



Xellia Pharmaceuticals Reports 2022 Business Update and 2023 Outlook

Copenhagen, Denmark, 18 April 2023 - Xellia Pharmaceuticals ('Xellia' or the 'Group'), a specialty pharmaceutical company focusing on providing anti-infective treatments and other critical care therapies for serious and often life-threatening conditions, reports its business update for the year ending December 31, 2022 and outlook for 2023.

Carl-Åke Carlsson, CEO and President, Xellia Pharmaceuticals, commented:

"In 2022, despite the challenges of the global environment and business pressures, Xellia Pharmaceuticals continued to focus on its purpose to save lives by leading the fight against infections through providing anti-infective and critical care therapies to patients around the world. We successfully navigated inflationary pressures in Europe related to energy and commodities, achieving \$327.2 million in revenue, an 8% growth over the previous year.

Our Global Anti-infectives business had a strong year, achieving an all-time high in revenue of \$242.8 million, driven by capacity expansion and the profitability of key anti-infective products. The US Injectable business also performed well, with 23% year-on-year revenue growth, attributed to our focus on VANCO READY® Vancomycin Injection, USP and the launch of new products.

Moving forward, we will continue to refine our strategy by leveraging our strengths in anti-infectives and premix technology and expanding the geographic reach of our business. With long-term financing in place, we are well-positioned for the future to continue providing critical care therapies to patients worldwide."

2022 Full Year Overview

Global Anti-infectives business

Xellia's aim for 2022 was to expand its Global Anti-infectives ('GAI') business, to ensure that it remains the cornerstone manufacturer of key anti-infectives and supplier of choice. During 2022, Xellia identified a series of growth initiatives for its GAI business; expanding its anti-infective products into new geographic markets, spearheading antibiotic stewardship, and supporting the battle of anti-microbial resistance.

Building upon the existing portfolio of anti-infectives, such as vancomycin, daptomycin, and colistimethate sodium; Xellia has taken these established products into multiple new geographic

markets – expanding access globally. This has been achievable through collaborations with strategic partners supporting market launches, and also by working with partners to create new innovative formulations and through newly registered indications. Xellia filed a total of 36 applications for its products worldwide during 2022, which are now awaiting approval from respective regulatory authorities.

US Injectables business

The focus for the US Injectables ('USI') business has been on the launch and commercialization of Xellia's own branded specialty injectable anti-infective medicines and generic products to the US institutional markets, and also overseeing contract manufacturing operations (CMO) partnerships at Xellia's Cleveland site.

Of Xellia's own in-house products, the focus has been on the sale of Xellia's VANCO READY®, ready-to-use vancomycin drug product. During 2022, Xellia saw significant growth in both sales and customer base. Continuing to expand the institutional customer base and growing penetration with existing customers are key components of the VANCO READY® strategy, and 2022 demonstrated that healthcare providers are showing a preference for premixes as they aid in promoting safe medication administration practices and timeliness to treat patients.

The Cleveland site had a full 2022, including meeting regulatory and customer audits, implementing updates and modifications to the facility, engaging in activities around new strategic partnerships, and in developing its growing workforce. The Company filed an application with the US FDA to allow Xellia's branded VANCO READY® product to be manufactured at the Cleveland site and at the end of 2022, the site completed the US FDA's pre-approval and general GMP inspection of its aseptic bag manufacturing line.

Sustainability highlights

Xellia saw great progress in its sustainability programs and activities in 2022, from increased global collaboration on ESG projects to locally driven activities focused on promoting health and safety. Xellia updated its ESG targets in 2022, introducing new targets and expanding the timeframe to 2030. Among which, Xellia introduced a new target to reduce by 40% scope 1 and scope 2 carbon emissions.

Additionally, continued effort in 2022 remained on Xellia's sustainable manufacturing, supply, and distribution processes of all its products. As part of the AMR Industry Alliance, Xellia continued to work with Medicines for Europe around AMR and value-added medicines to reduce the effect of AMR, furthermore Xellia made progress on the Company's Sustainability Framework, which ensures a holistic and systemic approach to ESG activities. During the year, Xellia joined the global sustainability organizations Pharmaceutical Supply Chain Initiative (PSCI) and End Drug Shortages Alliance to build on the Company's commitment to responsible business practices and reaching patients in critical need.

2022 trading and 2023 business outlook

Overall Xellia experienced mixed results, but good overall progress. The USI business remained in investment mode during 2022, incurring costs related to ramping up the Cleveland facility, whilst the GAI business continued to trade profitably. Revenues reached 327.2 MUSD - 8% growth over the prior year - and excluding one-time costs to the business, the Adjusted EBITDA was 61 MUSD (up 36% over 2021). The adjustment made is due to start-up costs related to the Cleveland facility which amounted to 41 MUSD in 2022.

The GAI business performed well with Revenue at an all-time high of 242.8 MUSD, growing 4% over 2021 largely due to capacity expansion for key anti-infective API products and with continued strong profitability despite experiencing inflationary pressure in Europe associated with energy and commodities. The USI business continued to be in investment mode through 2022 as Cleveland drives towards the production of VANCO READY® and other key anti-infective products. However, the USI business did show strong year-on-year Revenue growth of 23% reaching 84.4 MUSD, largely from VANCO READY® and newly launched In-Licensing products.

In December 2022, Xellia – with the support of Novo Holdings A/S – closed a refinance of the existing 230 MUSD credit facility and secured an additional 200 MUSD in availability through a club deal with Danske Bank and Nordea. This financing will support the continued focus on ramping up the USI business as well as creating additional capacity in the API and FDF facilities in Europe and China.

Xellia is poised for further revenue growth in 2023, primarily driven by increasing sales of VANCO READY® to healthcare institutions in the US and expanding the Global Anti-infective business into emerging markets. The USI business will continue to be in investment mode throughout 2023 and commence trading profitably during 2024. The long-term financing secured at the end of 2022 stands the business in good stead for 2023 and beyond.

Conclusion

Despite external challenges impacting supply chains and costs, and significant investments in the US Injectables business, Xellia remains focused on its long-term strategy based on the Company's expertise in anti-infectives and premix technology.

As always, Xellia's core purpose is to save lives by leading the fight against infections through providing anti-infective and critical care therapies to patients around the world. The company is grateful to its staff for their dedication, integrity, and commitment to keeping the needs of customers and patients at the forefront of their operations and believes the Company can continue to create significant future growth in both the Global Anti-infectives business and US Injectables business.

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For more information, please contact:

Xellia Pharmaceuticals

Carl-Åke Carlsson, CEO

Tel: +45 32 64 55 00

Instinctif Partners (International media relations)

Melanie Toyne-Sewell / Rozi Morris / Batoul Ali

Tel: +44 (0) 20 7457 2020

Email: xellia@instinctif.com

About Xellia Pharmaceuticals

Xellia Pharmaceuticals is a specialty pharmaceutical company and a global leader in providing anti-infective treatments and other critical care therapies for serious and often life-threatening conditions. Xellia has an extensive history in developing, manufacturing, and commercializing anti-infective products, including Active

Pharmaceutical Ingredients (APIs) as well as Finished Dosage Forms, where the majority are injectable drug products.

As an organization, Xellia is committed to providing security and consistency of supply of critical care therapies. Through a global vertically integrated supply chain, the Company continuously works to improve supply security through multiple sources of in-house production of its APIs and drug products, and in conjunction through working alongside Xellia's R&D centers of excellence. Through innovation and with the patient in focus, Xellia is building a pipeline of value-added critical care therapies which aim to enhance patient care by providing convenience and ease of use for healthcare professionals.

Headquartered in Copenhagen, Denmark, Xellia has a global footprint with R&D, manufacturing and commercial operations across Europe, Asia, the Middle East and North America. Xellia Pharmaceuticals is wholly owned by Novo Holdings A/S and employs a dedicated team of more than 1,800 people.

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