganisms.

Highlights

Visit us online
xellia.com

Novel anti-infective treatments

Specialty pharmaceutical company focused on providing important anti-infective treatments against serious and often life-threatening infections.

Read about Xellia's continued expansion and growth of its commercial structure in North America

09

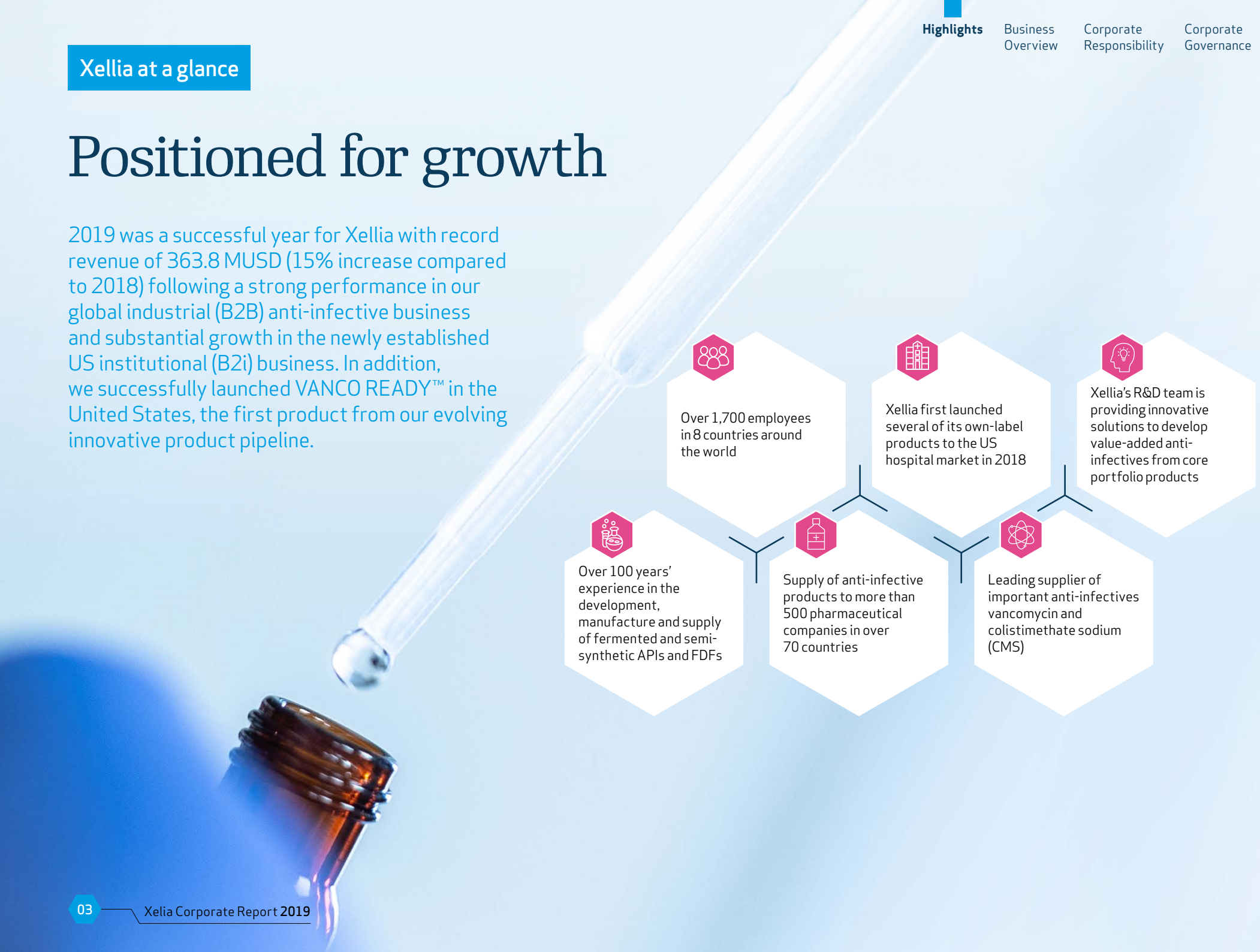
Forward-looking statement

This report contains certain projections and other forward-looking statements with respect to the financial condition, results of operations, businesses and prospects of New Xellia Group A/S ("Xellia"). These statements are based on current expectations and involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future.

Xellia at a glance

Positioned for growth

2019 was a successful year for Xellia with record revenue of 363.8 MUSD (15% increase compared to 2018) following a strong performance in our global industrial (B2B) anti-infective business and substantial growth in the newly established US institutional (B2i) business. In addition, we successfully launched VANCO READY™ in the United States, the first product from our evolving innovative product pipeline.



- Over 1,700 employees in 8 countries around the world
- Xellia first launched several of its own-label products to the US hospital market in 2018
- Xellia's R&D team is providing innovative solutions to develop value-added anti-infectives from core portfolio products
- Over 100 years' experience in the development, manufacture and supply of fermented and semi-synthetic APIs and FDFs
- Supply of anti-infective products to more than 500 pharmaceutical companies in over 70 countries
- Leading supplier of important anti-infectives vancomycin and colistimethate sodium (CMS)

Where we operate

Europe

Copenhagen, Denmark

Corporate Headquarters. The largest operational site manufacturing sterile APIs and FDFs. Provides lyophilized and dry powder fill vials, release as well as stability testing and packaging.

Budapest, Hungary

Manufacturing site for specialized APIs and provides Centralized Laboratory Services for Xellia.

Oslo, Norway

State-of-the-art R&D Center of Excellence focused on API research and development as well as process optimization.

Zagreb, Croatia

Product and Innovation R&D Center of Excellence focused on innovative formulation technologies and FDFs.

Asia

Bangalore, India

CMO and commercial group established to manage growing network of CMOs and to capitalize on emerging market opportunities. Xellia's Global IT Service Center.

Hyderabad, India

Local Quality and Global Procurement and External Supply office.

Shanghai, China

Commercial organization supporting the work with partners in the Chinese market.

Taizhou, China

Established in 2008 as a partnership with Zhejiang Hisun Pharmaceutical Company, Ltd. manufactures APIs.

Tokyo, Japan

Commercial organization handling the Japanese market.

North America

Chicago, US

North American Headquarters and commercial office.

Cleveland, US

Acquired in 2015, the site will significantly strengthen Xellia's manufacturing capacity for sterile injectable products.

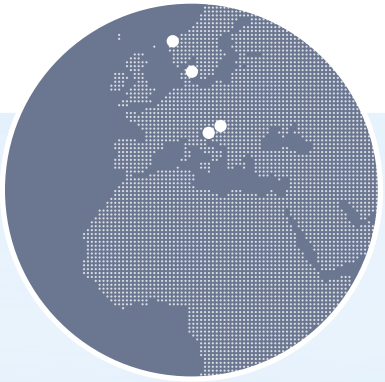
Key

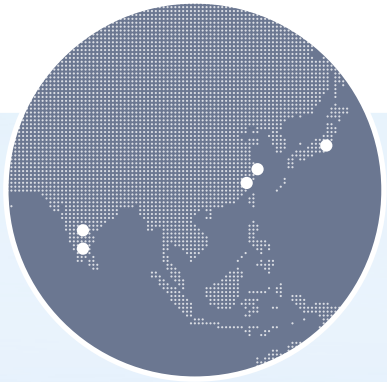
- Sales offices/ Representative offices
- Manufacturing sites
- Research & Development sites

Corporate Headquarters in Copenhagen, Denmark

Owned by

novo holdings
Investors in life science





CEO's statement

Carl-Åke Carlsson
Chief Executive Officer

Positioned for growth

2019 was a successful year for Xellia with record revenue of 363.8 MUSD (15% increase compared to 2018) following a strong performance in our global industrial (B2B) anti-infective business and substantial growth in the newly established US institutional (B2i) business. In addition, we successfully launched VANCO READY™ in the United States, the first product from our evolving innovative product pipeline.

Building momentum in the US institutional market

Over this year, we have leveraged the commercial organization established in 2018 and launched the existing portfolio of established anti-infective products under the Xellia brand, securing strong market positioning for key products.

In March 2019, we entered into a long-term partnership with Civica Rx comprising several important anti-infective injectables. Civica Rx is a non-profit, non-stock corporation committed to stabilizing supply of essential generic medications in a hospital setting and was established to reduce chronic generic drug shortages in the US. In October we commenced supply of the first product (vancomycin hydrochloride for injection, USP), which is now available in the US under the Civica Rx label.

Post year end, in January 2020, we entered into a collaboration with eTon Pharmaceuticals, Inc. for the co-promotion of Biorphen®, the first ready-to-use formulation of phenylephrine hydrochloride, allowing Xellia to leverage its capabilities, strengths and customer base to drive sales of the products to the institutional market. The collaboration and opportunity to work with eTon fits well with the ambition to bring more ready-to-use products to the US market, where time and alignment to industry guidelines are critical to the patient, and our overall mission to bring life-saving medicines that address patients' unmet needs.

Successful launch of VANCO READY™ in the US

VANCO READY™ is the only ready-to-use and room-temperature-stable vancomycin injection currently available in the US. We launched the first two dosage strengths in March 2019, after receiving FDA approval for the product in February. A total of four strengths were available in the US market by the end of the year following additional launches in September and December, with more than 1,200 institutions across the country using the product.

Three additional strengths are under submission and are expected to be available in the US as early as 2020, expanding the portfolio to a total of seven dosage strengths.

The product is the first of Xellia's evolving innovative pipeline of formulation improvements for established drugs from our core portfolio. These products are designed to provide improved convenience and ease of use for healthcare professionals and enhance patient care.

Major milestone passed with the ability to commence manufacturing at Xellia Cleveland

At the start of 2020, the FDA performed a comprehensive cGMP inspection of the Cleveland, Ohio site as outlined in the Modified Consent Decree entered after Xellia's acquisition of the site in 2015. In March 2020, the FDA notified Xellia of the successful outcome of the inspection. Subsequently, Xellia is now preparing for commercial manufacture of aseptic injectables at the Cleveland site. The first products to be manufactured will be lyophilized vancomycin vials, further strengthening Xellia's robust supply chain for this critical product.

Since the acquisition of the Cleveland site towards the end of 2015, Xellia has made significant investments to upgrade the aseptic manufacturing facilities, implement a new quality management system and establish fully trained manufacturing and quality teams.

To read more about our vertical integration strategy see page 12

We will continue to invest in the site during 2020 as we expand our capabilities to also include ready-to-use bags. The manufacturing lines will be used both to produce VANCO READY™ as well as other products requiring aseptic fill capabilities.

In 2019, we entered an agreement to divest our Raleigh, North Carolina facility to Sagent Pharmaceuticals. During the year, we prepared for the transition of site operations to Sagent, which took place in February 2020. This divestment will allow us to focus our attention and future investments on our two main sterile injectables facilities in Cleveland and Copenhagen through 2020 and into 2021, and to strengthen and build new capabilities that are aligned with our innovative product portfolio.

Strong demand for Xellia's product portfolio

We have continued to see strong demand for our portfolio across all geographic markets throughout the year, and we have maintained our focus on the reliable supply of anti-infectives to our customer base.

As a leading global industry supplier of several established anti-infective products, including vancomycin, colistimethate sodium (CMS), bacitracin and daptomycin, our customers include over 500 branded, specialty and generic pharmaceutical companies across 70 countries. These customers rely on us to ensure continued supply and consistent quality.

In addition to the continued strong demand for key products from our core portfolio, we have experienced demand from new customers in geographic markets previously less in focus, such as China, Latin America and the Middle East.

However, we have also continued to see price pressure and increased competition from manufacturers operating in Asia. We have been able to offset this pressure on revenue through increased sales of other products in other markets. This serves to reinforce the importance of our global business model and vertical integration strategy, which enables us to provide customers with both Active Pharmaceutical Ingredients and Finished Dosage Forms, as well as our continued focus on delivering performance excellence whilst maintaining cost competitiveness.

Leadership team appointments

In order to better execute the Xellia's general strategy, some changes in the leadership team were implemented. Daniel Schwartzlose has been appointed as President of Xellia's International Business Unit, and Senior Vice President Gaël Bernard has been appointed to assume responsibility for the Asian markets. Post year end, as of 1 January 2020, Hera Bragadottir has been appointed as Vice President of R&D and Strategic Projects.

Record financial performance in 2019

In line with expectations for the year, the 2019 financial performance showed significant improvements in both revenue and profitability. Revenue grew by 15% to 363.8 MUSD (2018: 315.7 MUSD) following a strong performance both in the global industrial business and the newly launched US institutional business. Profitability was substantially increased with EBITDA of MUSD 106.8 (2018: 62.1 MUSD). The improved profitability builds on good operational performance throughout the year and increased production output of key products, as well as a favorable product mix across the business. The net result for the year was 64.9 MUSD (2018: 17.7 MUSD loss), which is a record result for Xellia.

Financial outlook

The financial performance in 2020 is anticipated to be impacted due to several factors, outlined below, with a return to more sustainable revenue and profitable growth in following years.

The year 2020 will be a transitional period for Xellia from a financial perspective. We will see adverse effects from the discontinuing operations at our previous Raleigh, North Carolina facility combined with investments in the start-up of commercial production at our new Cleveland, Ohio site. In addition, we expect to see increased price pressure and persistent competition for certain products, particularly from Asian manufacturers (based in China and India). We therefore anticipate a reduction in both revenue and profitability in 2020 compared to the 2019 results.

Looking beyond 2020, Xellia expects to return to sustainable and profitable growth as we bring our Cleveland, Ohio site into action and continue to expand manufacturing capacity and capabilities, grow our VANCO READY™ franchise and launch new products from our pipeline of innovative anti-infective products.

We continue to benefit from a strong and loyal customer base, and on behalf of the Board and management team, I would like to thank them all for their continued support. I would also like to thank the Board and Scientific Advisory Board for their continued strategic input and counsel.

Finally, a massive thank you to all our valued employees – or Xellians as we call ourselves – for their hard work, without which the transformation of our business from a supplier of established anti-infective drugs to a company with its own products on the market, would not have been achieved.

Carl-Åke Carlsson
Chief Executive Officer

Financial highlights

2019 financial highlights

Key figures

MUSD	2019	2018
Revenue	363.8	315.7
EBITDA	106.8	62.1
Operating profit (loss) / EBIT*	95.6	-0.1
Net profit (loss)*	64.9	-17.7
Total assets	907.7	799.1
Equity attributable to shareholders of the parent company	323.8	274.9
Free cash flow before acquisition	-16.1	-45.9
Total number of full-time employees	1,784	1,642

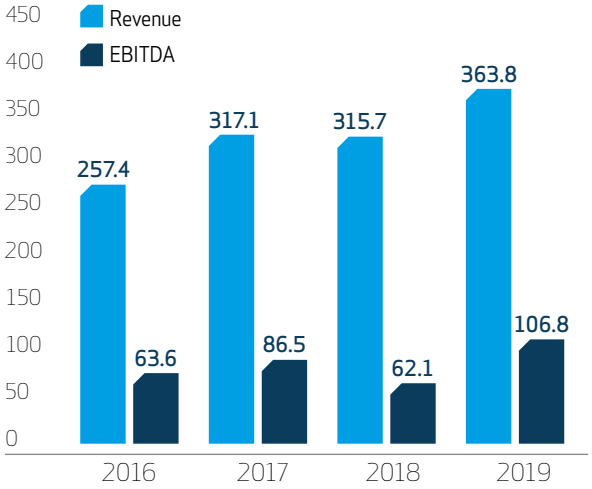
* The 2019 Net Result profit is positively impacted with an amount of 21.3 MUSD related to the divestment of Raleigh, North Carolina manufacturing facility.

** The 2018 Net Result was affected by an impairment charge of 27.7 MUSD. During 2018, management made the decision to change the estimation approach for valuation of on-going and future research and development projects. The company continues to be compliant with IAS 38 Intangible Assets and will also continue to capitalize development projects when IAS criteria are met. However, due to uncertain conditions inherent in the generic injectable marketplace, specifically associated with anticipated prices and competition, the company has elected to take a more risk-based approach to the analysis of these projects which currently results in fewer projects qualifying for capitalization.

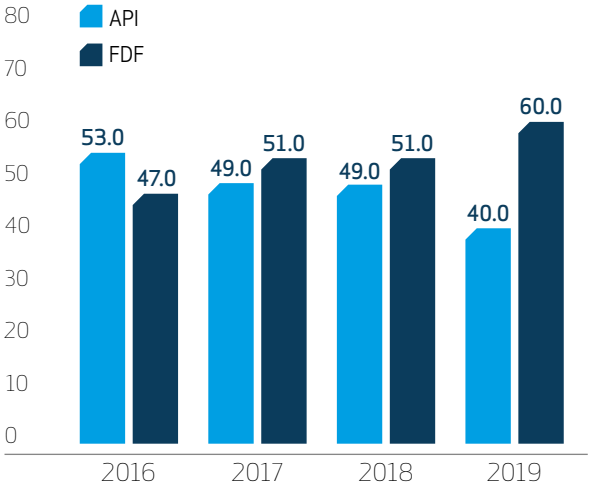
Key ratios

Percentage (%)	2019	2018
EBITDA margin	29	20
EBIT margin	26	0
Equity ratio	38	37

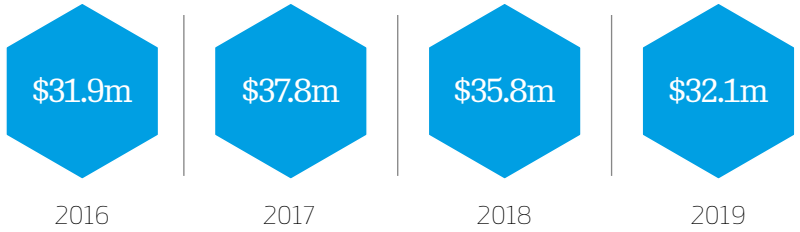
Revenue and EBITDA (MUSD)



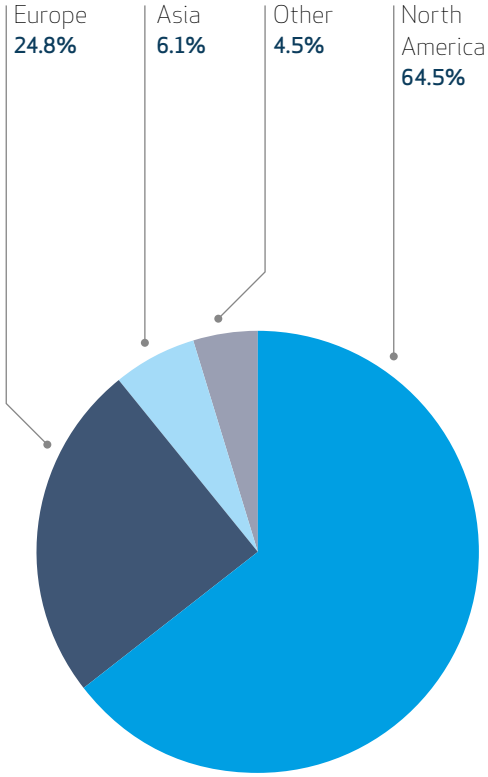
API: FDF ratio (as % of total sales)



Investment in R&D (MUSD)



Revenue by region in 2019



We have continued to see strong demand for our portfolio across all geographic markets throughout the year, and we have maintained our focus on the reliable supply of anti-infectives to our customer base.

Spotlight on Cleveland, Ohio

Expanding Xellia's injectable manufacturing network

Since acquiring our Cleveland site in 2015, we have been making significant investments to create a modern and world-class facility that will allow us to continue to provide a reliable and consistent supply of our vital anti-infective products across the US.

In the spotlight

Following the successful outcome of a comprehensive cGMP inspection by the FDA at the start of 2020, aseptic injectable products can now be commercially manufactured at our Cleveland, Ohio site. The inspection confirms that the FDA has found the methods, facilities, processes and controls used by Xellia to manufacture, process, pack, hold and distribute drugs at Phases IV and V to be in conformity with the Federal Food, Drug and Cosmetic Act.

This marks a major milestone as the ability to manufacture our innovative injectable products at the site will further strengthen our ability to consistently and reliably supply critical, life-saving medicines to the US market.

Now that the Cleveland facility is fully operational, it will function alongside Xellia's existing sterile injectable manufacturing site in Copenhagen, Denmark.

Expanding the production of our innovative products

We have made significant investments at the Cleveland site since it was acquired to maximize our capacity to manufacture, package, label and distribute sterile aseptic injectables. The increased capacity offered by the new facilities will be used to maximize the production of Xellia's established and innovative injectable drug products.

Aseptic fill-finish for lyophilized and liquid vials will commence in 2020. The first product to be commercially manufactured will be lyophilized vancomycin vials, reinforcing Xellia's robust supply of this vital product.

We will continue to expand our capabilities across 2020 to also include aseptic fill-finish of premix bags, the facilities for which are currently being installed. Once operational, the manufacturing lines will be used to produce a range of products that require aseptic fill capabilities, including VANCO READY™ (our ready-to-use vancomycin injection premix, launched in March 2019).

In addition to growing and scaling our own innovative pipeline and dedicated production lines, expanding our US commercial and manufacturing structure will also enable us to widen our offering of CMO services for third-party injectable products.

The evolution of Xellia's commercial manufacturing structure

The last year was a transitional period for Xellia. In addition to the progress made at our Cleveland site, we also entered an agreement to divest our Raleigh, North Carolina facility to Sagent Pharmaceuticals during 2019. The transitioning of our Raleigh operations to Sagent will enable us to focus our investments on both Cleveland and Copenhagen as our two main sterile injectable facilities, allowing Xellia to strengthen and build new capabilities at these sites in alignment with our innovative product portfolio.

$200m
investment

>200
employees

The history of the Cleveland site

Xellia first acquired the Cleveland site as a non-operational facility from Hikma Pharmaceuticals in 2015. In 2016, FDA-permitted packaging, labelling and distribution of sterile injectables (manufactured at other sites) commenced, making it the primary centre for all sterile injectable anti-infective products being distributed to customers in the US. In the years that followed, Xellia has made significant investments at the site, including full integration of a quality management system and completion of major manufacturing enhancements and upgrades, and built a fully trained team with more than 200 employees.

"Since opening our North American Commercial Office in 2018, we have made significant investments in Xellia's US operations and secured a leading market presence in generic injectable anti-infectives. The integration of the Cleveland, Ohio site into our manufacturing chain offers a great opportunity to strengthen our supply of critical products in the US market, while also expanding our own innovative anti-infective pipeline and offering of contract manufacturing services."

Peter Baker,
Chief Commercial Officer

2020 onwards

Successful FDA inspection. Xellia was informed of the successful outcome of a comprehensive cGMP inspection conducted at the site by the FDA in January 2020. This confirms that the FDA has found the methods, facilities, processes and controls used by Xellia to manufacture, process, pack, hold and distribute drugs at Phases IV and V to be in conformity with the Federal Food, Drug and Cosmetic Act.

Commercial manufacturing. Xellia's fully operational site now offers manufacturing, packaging, labelling and distribution capabilities for sterile anti-infective injectables.

Building Xellia's development pipeline. Xellia will use the increased manufacturing capacity provided by the site to grow its own innovative pipeline and dedicated production lines.

Ongoing investments and growth. Xellia continues to invest in the facility and is currently installing new pre-mixed bag aseptic fill-finish capabilities at the site.

Contract manufacturing services. Xellia will utilize the full production suite capacity and leverage its excellent experience and know-how in aseptic fill-finish operations to offer third-party CMO services.

Industrial

Leading global, vertically integrated supplier of important anti-infectives

Our industrial (B2B) anti-infectives business manufactures and supplies Active Pharmaceutical Ingredients (APIs) and Finished Dosage Forms (FDFs) to over 500 pharmaceutical companies across 70 countries.

This business is rooted in a strong long-standing heritage of manufacturing and supplying quality fermented and semi-synthetic APIs. Today, while API manufacturing continues to form the backbone of our business, Xellia is strongly focused on producing FDFs that provide added value to our customers. Our vertical integration strategy enables us to provide customers with a "one-stop-shop" by offering both APIs and FDFs in multiple product forms, and improved supply security through redundancy.

A focused core portfolio of established critical care, life-saving anti-infectives

Xellia is the world-leading provider of vancomycin and CMS and a leading provider of other important critical care anti-infectives, including bacitracin, daptomycin and polymyxin B.

The majority of FDFs in Xellia's portfolio are injectables. However, Xellia also develops other formulations of its key products, aiming to improve customer value and meet patient needs.

Global customer support

Xellia aims to be the preferred partner for the global supply of anti-infectives for critical care to the pharmaceutical industry.

Our customers consist of branded, specialty and generic pharmaceutical companies in more than 70 countries. These customers rely on us to ensure continued supply of first-class products, thereby protecting their reputation and patients.

Through our dedicated global customer service and technical support teams, we build strong and lasting relationships with our broad customer base by providing excellent quality and service. Our outstanding technical services team works closely with customers to help them in developing their products for market entry launch and resolving technical challenges to support business continuity and growth.

Our industrial business model: a vertical integration approach

	Xellia Pharmaceuticals	
R&D	2 internal locations	Oslo Zagreb
API	3 internal locations	Budapest Copenhagen Taizhou
FDF	2 internal locations	Cleveland, OH Copenhagen

Institutional

Moving closer to the patient and healthcare professionals through US institutional sales

2019 was Xellia's first full year with the US institutional business, and many best-in-class milestones were achieved.

North American commercial organization

In September 2018, we opened our North American headquarters and commercial office in Buffalo Grove, near Chicago, Illinois. Only a year later, our commercial site has continued to thrive in 2019, solidifying our presence and impact in the market.

Led by Craig Boyd, President of Xellia's North American operations, our commercial organization has a talented team of more than 40 industry professionals with experience in marketing and selling injectable hospital products. We have formed our own infrastructure and sales force to support our North American institutional business and drive our strong focus on FDF products.

Product launches

Xellia achieved a high number of launches during 2019, with at least one drug or dose launched per month throughout the year. The products received high market interest, resulting in Xellia gaining leading market share and private labels for many of the products. In addition, we expanded the presentations for our first value-added product, VANCO READY™, a truly ready-to-infuse vancomycin injection premix. This launch was a defining moment for both Xellia and the pharmaceutical industry, as we reimagined ready-to-use.

Our partners and customers

Xellia's focus on secure product supply – made possible by our vertical integration strategy and an industrial backbone with more than 100 years of heritage – was the relief that partners and patients were looking for during a time of US drug shortages.

In addition to securing long-term contract positions with key Group Purchasing Organizations (GPOs) and Integrated Delivery Networks (IDNs) to optimize customer access to our full portfolio during 2019, Xellia has also become the first company to partner with Civica Rx, an innovator in addressing generic drug shortages, in a long-term supplier relationship.

Through this partnership we aim to reduce drug shortages by manufacturing essential antibiotics that are in short supply in US hospitals – including vancomycin and daptomycin – for Civica's member health systems. This will directly impact patient safety and public health by reducing chronic generic drug shortages and providing consistent access to key antibiotics for resistant bacteria and difficult-to-treat and life-threatening infections. The partnership marks a key milestone in the expansion of our manufacturing and sales capabilities within the US, while also allowing us to retain our emphasis on ensuring the quality and security of supply and our long-term ambition of mitigating anti-infective drug shortages.

In the United States, in one year, more than

1.7m

people had sepsis[1]. That's one person every twenty seconds.

As many as

87%

of cases start in the community, not in the hospital as is widely believed[1].

Sepsis is the

3rd

leading cause of death in the United States after heart disease and cancer, killing more than 270,000 people each year[1]. That's one person every two minutes.

42%

of Americans have not heard of sepsis[2].

1 Rhee, C. et al. Incidence and trends of sepsis in US hospitals using clinical vs claims data, 2009-2014. JAMA 318, 1241–1249 (2017).

2 https://www.sepsis.org/sepsis-alliance-news/sepsis-word-know-meaning-learn/

Our patients

Sepsis is the third leading cause of death in t he US after heart disease and cancer, with over 1.7 million people in the US developing sepsis per year. As the leading supplier of vancomycin in the US, Xellia's products are often used in the treatment protocol. We are excited to offer these products directly with the purpose to aim to save lives.

> With four of our seven VANCO READY™ presentations now launched, Xellia is well on the way to be able to service the full needs of the vancomycin injection market. The success of our first four products already this year has resulted in over 1,200 US institutions using VANCO READY™ and is an important validation of our US strategy. Our focus remains to provide life-saving medicine in novel and ready forms to improve patient safety and a reliable supply.

Carl-Åke Carlsson
Chief Executive Officer

What makes our institutional business unique?

Science

Our innovative, value-added medicines are made possible through our team of 150 scientists working across Xellia's multiple R&D centers.

Supply

Our significant injectable manufacturing footprint and vertically integrated supply chain, which includes R&D, APIs and FDFs, provide multiple supply options for medicines.

X-Factor

Our unique company structure, which is autonomous and nimble with best-in-class people and culture, is wholly owned by Novo Holdings A/S, a strong supporter of research in life sciences.

Innovation

Building a pipeline of value-added anti-infectives

At Xellia, our global R&D growth strategy is rooted in a culture of innovation with a deep understanding of the ever-changing regulatory and business environment.

We have invested significantly in R&D over the past five years to create a platform to enable the development of a pipeline of more innovative value-added anti-infective products that is focused on improving already established drug products from our core portfolio.

> Our core pipeline of novel anti-infective treatments reflects the culture of innovation and scientific expertise that we have embedded throughout our company. The investments we have made in our R&D strategy and team of experts have enabled the development of differentiated and transformative anti-infective productsfor the treatment of serious and often life-threatening diseases.

Dr Aleksandar Danilovski
Chief Scientific Officer, Xellia

Developing a pipeline of value-added anti-infectives

Improved formulations

Our initial focus has been online extensions based on improved formulations, compared to standard forms, of existing injectable anti-infectives that offer healthcare professionals and patients enhanced convenience and safety.

Clinically differentiated products

Longer term, it is also our ambition to provide clinically differentiated products, and we are investigating optimizations of existing molecules from our portfolio to increase efficacy and reduce harmful side effects, such as those caused by toxicity.

R&D teams

Our experienced teams operate from Xellia's state-of-the-art R&D Centers of Excellence in Zagreb and Oslo and are supported by our Scientific Advisory Board.

Xellia's innovative pipeline of value-added anti-infective therapies

Program	Indication	Discovery	Formulation development	Pre-clinical	Clinical	Submission	Approval
XEL 1005	New formulaion of Gram-positive antibiotic						
XEL 1000	Inhaled antibiotic for lung infection						
XEL 1004	Inhaled antibiotic for lung infection						
XEL 1015	New formulaion of Gram-positive antibiotic						
XEL 1007	New formulaion of Gram-negative antibiotic						
XEL 1012	New formulation of anti-fungal						
XEL 1011	New formulaion of Gram-positive antibiotic						
XEL 1013	New formulaion of Gram-positive antibiotic						
XEL 1018	New formulaion of Gram-negative antibiotic						
XEL 1022	New formulaion of Gram-positive antibiotic						

Antimicrobial resistance (AMR) and antibiotic stewardship

Addressing the AMR global challenge

Addressing the AMR global challenge through responsible manufacturing, continuity of anti-infective supply and innovation.

Antibiotics play a vital role in modern medicine, saving millions of lives worldwide. However, some of these drugs are losing their effectiveness due to AMR, caused by a microbe's natural ability to evolve genetically and thereby counter the effects of these drugs.

The rise of AMR is a global crisis and is now recognized as one of the major threats to global health; it is an immense challenge to overcome. This means there are fewer or sometimes no effective treatments available for infections caused by these multidrug-resistant microbes. This is further compounded by the gap that remains between new effective antibiotics reaching the market and existing antibiotics. Since the loss of effective antibiotics will reduce our ability to fight infectious diseases and manage the complications of secondary infections common in vulnerable patients, such as immunosuppressed patients or ageing populations, it is becoming evenmore important to take control of existing antibiotics to help patients.

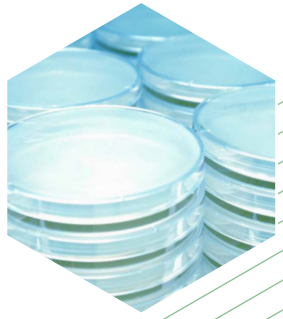
Signing the Davos Declaration

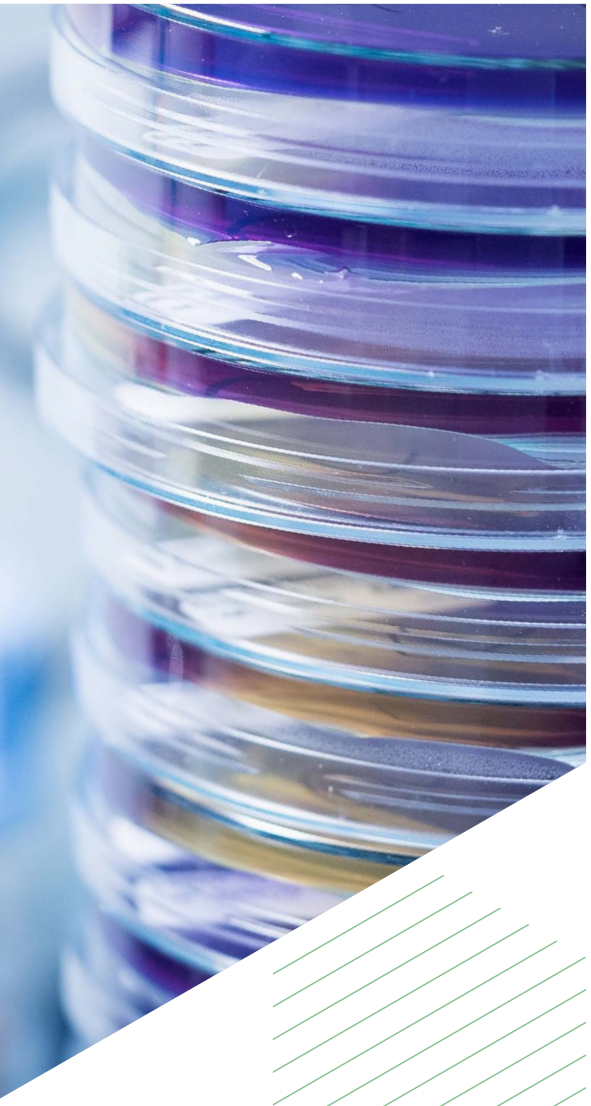
In 2017, Xellia united with over 100 other pharmaceutical, biotech and diagnostic companies and trade associations in working towards the single goal of beating AMR for the protection of patients worldwide, by signing "The Declaration by the Pharmaceutical, Biotechnology and Diagnostics Industries on Combating Antimicrobial Resistance", known as the 'Davos Declaration'. The Davos Declaration calls for collective action and government support to tackle this crisis as we recognize that it is only by collaborating across countries and industries, and by taking action together, that we can start to make a positive difference.

Xellia's membership of the AMR Industry Alliance

The AMR Industry Alliance ensures that signatories from biotech, diagnostics, generics and research-based pharmaceutical companies collectively deliver on the specific commitments made in the Davos Declaration and the United Nations Roadmap and will measure progress made in the fight against AMR.

In 2019, Xellia participated in the biennial AMR Industry Alliance progress survey. The survey led to the second AMR Industry Alliance 2020 Progress Report, published in January 2020. This report showsthe commitment of the life sciences industry to tackle the public health threat of AMR.





Xellia's role in fighting AMR

As a leading global producer of established or "old" anti-infectives that still provide a meaningful treatment for serious infections, we take our role in preventing AMR as well as antibiotic stewardship very seriously by supporting the following:

Manufacturing responsibly

All our APIs and FDFs are contained during production and distribution and a range of techniques are employed to ensure that discharge of waste is to a pre-defined acceptable standard. These procedures are designed to reduce environmental impact and mitigate risk of AMR development.

Supplying consistently

We enable stewardship of existing antibiotics through compliant manufacturing to provide a consistent supply of quality established anti-infectives for responsible, human medical use only. In addition, our products are affordable and responsibly priced as part of our commitment to a reliable supply.

Investing in new innovative treatments based on established antibiotics

We invest significantly in R&D and are dedicated to preserving the safety and long-term effectiveness of existing anti-infectives by developing and commercialising safer, easier to use and more efficient new value-added products.

Responsible use of colistin (available in two forms; colistimethate sodium and colistin sulfate)

In 2015, scientists from Britain and China identified a gene called mcr-1 that allows bacteria to develop resistance and therefore to survive the "last-resort" antibiotic colistin[1]. This major discovery indicated that some bacterial infections would be impossible to treat with current antibiotics, a scenario known as the "post-antibiotic future". Although first identified in China, mcr-1 has now been shown to exist in over 30 countries, spanning four continents. As China is one of the world's largest users of colistin in agriculture, where it serves as a growth promoter in animal feed, it is probable that colistin resistance evolved in this situation. Since discovering mcr-1, the scientists have worked closely with the Chinese government to combat the spread of antibiotic resistance by initiating an unprecedented policy change in 2016 that banned the use of colistin in animal feed.

Similar measures were undertaken in the European Union (EU) in April 2016 when The Committee for Medicinal Products for Veterinary Use (CVMP) – the European Medicines Agency's (EMA) committee responsible for veterinary medicines – recommended the withdrawal of marketing authorisation for all veterinary medicinal products containing colistin in combination with other antimicrobial substance. If successfully applied at an EU level, these measures are estimated to result in an overall reduction of approximately 65% of the current sales of colistin for veterinary use. This reduction should build on the decrease of 19% in colistin sales for veterinary use already seen between 2011 and 2013.[2]

1 https://www.mrc.ukri.org/news/browse/amr-research-leads-to-china-banning-antibiotic-from-animal-feed/

2 https://www.ema.europa.eu/en/documents/scientific-guideline/updated-advice-use-colistin-products-animals-within-european-union-development-resistance-possible_en.pdf

Corporate responsibility

Overview of Xellia's corporate responsibility

At Xellia we value integrity and openness, and are committed to a high level of compliance in all aspects of our work. As a global business with international customers, it is vital that we have a uniform set of standards that can be applied to our business regardless of the country in which we operate.

Over the following pages we have provided an overview of our corporate responsibility activities and performance, focusing on economic, environmental and social areas.

We are actively working to expand our corporate responsibility policies across the entire business and to update or introduce systems and platforms that will progress our corporate responsibility practices further. We also continue to work on alignment of the content in this report with the relevant standards on sustainability reporting produced by the Global Reporting Initiative (GRI).

We have established a Corporate Social Responsibility (CSR) steering group, headed by our CEO with the participation of senior management representatives from functions including Operations, People & Organization, EHS (Environment, Health and Safety), Finance, Communications and Legal. The role of the group is to monitor and drive the progress of corporate responsibility initiatives across different areas of our business.

The sustainable production of anti-infectives for critical care forms the foundation of Xellia. We have built a strong and stable global business and have remained dedicated to providing a consistent and reliable supply of high-quality products for the healthcare industry.

Economic sustainability

Xellia's growth and development

Continuing sustainable growth and development, and the protection of our employees, is paramount to our future success. Many internal and external stakeholders rely on us to maintain a consistent supply of high-quality products and to invest and borrow wisely to create a strong and stable business.

Continuity of production

The sustainable production of anti-infectives for critical care forms the foundation of Xellia. We ensure consistent and continuous manufacture and supply of the products that our customers, healthcare professionals and their patients rely on from our global production sites through:

- Rigorous monitoring of quality and manufacturing systems
- Investment in new capacity and equipment
- Improvement of existing products and processes

Across 2019, we invested 25.6 MUSD in tangible assets to maintain increasing and improving our production capacity (down from 32.6 MUSD in 2018). In addition, we invested significantly in the additional manufacturing facilities in Cleveland, Ohio, which we acquired in November 2015. We will continue to invest considerably in these facilities as we are now ready to start commercial production following the January 2020 FDA inspection.

In February 2019, we divested our Raleigh, North Carolina manufacturing plant to Sagent Pharmaceuticals. This strategic divestment allows us to focus investments on our two main sterile injectables facilities in Cleveland and Copenhagen and to strengthen and build new capabilities that are aligned with our innovative product portfolio.

Financial stability

We believe that a stable and sustainable business benefits us all and we work hard to ensure financial sustainability, enabling us to invest in future growth plans to create long-term value. At the end of 2019, our external bank debt including mortgages amounted to 199.5 MUSD (175.3 MUSD in 2018).

We ensure consistent and continuous manufacture and supply of the products that our customers, healthcare professionals and their patients rely on.

Health and safety

Constantly striving to create a healthy and safe environment

High level of health protection and occupational safety

At Xellia, we have over 1,700 employees. We constantly strive to create a healthy, safe and secure working environment across all of our locations and are committed to maintaining high standards of occupational health and safety. We have adopted an EHS policy that sets out our key principles for EHS management and detailed EHS standards that we apply across our manufacturing sites.

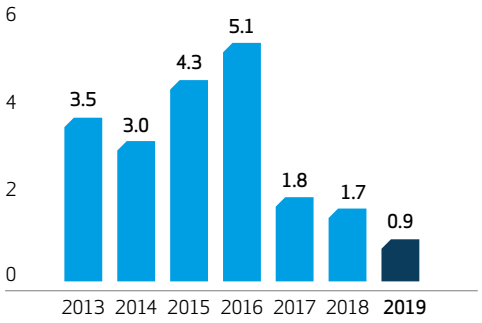
As a pharmaceutical manufacturing company producing anti-infectives, our operations involve certain inherent risks. We promote a culture where these risks are clearly recognized and mitigated, and employees take personal responsibility for their safety.

We apply the internationally recognized OHSAS 18001 standard which provides an occupational health and safety framework from which to implement effective management and control associated risks. In 2019, both of our production sites in Europe remained certified under OHSAS 18001 and our China site made the change to the new ISO 45001 standard. Our US facilities are not OHSAS 18001 certified but are included under our health and safety management and reporting systems.

We are responsive in accident reporting and in ensuring that we take action to prevent reoccurrence of any accidents. Our long-term 2020 target is to maintain the maximum frequency of work-related accidents at below 3.0 per 1,000,000 working hours in addition to ensuring that we continue to avoid all serious incidents. We use the OHSAS standard to measure the frequency of occupational accidents. We experienced a significant improvement and reduced work-related accidents during 2019 relative to 2018 at a rate of 0.9, and we are currently at a level that is below both the KPI for the year and our long-term target. Increased focus has been put on hazard reporting and our global safety culture.

Lost Time Injury Frequency Rate (LTIFR)

Accident frequency rate per 1,000,000 working hours.



Focus on safety

In 2019, Xellia has focused internally to align on a global vision about health and safety and what that means for employees across our different sites around the world. This has had an impact on our safety culture. In large part, the alignment has been accomplished by keeping health and safety at the forefront of our discussions, in both technical and conceptual topics. While the "safety minute" is part of regular meetings, from the executive level down to the plant floor, bi-weekly news articles and visual posters published by our EHS team and translated into local languages have also inspired daily awareness about working safely.

"Report them all, big or small" is an example of a safety slogan that we have used to increase our communication and discussion about recognizing the hazards we may encounter in our daily activities.

Also contributing to our renewed global safety vision is the initiative for a more holistic view of employee health, considering stress factors that could potentially influence overall employee wellbeing, both on and off the job.

We recognize that the "whole" employee comes to work and that human factors can affect productivity, performance and overall health and safety. We are taking action to promote an environment and resources for safety and health, as well as knowledge around stress recognition and management.

Environmental responsibility

Environmental impact and management

We understand the importance of preserving our environment and natural resources today and in the future. We accept that the responsibility lies with us to minimize the impact we have on the environment.

We comply with all relevant laws, regulations and our own EHS policy and standards. In addition, we are constantly looking for ways to improve our operations, products and services, as well as using chemicals and natural resources responsibly. With careful management, we can grow our business and increase production volumes but still reduce our environment impact. We will be setting new long-term non-financial targets for 2025 to be implemented across all of our sites in order to minimize our environmental impact with regards to carbon-, energy- and water-use efficiency.

Management systems

In addition to our overall EHS policy, we have developed and applied detailed EHS standards and standard operating procedures to ensure the quality of the EHS management system across our production and R&D facilities. Our three production sites in Europe and China are certified under the internationally recognized ISO 14001 environment management system. Our US facilities are not ISO 14001 certified; however, the sites are included under our environmental management and reporting systems.

Environmental compliance

Environmental compliance is a central pillar of our business and we strive for complete adherence to all environmental laws and regulations. Over the past three years, we have received a fine that related to an environmental non-compliance of an odor limit in Taizhou. We received a violation and fine at our Budapest facility due to an increase in our wastewater and we have begun construction of a new wastewater treatment facility. In the past year, we have made improvements to reduce our methanol emissions in Copenhagen to ensure strict compliance with our environmental permit. We take such non-compliance very seriously and have implemented measures to ensure that we maintain a high compliance level.

Stakeholders

We know that the impact of our business can stretch beyond the boundaries of our production and R&D sites around the world and therefore encourage open, reliable communication on environmental matters with all stakeholders both internally and externally.

Most of our sites are located in urban areas and we work to minimize any negative impact on the people living in close proximity to us. We receive very few complaints regarding odor and noise from our local community; in 2019, we received only one complaint across all sites. We take complaints very seriously and have implemented measures to ensure that we remain good neighbours to the communities in which we are based. We constantly monitor noise levels from machinery and take steps to limit noise and odor wherever possible.

Identifying environmental risks to minimize incidents

The manufacture, quality control and development of anti-infectives involve the use of certain hazardous materials and processes from which there is an inherent risk to the environment. By understanding and identifying these risks, we have implemented standards and policies to protect the environment by preventing incidents before they can take place.

We are committed to the identification and prevention of potential environmental accidents. It is our ambition to prevent any environmental incidents, and when incidents do occur we perform a thorough analysis of the causes to ensure that we implement action plans to prevent reoccurrence. As in previous years, in 2019 we achieved our corporate KPI to avoid all major environmental incidents across our global production sites. We were also able to avoid any minor environmental incidents.

We are building a risk-aware culture amongst our employees and encourage a sense of personal responsibility towards preventing incidents. All sites incorporate emergency response and crisis management programs into management plans. These programs ensure that if incidents do occur, they are effectively managed and that any impact on the environment, the local community and our business is minimized.

Carbon footprint and sustainability

We take a collective approach to sustainability and encourage our employees to take an active interest in minimizing the impact of our operation on the environment. We welcome input, feedback and suggestions from all staff as to how we can further improve our commitment to the environment. We have set short- and long-term targets for improving the carbon footprint of both our API and FDF manufacturing sites over the coming years. In 2019, the carbon dioxide (CO_2) emissions from our manufacturing sites increased by approximately 2% compared to 2018. This was mainly due to increased production volumes at several manufacturing sites. Our long-term target is to reduce our carbon footprint by 20% by 2020 compared to the baseline that we established in 2014.

Energy and water efficiency

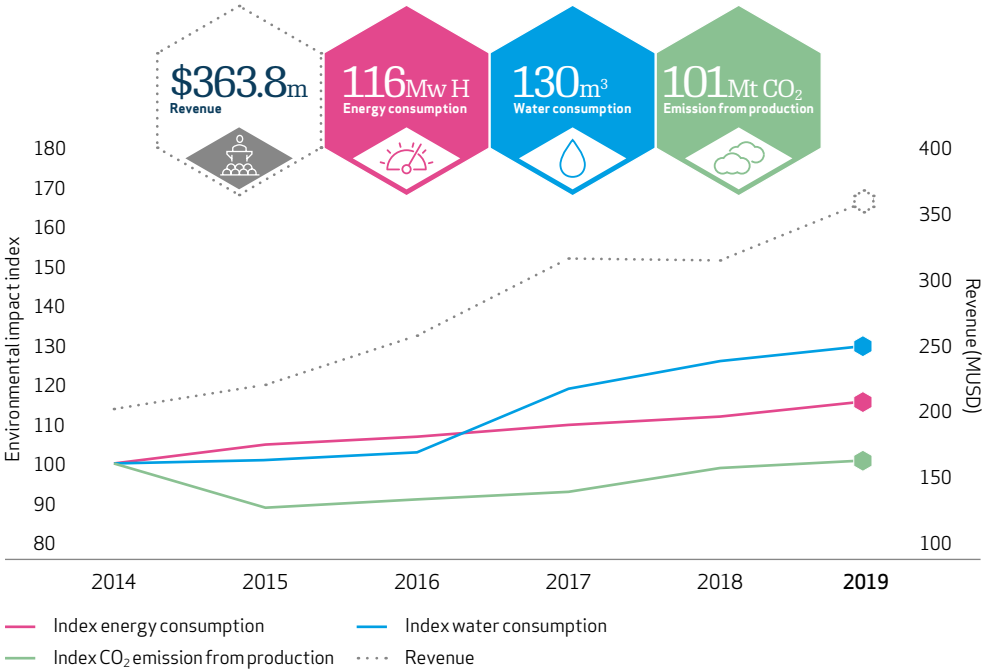
We understand the importance of managing the use of energy and water sustainably and take our responsibility to protect this precious resource very seriously. We have established short- and long-term targets for improving our efficiency with respect to energy and water consumption.

All our sites employ a specialist team focusing solely on energy use and how to improve energy consumption efficiencies. Our energy consumption strategy is defined in close collaboration with each site's EHS teams, purchasing departments and engineering departments (energy management specialists).

In 2019, the energy consumption at our manufacturing sites increased by approximately 3% compared to 2018. Our long-term target is to make a 20% improvement to our energy efficiency by 2020, compared to the baseline that we established in 2014.

Our sustainable water management process is focused on both creating efficiencies in the use of water at our manufacturing sites and improving our discharge treatment systems. By implementing systematic quality controls for effluents, we are helping to preserve the availability of drinking water and preventing any risk of contamination.

Development in environmental impact and revenue



Social responsibility

Supporting and guiding our employees

Our people make us what we are. We aim to attract the most talented, productive employees in our industry and to earn their loyalty and commitment. We support and protect our employees through comprehensive human resource processes, ensuring that every employee is treated fairly and has a voice that is listened to and valued.

Business ethics and legal compliance

Code of Conduct

The Xellia Code of Conduct contains our values and standards for ethical business conduct and reflects our commitment to meeting the expectations of our stakeholders. The code sets out the principles that must be adhered to by all employees within key areas that are essential to our business, including compliance and fair dealings in relevant areas. A copy is presented to each employee when joining Xellia. In addition, all senior employees are required to certify annually that they have acted in compliance with the guidelines. Any alleged or suspected cases where the guidelines may have been violated are investigated by selected members of our corporate functions. In 2019, Xellia introduced its online whistle-blower system, allowing both employees and third parties to report concerns from anywhere in the world. During 2019, there were three reported cases of alleged or suspected violations.

Conflict of interest

It is imperative to the maintenance of our good reputation that business decisions are made independently from conflicts of interest and on an objective basis. These decisions must not be influenced by any personal interests that employees may have, wherever in the world they work, and at whatever level of seniority they operate. We have established procedures including the pre-approval of any 'related party' transactions by the Board of Directors as well as an annual certification of compliance by all senior employees.

Anti-bribery program

Xellia's anti-bribery program aims to reduce the risk of non-compliance. The program includes annual risk assessments, due diligence procedures for agents and other certain business partners and adoption of corporate guidelines for gifts, hospitality and entertainment. We believe that a successful anti-bribery program is spearheaded by informed, aware employees and we ensure that all relevant parts of the organization receive regular training in the program. In 2019, we introduced a number of new policies and procedures covering topics including: interactions with healthcare professionals; use of consultants; support to external organizations; use of product samples; and compliance with applicable laws governing the marketing and sale of prescription drugs and devices.

General Data Protection Regulation

In 2019, Xellia continued the awareness of the new policies and procedures across its different functions that were implemented in 2018 to meet the new requirements in the EU General Data Protection Regulation (GDPR). We ensure that our processes are secure with respect to the protection of personal data. GDPR awareness material has been rolled out across Xellia's business in scope, including new training and e-learning on Xellia's compliance with GDPR.

Change, diversity and employee turnover

Managing change

Our business exists in a highly competitive, dynamic environment. Our commitment to open communication and engagement remains strong as we support employees through the internal and external changes that influence us.

Employee relations

We operate across diverse social backgrounds and locations where continued and constructive dialogue with our employees is important. Without this interchange, labour disputes can occur that are disruptive to our business and affect a wide range of stakeholders beyond the working site. We aim to foster a culture based on openness and transparency, being at our best, accountability and zest. Our employee relations strategy encourages open dialogue with employees and external stakeholders. We support collective dialogue and negotiations with unions and other representative associations within the local legal framework. We have maintained good relationships with the unions. In 2019, one minor industrial action resulting in lost working time was reported.

Employee surveys

We ask all employees to participate in surveys at regular intervals, usually on a bi-annual basis, the next being in 2021. These surveys address a number of areas such as motivation, satisfaction and communication. The data from the survey are followed up both at a senior management level and in each function and department.

The employee survey from 2017 showed an overall index of 73% employees responding positively about their experience at Xellia. The 2019 survey showed a substantial improvement with 78% positive responses. That is significantly above the long-term target of 75% in 2020, which was established in 2015. In 2014, the result was a 67%positive response.

One area that we are particularly focused on is the "engagement" category, which improved from 82% of employees responding favourably in 2017, to 85% in 2019.

Diversity

As a truly international company, we benefit from a diverse, multicultural workforce. We employ more than 37 nationalities over sites in 8 countries. Despite having locations around the world, we have an integrated, open and transparent culture built on mutual respect, trust and accountability. We aim to recruit competent and motivated people who respect our values, and we in turn provide equal opportunities for their development and protect their privacy. We do not tolerate any form of harassment or discrimination for any reason and strive to maintain a culture that provides equal opportunities for all.

Gender diversity

Xellia is committed to building a workforce throughout the entire organization that is represented equally by both genders across all management levels and managerial positions. In 2018, we adopted a new Diversity Policy that sets out the key principles for our commitment and focus in this area. In 2019, for all companies in the Group, there was an average of 57% male and 43% female employees (versus 58% male and 42% female in 2018). At manager level, there was a male average of 67% and female average of 33% (versus 68% male and 32% female in 2018).

As a truly international company, we benefit from a diverse, multicultural workforce. We employ more than 37 nationalities in our sites, located in 8 countries.

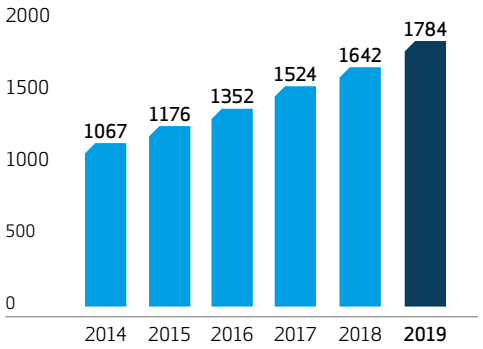
People & Organization

In accordance with the diversity policy, qualified women are encouraged to apply and pursue leadership and managerial positions in Xellia and gender diversity is an area of increased focus in our development and succession planning initiatives. Our staff policies and People and Organization processes are directed at retaining qualified female employees by addressing the work/life balance to create a desirable working environment, as well as supporting personal development through continuous learning conversations, feedback and leadership training. For example, unconscious bias training delivered to the organization will help overcome stereotypes and outdated beliefs, giving women more opportunities to grow and advance at Xellia. Xellia will actively embark on key strategic initiatives to improve the gender diversity ratios that currently exist throughout our organization.

Employee turnover

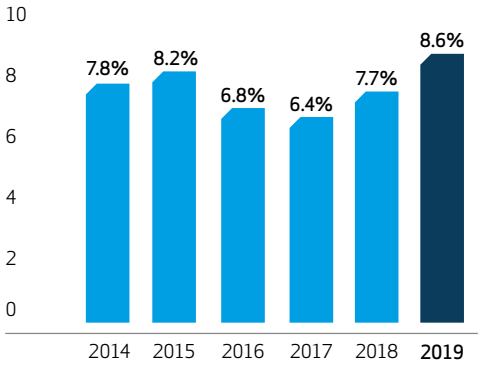
In 2019, the number of full-time employees in Xellia increased by 142 to 1,784. The increase was primarily at our sites in Copenhagen, Budapest and Cleveland, Ohio. The main reasons for the increase were new hires to support the continued expansion of the production facility in Cleveland, as well as primarily capabilities in quality and laboratory services in Budapest. The expansion in employees in Copenhagen was mainly due to new activities in both API- and FDF-like vancomycin liquid and B2i activities.

Total no. of employees



The voluntary employee turnover in 2019 was 8.6%, up from 7.7% in 2018 and above the target for 2019. The employee turnover rates vary between countries. We continue to analyze and evaluate the appropriate target for turnover in view of Xellia's business transformation, as well as developments in local labour markets. The figures outlined in the graphs shown cover the voluntary turnover rates only.

Employee turnover rate (voluntary resignations)



Development and training

To remain competitive, we need to ensure that our employees have the opportunity to continually advance and extend their skills and knowledge. We achieve this by providing employees with the possibility to grow in their current positions or discover new working areas, functions or locations. This initiative is facilitated within our newly implemented internal mobility framework. During regular performance feedback meetings with employees, we draw up a plan for the next steps in their development and set performance milestones, as well as personal and professional goals. We actively promote the principle of lifelong learning, which also means that we provide the opportunity for professional and behavioral training, linked to the agreed individual plan.

Our values

Xellia continually strives to be an appealing, stimulating and high-performing workplace with a culture based on Xellia's goal, purpose and values.

Our Leadership Promise

Since Xellia has transformed its business from a pure B2B play to now include a B2i offering, effective leadership is even more important than ever. As a result, during 2019, we instigated our Leadership Promise; this builds on our values and lays out the attributes and behaviors that Xellia expects from all individuals in a leadership role. We put the Leadership Promise into action during the year across all our sites by running workshops,1:1 sessions, peer-coaching and mentoring. This effort will be continued throughout 2020.

Transformers

The "Transformers" community was initiated in December 2017 with the purpose of creating and implementing our Leadership Promise. The Leadership Promise is an incremental part of our People Strategy, and a pivotal factor as we implement our business objectives. The Transformers is a group of leaders from all levels, and representing all Xellia sites. The implementation of the Leadership Promise is an ongoing activity, with particular emphasis on the "leader teach leader" concept.

The Leadership Promise consists of the leadership behaviors we believe will foster empowerment and collaboration to achieve our targets, hence leading to business success. The promise sharpens the expectations to leaders at Xellia and is a commitment to how we wish to be perceived with regards to inspiring and transforming our people and organization. It builds on Xellia's values and highlights what good leadership is, distilled into four critical leadership areas that are vital to inspire people and promote positive transformation, while still retaining "ONE Xellia":

- I am present and authentic
- I make people shine
- I build bridges
- I am courageous

Winner of the Business Culture Award for International Initiative

Xellia Pharmaceuticals was named the winner of this year's Business Culture Awards in the category for International Initiatives. The award recognizes organizations with considerable international reach and outstanding multinational Business Culture initiatives across geographical boundaries. The award was won in competition with Fortune 500 companies and others from across the globe, including Europe and the US, and a variety of industries, including pharmaceuticals.

Business Culture
Awards 2019
Winner

SOS Children's Villages

It's in our DNA to help people in need

SOS Children's Villages has been Xellia's nominated charity since 2005, becoming a long-term partner to the organization.

SOS Children's Villages is an independent social development organization that promotes the rights of children in over 130 countries and territories around the world, providing over 2 million children and their families with a safe place to live, learn and grow up.

Xellia's corporate partnership with SOS Children's Villages

Xellia has joined forces with SOS Children's Villages Denmark in a three-year partnership running from 2018 to 2020, and has pledged to fund activities and outreach campaigns coordinated by the SOS Family Strengthening Program in Eldoret, Kenya. Organized by the SOS Children's Villages Social Center in Eldoret, this Program is intended to support families experiencing crisis or extreme hardships that may have difficulty in caring for their children. By building capabilities and resources for families and their communities, the Program allows children to be well cared for and to stay with t heir families.

The Program provides access to essential healthcare and education; however, as many of the families are living in hardship, they are also assisted with vital "everyday needs." This can include materials for their shelter, daily living, healthcare support and schooling, while the most vulnerable families receive supplementary rations of the necessary food types. Through funding, the partnership has enabled Xellia to help improve the lives of over 70 vulnerable families in the local Eldoret community.

Xellia's Annual Fundraising Event 2019

Xellia held its fifth annual fundraising event for its employees to raise money for a new biochemistry machine for the SOS Medical Center in Eldoret. The SOS Medical Center was the focus of the three-year partnership between Xellia and SOS Children's Villages Denmark, during which the clinic's operations were fully funded by Xellia over the period of 2015–2017.

The primary beneficiaries of the new biochemistry machine are patients from vulnerable families in and around Eldoret that are enrolled in the Family Strengthening Program and suffer from chronic conditions such as hypertension, diabetes and rheumatic heart diseases, and SOS children who are on long-term medication and need to undergo organ function tests periodically. In connection with the annual fundraising event, three Xellia employees were chosen in a lucky draw to make a trip to Eldoret in the spring of 2020, to visit the SOS Children's Village and see the work we are contributing towards.

Employee-driven initiatives

In addition to Xellia's corporate funding and the annual fundraising event, colleagues from various Xellia sites were actively fundraising during 2019 for three additional important causes to further support SOS Children's Villages in Eldoret. These initiatives helped to provide sanitary towels, facilitated the renovation of a local pre-school and enabled the treatment of more than 200 children with jiggers (Tunga penetrans) and provision of a new pair of shoes.

Furthermore, our sites in Chicago, Illinois, USA; Zagreb, Croatia; Taizhou, China; Bangalore, India; and Budapest, Hungary, have also supported their local SOS Children's Villages through either monetary donations or volunteer time.

Xellia's visit to the SOS Children's Village in Eldoret

In connection with the Annual Fundraising Event hosted each year, the team of Xellia employees chosen during the lucky draw 2018 made the trip to Eldoret to visit the SOS Children's Village in the Spring of 2019.

The five Xellia employees coming from the various sites visited the community programs and some of the families. In addition to the SOS Medical Center and SOS Children's Village, the team also visited two families with children that have received vocational support funded through the Xellia Annual Fundraising Event 2018, a school that has been supported through Xellia's employee donations, and participated in a jiggers outreach campaign.

> I am deeply grateful for the long-term engagement and continuous support from Xellia Pharmaceuticals and the Xellia employees. With your determined backing of SOS Children's Villages in Eldoret, Kenya, Xellia improves the lives of children in dire need of a helping hand by ensuring a loving home for them – with care and respect, healthcare and education. With your support, these children now have the opportunity to shape and dream about their own future. Caring changes everything. Thank you.

Mads Klæstrup Kristensen
Managing Director, SOS Children's Villages Denmark

Corporate Governance

New Xellia Group A/S has adopted a governance and management structure that allows the Group to manage its business successfully and mitigate risk on an ongoing basis.

In accordance with Danish company law, Xellia has a two-tier management system comprising the Board of Directors and a Managing Director (CEO). As outlined in the Group's Articles of Association, the Board of Directors should consist of between three and seven independent directors. Currently, the Board has seven members; a Chairman and six independent directors. Directors are appointed for one year at a time, and can be re-elected at the annual shareholders meeting. The CEO is not a member of the Board of Directors.

The Board of Directors has adopted the Rules of Procedure for the Board of Directors, which sets out the responsibilities of the Board of Directors in a number of areas. These include determining Xellia's overall strategy and actively contributing to developing the Group as a focused, sustainable, global speciality pharmaceutical company and supervising Executive Management in its decisions and operations.

The Board of Directors has also adopted an annual meeting framework consisting of six meetings annually comprising of four regular Board meetings, one end-of-year meeting to review the annual operating plan and budget for the following year and one meeting focused on the long-term strategy of the Group. In 2019, a total of six meetings were held.

The Board has established a Finance and Audit Committee, consisting of members of the Board of Directors and management, which assists the Board in areas relating to accounting, audit, internal control and financial reporting. Chaired by Benny Loft, a member of the Board, the Finance and Audit Committee held five meetings during 2019. The Board also has established sub-committees within the areas of operations, commercial and new product development.

Compensation

Compensation for the Chairman of the Board of Directors, other members of the Board and the CEO is based on market terms and conditions.

Members of the Board of Directors receive annual compensation, which is not dependent on Xellia's performance or results. Some members of the Board have also invested in Xellia under the Board Investment Program.

In 2019, management and other employees received, in addition to basic salary, variable compensation dependent on the achievement of operational and strategic targets, as well as financial targets.

Our Long-Term Incentive Program (LTIP) qualifies management and senior employees at director level and above to receive annual grants of restricted share awards (RSAs) as part of their variable compensation package. In 2019, Xellia granted a total of 552,745 RSAs under the enhanced LTIP that was established in 2017. These RSAs entitle the recipient to receive B-Shares in 2021 subject to certain vesting conditions and adjustment mechanisms linked to Xellia's financial performance in the period from 2017through 2020.

We have also adopted an Executive Management Share Program under which RSAs may be granted to the CEO. In 2019, Xellia granted 8,351 RSAs under this program each giving the right to receive one B-sharein January 2021.

Share capital

Share capital of New Xellia Group A/S is divided into A and B shares. These two share classes have identical rights, with the exception that the A-Shares hold 10 votes per share and the B-Shares hold 1 vote per share.

The A-Shares, which total 100,500,000, are held by Xellia Holdco A/S, which is owned by Novo Holdings A/S.

The B-Shares are owned by members of management and other senior employees of the Group as well as certain members of the Board of Directors. In connection with the acquisition of Xellia in July 2013, a Management Investment Program was established. At the end of 2019, a total of 1,057,051 B -shares were owned by 38 managers and senior employees. In addition to the B-shares, managers and senior employees have subscribed warrants in Xellia with a right to subscribe by up to 5,621,402 additional B-Shares. In 2017, a Board Investment Program was established under which certain members of the Board of Directors have subscribed for a total of 123,076 B-shares, as well as warrants with a right to subscribe for up to 323,596 additional B-shares.

Board of Directors

Steen Riisgaard
Chairman of the Board

Born: 1951

Steen is the former President and CEO of Denmark based biotech company Novozymes A/S. He has also held senior level positions at Novo Nordisk A/S and Novo Industri A/S.

Other Board positions
Chairman of the Boards of COWI Holding A/S and, up until March 2020, ALK Abelló A/S. Vice Chairman of the Boards of the Novo Holdings A/S and the Villum Foundation. Member of the Boards of Novo Nordisk Foundation, Corbion, the University of Aarhus, Denmark and the Bird Protection Fund, Denmark.

Education
MSc in Microbiology, University of Copenhagen, Denmark.

Andreas Rummelt
Board Member

Born: 1956

Andreas is a Partner and CEO of InterPharmaLink AG, Basel, Switzerland. His international career spans over twenty years in executive management positions at Novartis.

Other Board positions
Partner and CEO of InterPharmaLink AG. Member of the Boards of Alexion Pharmaceuticals, Inc., Alvogen, Leukocare AG and, Cypralis Ltd.

Education
MSc and Ph.D. in Pharmaceutical Sciences, University of Erlangen-Nuremberg, Germany.

Benny D. Loft
Board Member

Born: 1965

Benny was EVP and CFO at Novozymes A/S until 2017, he has also worked on acquisitions and negotiations and played an active role in steering groups for numerous corporate functions including ethics, sustainability and business development.

Other Board positions
European Freeze Dry ApS (and up until March 2019, member of the Board of Directors of Orsted A/S, Chairman of the Audit and Risk Committee, Orsted A/S).

Education
MSc in Accounting, Tax and Auditing, Copenhagen Business School, Denmark and State Authorized Public Accountant

Per Valstorp
Board Member

Born: 1949

Per Valstorp has a long track record attained from senior executive positions held at Novo Nordisk A/S within Pharma Operation Management, Quality, Regulatory Affairs and Medical Devices.

Other Board positions
Chairman of the Board of Directors of Orana A/S and Roto Health ApS, and member of the Board of Directors of DBI Plastics A/S, European Freeze Dry ApS and Scanbur A/S.

Education
MSc in Operational Research & Planning, Technical University of Denmark.

Julie McHugh
Board Member

Born: 1964

Julie McHugh has a track record that spans 27 years in the biopharmaceutical industry. Most recently, she was the COO at Endo Health Solutions, Inc., with responsibilities for both the specialty and generic pharmaceuticals businesses.

Other Board positions

Chairman of the Board of Visitors for the Smeal College of Business, Pennsylvania State University. Chairman of the Board of Directors of Ironwood Pharmaceuticals, Inc. and member of the Board of Directors of Aerie Pharmaceuticals,Inc., Lantheus Holding, Inc. and Trevena Pharmaceuticals, Inc.

Education

BSc in Finance, Pennsylvania State University, USA and an MBA Administration in International Management, St. Joseph's University, USA.

Henrik Kjær Hansen
Board Member

Born: 1976

Henrik joined Novo Holdings A/S in January 2017 and is now Senior Partner and Head of Principal Investments, News Investments and Projects, where he leads on the investment process and takes an active part in managing and developing the growing portfolio of investments. Prior to this, Henrik held a number of positions in the City of London. Most recently he was a Senior Vice President at Moelis & Co., focusing on healthcare buy and sell side M&A transactions. Previously he was with Deutsche Bank and ABN AMRO.

Other Board positions

Member of the Board of Directors of Orexo AB and WCG Clinical.

Education

BSc. in Business Administration and an MSc. in Applied Economic and Finance from the Copenhagen Business School, Denmark.

Barbara Purcell
Board Member

Born: 1968

Barbara is President of the Diversified Portfolio at multinational specialty pharmaceutical company Bausch Health and is a member of its Executive Management team. She has spent the past 25 years working in the pharmaceutical industry mostly managing mature brands and generics. Most recently she was instrumental in building the generic division at Bausch Health as well as revitalizing several mature brand assets there.

Previously, Barbara was Executive Director Global Sales and Marketing for Bausch + Lomb's generics division, having also worked at Valeant, Novartis/ Sandoz and Zydus.

Education

MBA from Rutgers University and a BA from the University of Pittsburgh, and qualified as a Certified Public Accountant (CPA).

Scientific Advisory Board

The Scientific Advisory Board, which was established in 2014, plays an important role in directing our R&D activities and focus on innovative anti-infectives.

The Board brings together leading international experts in infectious diseases, clinical microbiology, respiratory medicines and pharmaceutical research and development. The Board's insight and guidance combined with Xellia's specialist expertise are being harnessed to overcome the challenges associated with anti-infective discovery and development activities.

Professor George E Griffin
Chairman of the Scientific Advisory Board
Emeritus Professor of Infectious Disease and Medicine at St George's, University of London, UK.

Dr Tania Pressler
Chief Attending Physician, Rigshospitalet, Copenhagen, Denmark.

Professor Matthew Falagas
Director, Department of Internal Medicine and Infectious Diseases, Iaso General Hospital, Iaso Group, Athens, Greece.

Dr Andreas Rummelt
Member of Xellia Board of Directors and CEO and Partner at InterPharmaLink AG, Basel, Switzerland.

Professor Keith S Kaye
Professor of Internal Medicine, Director of Clinical Research, Division of Infectious Diseases, University of Michigan Medical School, Ann Arbor, Michigan, US.

Professor Radan Spaventi
Founding Partner, Triadelta Partners Ltd, Zagreb, Croatia.

Professor Gerhard Winter
Department of Pharmacy, Ludwig Maximilian University of Munich, Munich, Germany.

Professor Anne O'Donnell
Professor and Chief, Division of Pulmonary, Critical Care, and Sleep Medicine, Georgetown University Hospital, Washington DC, US.

Professor Christoph Tang
The Sir William Dunn School of Pathology, University of Oxford, Oxford, UK.

Professor Arjana Tambić Andrašević
Head of the Department of Clinical Microbiology at the University Hospital for Infectious Diseases, Zagreb, Croatia.

Executive Management

Xellia's leadership team

Carl-Åke Carlsson
Chief Executive Officer and President

Daniel Schwartzlose
President, Xellia International

Craig Boyd
President, Xellia North America

Aleksandar Danilovski
Chief Scientific Officer

Bjørn Thonvold
Corporate Vice President, People & Organization

Geelanie Briones
Corporate Vice President, EHS & Quality

Hera Bragadottir
Vice President of R&D and Strategic Projects

Jamie Iudicia
Senior Vice President, Global Product Supply

Kristin Lund Myrdahl
Corporate Communications and Brand Management

Matthew Anderson
Chief Financial Officer

Mikkel Lyager Olsen
Corporate Development and Chief Legal Officer

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