Corporate Report 2022

Creating significant future growth through anti-infective and critical care therapies

xellia PHARMACEUTICALS

A global leader in anti-infective treatments and critical care therapies for serious and often life-threatening conditions

Visit us online
xellia.com

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.

Read about Xellia's leadership role in antibiotic stewardship

See page 10

Highlights

Business Overview

Innovation

Sustainability

Corporate Governance

Xellia at a Glance

Reinvigorating its growth business following a period of change

A global leader in providing anti-infective treatments and other critical care therapies for serious and often life-threatening conditions

Over 1,800 employees in 9 countries around the world

500+ B2B customers in more than 70 countries and a direct U.S. hospital sales channel

20 drug products in Xellia's commercial portfolio of which 5 are classified as critically important antimicrobials by the WHO[1] on their Essential Medicines List

119 years of experience in the development, manufacturing and supply of fermented and semi-synthetic anti-infective Active Pharmaceutical Ingredients (APIs) and Finished Dosage Forms (FDFs)

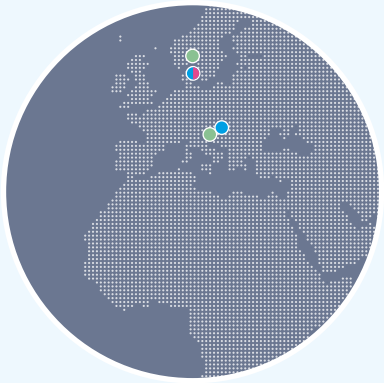
Leading global supplier of important anti-infectives amphotericin, vancomycin, colistimethate sodium (CMS), polymyxin B and daptomycin

15+ drug products in Xellia's pipeline, consisting of anti-infectives and other critical care premix products

12 Xellia sites around the globe – engaged in R&D, production and sales

1 WHO Critically Important Antimicrobials for Human Medicine 6th revision Advisory Group on Integrated Surveillance of Antimicrobial Resistance (AGISAR) November 2018.

Where Xellia operates



Europe

Budapest, Hungary

Manufacturing site and Quality Services Budapest. Specialized API manufacturing to provide release and stability testing services for the Company.

Copenhagen, Denmark

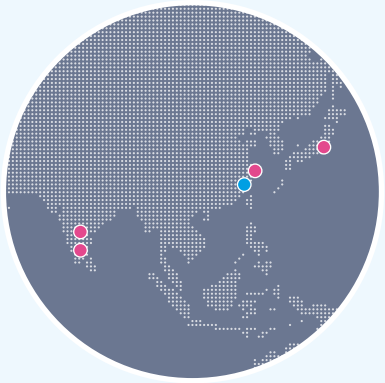
Corporate Headquarters, commercial office, and manufacturing site. The largest operational site manufacturing sterile APIs and FDFs. Provides lyophilized and dry powder fill vials and packaging.

Oslo, Norway

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

Zagreb, Croatia

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



Asia

Bangalore, India

Representative office. Including the functions of IT, Regulatory Affairs, CMO Planning & Logistics and Business Development and Analytics.

Hyderabad, India

Representative office. Including the functions of Quality Services and Global Procurement & External Supply.

Shanghai, P.R. China

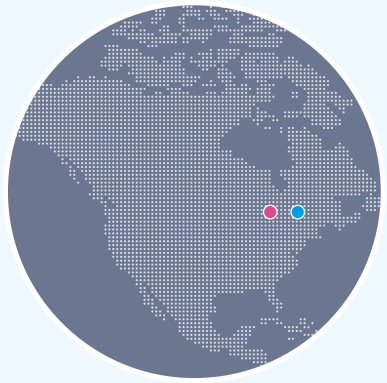
Commercial office, supporting work with partners in the Asian market.

Taizhou, P.R. China

Manufacturing site for API products. Established in 2009 as a joint venture with Zhejiang Hisun Pharmaceutical Company, Ltd.

Tokyo, Japan

Commercial office handling the Japanese market.



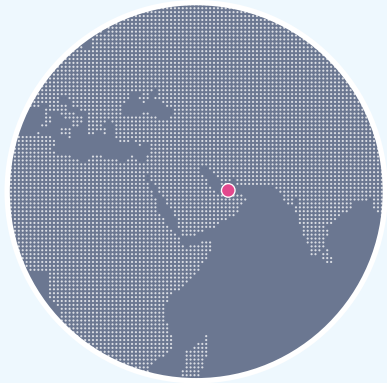
North America

Chicago, Illinois, U.S.

North American Headquarters and Commercial Office.

Cleveland, Ohio, U.S.

Manufacturing site providing aseptic and fill finished capabilities.



Middle East

Dubai, United Arab Emirates

Commercial office, supporting sales and representation in the Middle East and Africa (MEA) region.

Key

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

Owned by

novo holdings
Investors in life science

CEO Statement

Carl-Åke Carlsson
Chief Executive Officer

Investing in our key pillars to achieve ambitious future growth targets

Xellia is a global leader in providing critical care therapies and anti-infective treatments against serious and often life-threatening infections; ranging from Active Pharmaceutical Ingredients ('APIs') to Finished Dosage Forms ('FDFs'), and from generics to specialty pharmaceuticals which include vancomycin, CMS, bacitracin, and daptomycin.

Our purpose is to save lives by leading the fight against infections through providing anti-infective and critical care therapies to patients around the world. Customers depend on us for reliable supply and consistent quality, and to exemplify responsible manufacturing, production, and research and development that promote long-term sustainability.

Strategy for growth – good markets with room for growth

The Group operates via two pillars, Global Anti-Infectives ('GAI') and US Injectables ('USI') which are defined by sales channels. Both businesses are supported by our quality assurance, supply and distribution, and R&D teams. The GAI business represents the legacy of the company and is a profitable, stable business seeing mid to high single digit growth, whilst the USI business is a growth business with continued significant investments in R&D, manufacturing, and sales and marketing to achieve ambitious growth levels of 20-30% per annum.

Global Anti-infectives B2B

Our Global Anti-Infectives business is a market leader in supplying anti-infective medicines to 500 pharmaceutical customers in more than 70 geographical markets. Our aim for this year has been to expand this business, to ensure that Xellia remains the cornerstone manufacturer of key anti-infectives and supplier of choice.

Building upon the existing portfolio of anti-infectives such as vancomycin, daptomycin, and CMS, Xellia has taken these older, well used products into multiple new geographic markets – expanding access globally.

We have been able to do this by collaborating with strategic partners supporting the market launches and also by working with our partners to create new innovative formulations and through newly registered indications. Over the period, we have completed 20 launches of existing products into new markets. Furthermore, in 2022, we filed a total of 36 applications for our products worldwide which are now awaiting approval from the respective regulatory authorities.

US Injectables

The US Injectables business encompasses the handling of all sales in the US institutional market and is responsible for our Cleveland manufacturing site. The business unit is focused 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.

For Xellia's own in-house products, the focus has been on the sale of our VANCO READY® ready-to-use vancomycin product. Xellia offers seven doses to the market and is seeing solid 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. Healthcare providers are showing a preference for premixes as they aid in promoting safe medication administration practices and timeliness to treat patients[2], as demonstrated in Xellia's recent study with the Virginia Mason Institute (VMI).

2 Xellia Pharmaceuticals. Impact of Pre-mix Intravenous Medication In the Pharmacy. 2022

CEO Statement *continued*

During 2022, the USI business also made good progress beyond VANCO READY®. The Cleveland site commercially supplied vancomycin lyophilized vials to the market, a supplemental NDA to produce our VANCO READY® product was filed for regulatory approval with the FDA, and good progress was made with a strategic CMO customer. Furthermore, the development of Xellia's pipeline of additional pre-mixes moved forward at pace, several of which will be manufactured in Cleveland in the future.

Within the US business, there were 25 SKU launches in 2022 compared to 18 SKU launches in 2021.

The two businesses are pursuing different strategies for growth. GAI is focusing on bringing anti-infective products into new geographic markets. Bringing these critical treatments into new markets is a meaningful contribution to antibiotic stewardship, supporting the battle of anti-microbial resistance ('AMR') and helping patients in need. The GAI business grew revenues by 4% to 242.8 MUSD (2021: 233.7 MUSD).

The main focus of the USI business is on continuing to grow VANCO READY® Vancomycin Injection, USP, preparing for the launch of new critical care pre-mixes, and growing sales from, and expanding, our generic injectable portfolio. The USI business grew revenues 23% to 84.4 MUSD (2021: 68.6 MUSD) of which VANCO READY® sales accounted for 38.6 MUSD up 39% compared to 2021 (2021: 27.8 MUSD).

Operating responsibly

Xellia takes its role as a responsible business extremely seriously throughout the manufacturing, supply and distribution process of all our products. We already have a strong track record in the responsible manufacturing and supplying of proven, active anti-infectives.

Underlying the business is Xellia's commitment to tackling antimicrobial resistance ('AMR'). As part of the AMR Industry Alliance, Xellia is working with Medicines for Europe around AMR and value-added medicines to reduce the effect of AMR. We also continue to work within our Sustainability Framework which ensures a holistic and systemic approach to ESG activities, where sustainability is integrated into all aspects of our value chain. Additionally in 2022, Xellia joined the global sustainability organizations Pharmaceutical Supply Chain Initiative (PSCI) and End Drug Shortages Alliance to further our commitment to responsible business.

Financial performance

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.

This was despite some 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%, largely from VANCO READY® (39% YOY) and newly launched In-Licensing products. The strength and depth of the GAI business and the maturing investments in USI, position the company well going into 2023.

In addition, 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.

Current trading and outlook

We expect to see further revenue growth in 2023, mainly driven by increasing VANCO READY® sales to healthcare institutions in the US, and expanding the geographical reach of our global anti-infective business into emerging markets. Profitability will be negatively affected in 2023 both due to external challenges exerting pressure on supply chains and costs, as well as the continued significant investments in the USI business including the Cleveland site. The USI business will remain in investment mode during 2023, but is expected to start trading profitably during 2024.

Longer term, Xellia will continue to drive our refined strategy based on the underlying strengths of our businesses, especially our expertise in anti-infectives and premix technology as well as the geographic reach of our anti-infective business. This continuation of the strategy is firmly supported by the long-term financing secured at the end of 2022, which stands the Group in good stead for 2023 and beyond.

Conclusion

Xellia's focus remains the same, where our purpose to save lives by leading the fight against infections through providing anti-infective and critical care therapies to patients around the world is at the core of our operations. We believe we can continue to create significant future growth both in our Global Anti-infective business and our US Injectable business. On behalf of the Board and Xellia's Leadership Team, I would like to give sincere thanks to our staff for their dedication, integrity, and commitment to keeping the needs of our customers and patients at the forefront of everything we have been able to accomplish this year.

Carl-Åke Carlsson,
Chief Executive Officer

Financial Highlights

2022 Financial Overview

Key figures

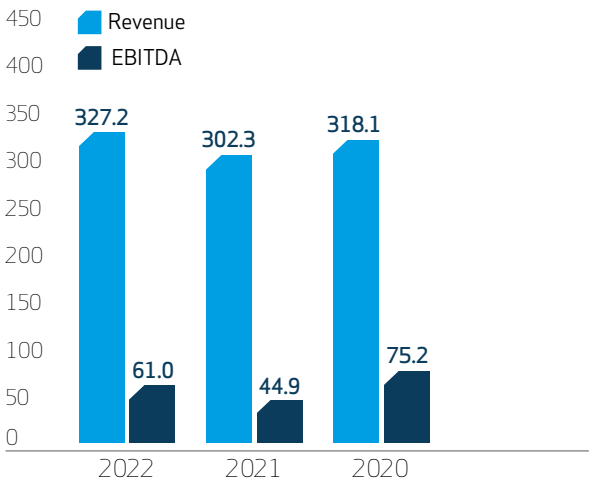
MUSD	2022	2021	2020
Revenue	327.2	302.3	318.1
EBITDA adjusted*	61.0	44.9	75.2
EBIT/Operating profit (loss)	-42.9	-64.0	-4.1
Net profit (loss)	-63.8	-60.7	-21.6
Total assets	882.5	889.2	952.5
Equity attributable to shareholders of the parent company	165.9	248.5	338.7
Free cash flow before acquisition	-64.3	-16.7	11.1
Total number of employees (FTEs)	1,796	1,781	1,788

* EBITDA for 2022 and 2021 has been adjusted due to costs related to the potential sale of the Group, and start-up costs related to the Cleveland facility.

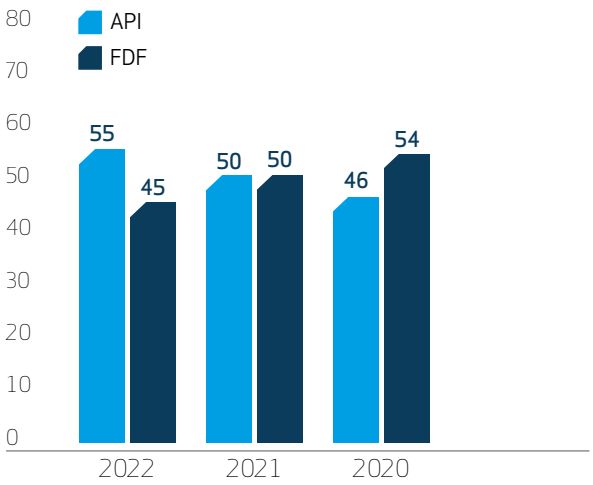
Key ratios

Percentage (%)	2022	2021	2020
EBITDA adjusted* margin	19	15	24
EBIT margin	-13	-21	-1
Equity ratio	21	30	37

Revenue and EBITDA (MUSD)

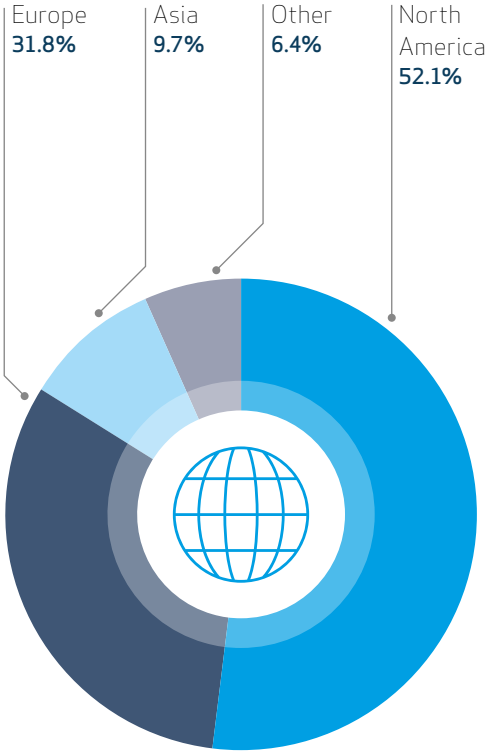


API: FDF ratio (as % of total sales)



Financial Highlights *continued*

Revenue by region in 2022



Investment in R&D (MUSD)

We expect to see further revenue growth in 2023, mainly driven by increasing VANCO READY® sales to healthcare institutions in the US, and expanding the geographical reach of our global anti-infective business into emerging markets.

Supplying existing and new markets

Business Overview

Global Anti-infectives B2B

In 2016, the O'Neill study predicted that infectious diseases will become more fatal than cancer by 2050. Xellia is determined to play its part in helping to change this and is well aligned with actions being taken on a global basis.

With almost 120 years of experience, Xellia is a leading supplier of critically established anti-infective drugs for serious bacterial and antibiotic-resistant infections and fungal diseases. We take our role in preventing anti-microbial resistance ('AMR') as well as promoting antibiotic stewardship very seriously, focusing in particular on the following areas; manufacturing responsibly, supplying consistently and investing in new innovative treatments based on established anti-infectives. To strengthen our commitment to AMR and the responsible use of antibiotics, in 2017, Xellia united with over 100 other pharmaceutical, biotech and diagnostic companies and trade associations to sign the Davos Declaration; joining the AMR Industry Alliance in pledging the single goal of fighting AMR for the protection of patients worldwide (The Declaration by the Pharmaceutical, Biotechnology, and Diagnostics Industries on Combating Antimicrobial Resistance). In signing the Declaration, Xellia supports antimicrobial stewardship to help slow the rise in AMR and preserve the long-term effectiveness of existing antibiotics.

Our global anti-infectives business develops, manufactures and supplies Active Pharmaceutical Ingredients ('APIs') and Finished Dosage Forms ('FDFs') to more than 500 pharmaceutical companies across 70 countries covering distribution in Europe, the Americas, the Middle East, Africa and Asia Pacific regions. It is solely focused on anti-infectives, both API and drug product.

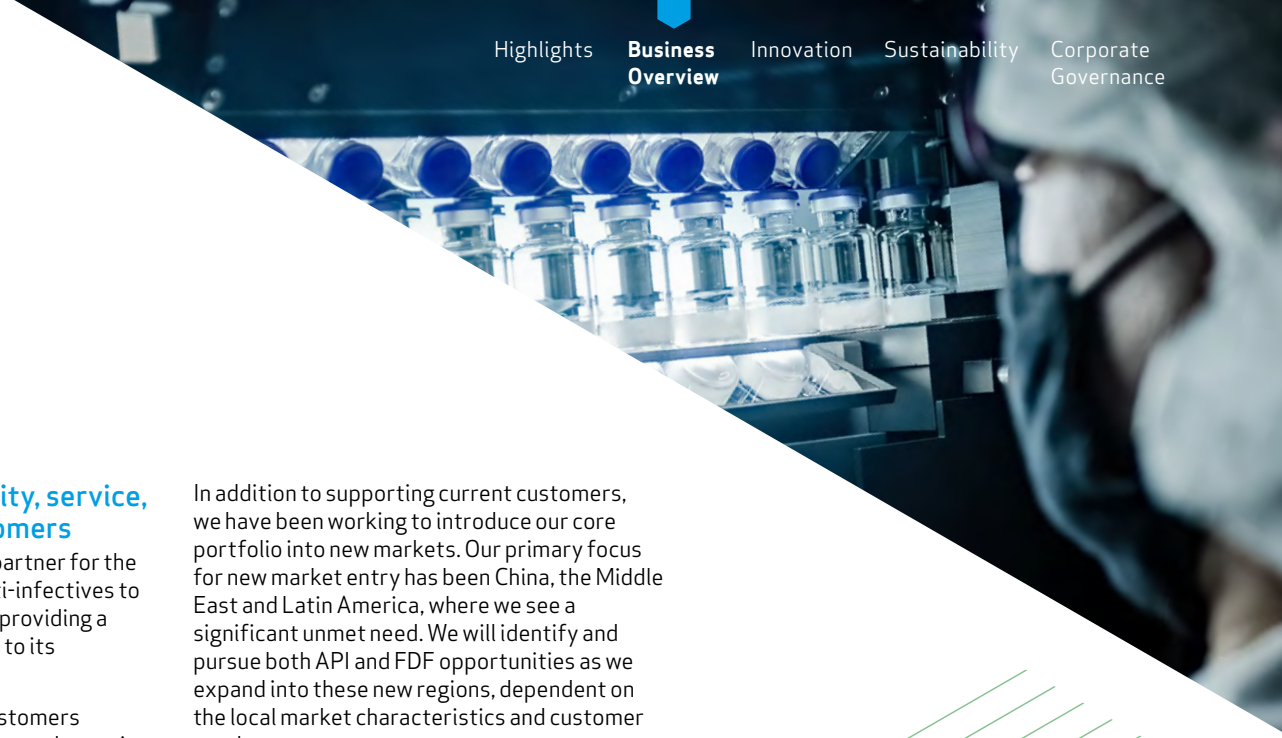
During 2022, we identified a series of growth initiatives, for our Global Anti-infectives ('GAI') business, taking our products to additional geographical markets and working with customers to create new formulations and innovations, and new registered indications.

Leading global provider of essential anti-infectives with a vertically integrated model

Our anti-infective business is built on a strong, long-standing heritage of almost 120 years' experience in the manufacturing and supply of quality fermented and semi-synthetic anti-infective APIs.

Today, API manufacturing continues to act as the backbone of our business. However, Xellia is also a leading supplier of sterile injectable FDFs that provide added value to our customers and patients. Our vertical integration strategy enables us to supply customers with a reliable and robust 'one-stop-shop' by offering both APIs and FDFs in multiple product forms, as well as improved supply security through redundancy of supply for critical molecules.

Global Anti-infectives B2B *continued*



A core portfolio of established anti-infectives for critical care patients

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

While the majority of FDFs in our portfolio are sterile injectables, we also support the development of other formulations for our key products to maximize customer value and meet patient needs.

Providing excellent quality, service, and support to our customers

Xellia aims to be the preferred partner for the global supply of critical care anti-infectives to the pharmaceutical industry by providing a unique and reliable service level to its customers.

We support a wide variety of customers spread across branded, speciality and generic pharmaceutical companies. Our customers rely on us to provide a consistent and robust supply of quality products, thereby protecting their reputation and patients. The success of our business is based on customer satisfaction and loyalty, demonstrated by long-standing and multi-product repeat orders.

We build strong and lasting relationships with our broad customer base by providing excellent quality, compliant records and service through our dedicated global customer service and technical support teams. Our outstanding technical services team, for example, works closely with customers to help them develop and register their products for market entry and resolve technical challenges to support business continuity and growth.

In addition to supporting current customers, we have been working to introduce our core portfolio into new markets. Our primary focus for new market entry has been China, the Middle East and Latin America, where we see a significant unmet need. We will identify and pursue both API and FDF opportunities as we expand into these new regions, dependent on the local market characteristics and customer needs.

Spotlight on Supply

Xellia uniquely manages its whole customer supply chain, delivering products according to our sustainability commitments.

Understanding supply and local manufacturing

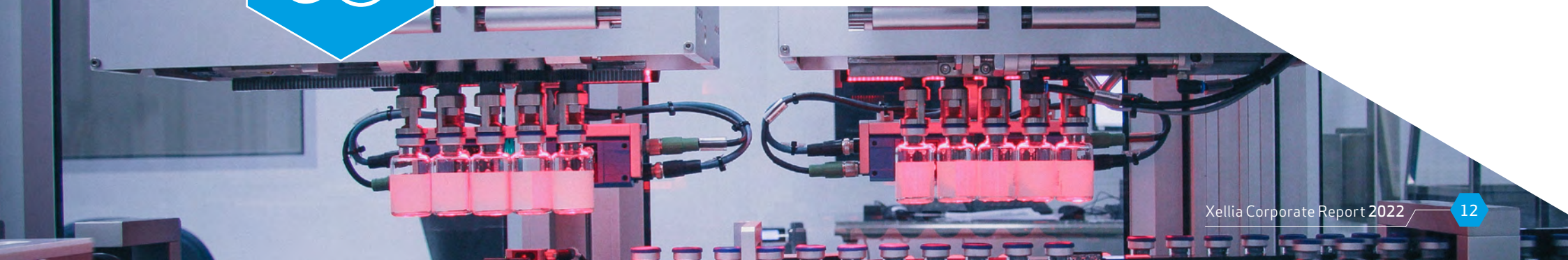
Xellia invests significantly in R&D, API and FDF manufacturing capabilities. This means that we have in-house control of a large part of manufacturing and supply for the majority of our essential products. In addition, our in-house production capabilities are often backed up by redundant sources and manufacturing sites to ensure a robust supply set-up. Alongside vertical integration, redundancy options and capacity expansions, we are also investing significantly in our Quality Management Systems and in the facilities to ensure compliance with all regulatory requirements. Requirements continue to be more and more stringent in the industry in general, and we as a company, need to continue to invest in order to follow suit.

Our focus on consistent supply is rooted in our vertical integration strategy; improving supply security through multiple sources of in-house production of our APIs and drug products where Xellia's production is located in Asia, Europe and the US. This approach is central to our business as it provides key benefits to our customers, through convenience and streamlining of the supply chain, reducing logistical costs, while enabling them to meet their market needs. We take great pride in our products being affordable and responsibly priced, which is part of our commitment to a reliable supply. By investing in new innovative treatments based on established anti-infectives, we are dedicated to preserving the safety and long-term effectiveness of existing anti-infectives by developing and commercializing more efficient new value-added products.

We are proud to be producing closer to our patients on three different continents. All supply is managed by Xellia which is unique – we are able to follow the entire supply chain to our customers, to ensure our products are delivered according to our sustainability commitments.

Annex 1

EMA released the long-expected update of EU GMP Annex 1: Manufacture of Sterile Medicinal Products, which will be enforced on 25 August 2023. Annex 1 has undergone a revision which contains a significant number of new requirements in the manufacturing of sterile medical products. All relevant companies need to be in compliance with these requirements in order to maintain the license to operate. Xellia is investing significant resources and capex to address these requirements in close cooperation with the regulators.



US Injectables

In order to reach the goals within the US Injectables business unit and better serve its customers and patients, Xellia has established two distinct franchises: a Generics franchise and a Premix franchise. The purpose of this is to enable Xellia's US Injectables group to have a 360-degree view – connecting, collaborating and communicating with all internal Xellia functions and the customer simultaneously – to drive even more teamwork, accountability and performance.

Premix franchise

Expanding our commitment to vancomycin

As a critical drug that regularly faces shortages, vancomycin has consistently remained one of the most in-demand anti-infectives in the market. During 2022, Xellia worked to expand the portfolio and the range of options available.

In 2020, Xellia successfully expanded the VANCO READY® portfolio to include the most common doses from 500 mg to 2 g – providing a full range of room-temperature-stable, ready-to-infuse vancomycin premix options for healthcare professionals and their patients.

There are several advantages to having a premix version of a medicine and these benefits have become even more important to healthcare providers post COVID-19 pandemic. Previously, before a patient could be treated, the healthcare professionals had to take a standard vial of medicine, dilute it to the required concentration, then transfer the mixture to a sterile IV solution bag.

Therefore, there are multiple steps that take time and have the risk of error. Pre-pandemic, many hospitals struggled to keep up with sterile compounding demand. During the pandemic, it became even more of a challenge to meet those needs due to the additional constraints Covid created, as well as staffing issues. Hospitals continue to be burdened with staffing challenges which are forcing institutions to find ways to navigate this issue. Staffing has become the key issue for hospitals, second only to financial challenges, since 2004[3]. To manage this and other operational hurdles, many hospitals are considering expanding their usage of commercially prepared premix products such as VANCO READY®. As demonstrated in Xellia's recent study with the Virginia Mason Institute (VMI), pharmacists, nurses and doctors[3], have welcomed the availability of premix products that are created under Good Manufacturing Practices (GMP) and pharmaceutical regulations, which can also enable efficiencies within the treatment regime.

3 Xellia Pharmaceuticals. Impact of Pre-mix Intravenous Medication In the Pharmacy. 2022.

US Injectables *continued*

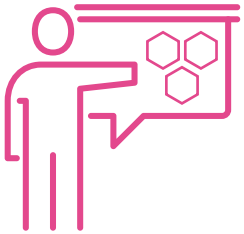
Data generated to support hospitals and non-acute facilities in the use of Xellia's premix products:

Virginia Mason Institute (VMI):

Xellia sponsored a user experience/ operational efficiency study conducted by VMI, in collaboration with a high-traffic urban acute-care hospital. The main objective of the study was to provide evidence of the positive impact that premix medications have on a hospital system. Study results showed that compounding sterile medications increased physical discomfort and workload stressors, reduced job satisfaction and beyond-use-dating, and increased risk of medication errors along with non-drug related costs, compared to the use of premix medications. The VMI study was published in Pharmacy Practice News (July 2022), which has a circulation to over 33,500 pharmacy staff and has also been dispersed to clinicians at numerous conferences.

University of Wisconsin – Medical College of Wisconsin (MCW) – School of Pharmacy:

Xellia sponsored a Simulated Use Study conducted by MCW in conjunction with Froedtert Hospital. This study aimed to compare VANCO READY® vancomycin injection with compounded lyophilized vancomycin in a simulated sterile compounding and clinical setting, in order to assess dispensing time and dosing accuracy. Publication of study results is planned for 2023.



Long-Term Care White Paper:

Xellia sponsored the development of a promotional white paper with the American Society of Consultant Pharmacists (ASCP) working in conjunction with Infinium pharmacy, a long-term care pharmacy based in Missouri. This paper details the journey of how a Long-Term Care pharmacy implemented VANCO READY® within its nursing facilities. The White Paper has been distributed at several clinical conferences as well as to all Managed Healthcare Associates (MHA) members so far with plans for further distribution in the future.

VANCO READY® Implementation Presentation:

Xellia sponsored the development of a promotional presentation given by Cody Parsons (KOL), during the 2022 California Society of Health-System Pharmacists conference.

Health Care Practitioner Education:

The Xellia group has educated hundreds of clinicians about Xellia products via medical information, conference discussions and continuing educational programs.

Infusion Pump Implementation Guide:

To help ensure the safe use of our VANCO READY® product, Xellia sponsored the development of a best-practice Implementation Guide for the Alaris Infusion Pump, in conjunction with an experienced Pharmacy Operations Manager.

Health Care Practitioner Insights:

To ensure our business development efforts are aligned with current clinical practice trends, Xellia continues to gather insights via clinical surveys, HCP consults, Focus Groups, and Advisory Boards.

Generics franchise

Xellia continues to see strong growth in its generic portfolio through a variety of traditional and non-traditional channels. It has established partnerships in place with the major group purchasing organizations, drug wholesalers, distributors, governments and non-acute markets. Xellia also operates in several non-traditional markets, such as Direct-to-Customer, e-commerce and compounders. This hybrid channel access approach allows Xellia to drive market share and access in a variety of methods, diversifying its portfolio in a highly competitive market. Xellia's core business is rooted in vertically integrated, anti-infective products such as daptomycin, CMS and vancomycin. Recently the Generic portfolio has expanded by way of several partnerships with leading third-party manufacturers in the anti-infective and critical care space. The Xellia Generics team has significant experience within contracting, sales, marketing, national accounts, alternate sites and trade sales.

Commitment to US patients and hospitals

Xellia is committed to producing and delivering a reliable supply of its anti-infectives and critical care medicines in the US for US patients and US hospitals. Our sales expansion into long-term care, homecare and other non-acute healthcare settings will aim to bring our critical medicines to those who need them most.

Following our continued investment in our supply chain, Xellia won the Supplier Horizon Award from Premier Inc ('Premier'), a leading US healthcare improvement company. The Supplier Horizon Award celebrates Premier-contracted suppliers who have supported their members through exceptional customer service and engagement, value creation and a commitment to lowering costs.

In 2019, Xellia joined forces with a not-for-profit organization, Civica Rx, with the purpose of manufacturing essential antibiotics, including vancomycin and daptomycin for Civica's member health systems. Shortages of such medicines are impacting patient care in hospitals across the US. The relationship continues, and since the original agreement, another anti-infective, micafungin, has been added to the Xellia manufacturing list. We are committed to supporting Civica Rx, who are pioneers in addressing generic drug shortages, and its purpose aligns well with Xellia's aim to mitigate anti-infective drug shortages in the US.

US Injectables *continued*

Spotlight on Cleveland

Expanding production through Xellia's US footprint

Xellia has made significant investments at the Cleveland site since it was acquired in 2015 to maximize our capacity to manufacture, package, label and distribute sterile aseptic injectables in the US. The increased capacity offered by the new manufacturing site will be used to maximize the production of Xellia's established and innovative injectable drug products. The facility includes end-to-end capabilities to manufacture, pack and distribute lyophilized vials and aseptically filled ready-to-use premix drug products with additional capacity still being invested in and under installation.

The first products for commercial manufacture were approved in 2020, which were the lyophilized vancomycin vials, reinforcing Xellia's robust supply of this essential anti-infective medicine.

Furthermore, we anticipate that Xellia's Cleveland site will be approved for the commercial production of its aseptic premix bags during 2023, and that Xellia's own product, VANCO READY® vancomycin injection, will be able to be produced at the Cleveland site during the year.

The Cleveland site has had a busy 2022, including regulatory audits, updates and modifications to the facility, activities around new strategic partnerships, and in developing its growing workforce.

The Company filed an application with the FDA to allow Xellia's branded VANCO READY® product to be manufactured at the Cleveland site. In addition to the FDA, the site successfully hosted several additional audits conducted by customers. At the end of 2022, the site completed the FDA's pre-approval and general GMP inspection of its aseptic bag line.

Updates and modifications to the production facility have continued apace at the site. In 2022, the installation of the first aseptic bag manufacturing line; isolators, bag fill, inspection and packaging lines were completed. Vancomycin for Injection, was also successfully validated for additional strengths. Furthermore, a significant achievement during the year was the signing of a strategic partnership for contract manufacturing of a finished dosage form critical care product. Finally, to support the site's contract manufacturing capabilities, we have invested additionally in a new compounding suite.

The Cleveland site now employs over 300 staff and keeping them working well together is essential. Therefore, on the back of this growth, the site has upgraded its training capabilities – including the training center, where there is a full mock-up of the filling lines installed for specialized training purposes.

> Xellia has created an impressive anti-infective drug manufacturing network, and the significant investments made at the Cleveland facility since its acquisition in 2015 are setting the Cleveland site to become a very unique asset, offering not only sterile injectable manufacturing but also aseptic bag (premix) manufacturing capabilities for critical care drug products. Focus on technology, innovation and excellence is at the core of our investments in the Cleveland facility, and we believe greatly in the importance of a reliable and consistent supply of vital anti-infective and critical care products produced in the US, to help provide security in supply for the US market – reaching both customers and their patients in need.

Craig Boyd
President, US Injectables

Expanding our portfolio of essential medicines

Innovation

Building a pipeline of value-added medicines through science and innovation

Xellia continues to expand its portfolio of essential medicines. Our core focus is to lay the foundation work for the future pipeline which comprises value-added anti-infectives and other critical care medicines, through science and innovation.

Building a pipeline of value-added anti-infectives and critical care therapies through science and innovation

Xellia's global R&D growth strategy is rooted in a culture of innovation, with a deep understanding of science and technology and the ever-changing regulatory and business environments. Together with healthcare professionals, we focus on identifying high-quality value-added RTU premix solutions based on already established essential therapeutics. Targeting improved formulations and delivery systems, we address unmet needs to further save and enhance patients' lives.

We have created a strong foundation that enables efficient and robust pipeline development of innovative, value-added medicines, which continues to evolve and grow.

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

Program	Therapeutic area	Discovery	Formulation development	Pre-clinical	Clinical	Submission	Approval
XEL 1005	Anti-infective	●	●	●	●	●	●
XEL 565	Anti-infective	●	●	●	●	●	●
XEL 183	Anti-infective	●	●	●	●		
XEL 1036	Critical care	●	●	●	●		
XEL 587	Critical care	●	●	●	●		
XEL 585	Anti-infective	●	●	●	●		
XEL 584	Critical care	●	●	●	●		
XEL 1039	Critical care	●	●	●	●		
XEL 1044	Critical care	●	●	●	●		
XEL 1034	Critical care	●	●				
XEL 1037	Critical care	●					
XEL 1038	Anti-infective	●					
XEL 1040	Anti-infective	●					
XEL 1041	Critical care	●					
XEL 1042	Anti-infective	●					

Developing a pipeline of value-added anti-infectives and critical care therapies

Improved formulations

Our primary focus has been on value-added medicines based on already established essential therapeutics, where we focus on improved formulations and delivery systems e.g., RTU premix medications. These solutions offer healthcare professionals and patients enhanced convenience and minimize medication errors.

Clinically differentiated products

Longer term, it is also our ambition to provide clinically differentiated, essential medicines. We are diligently investigating the optimization of existing molecules to improve safety profiles and reduce harmful side effects and toxicities, and potentially increase therapeutic efficacy.

R&D teams

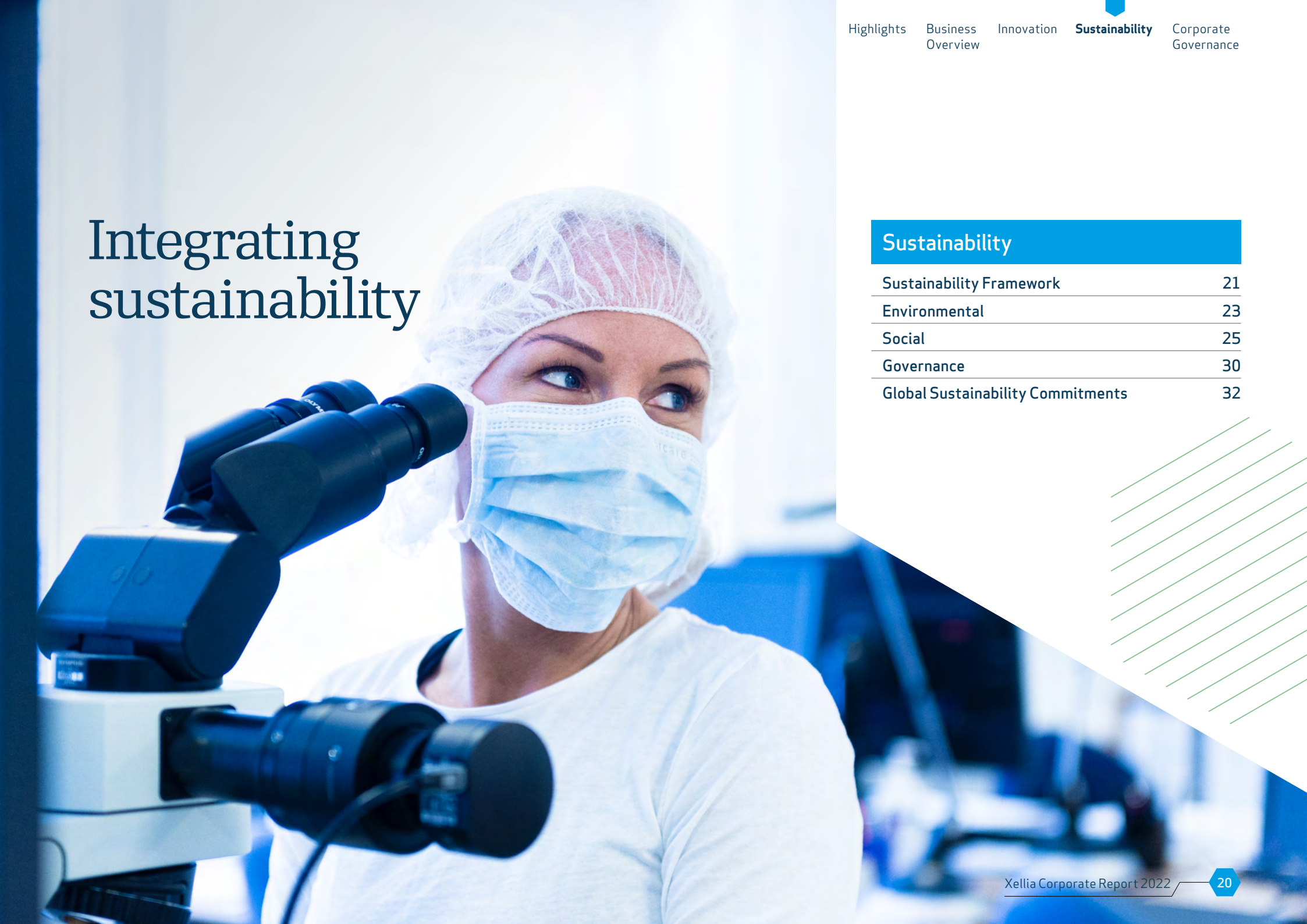
Our experienced teams operate from Xellia's state-of-the-art R&D Centers of Excellence in Zagreb and Oslo, with the support of our Scientific, Healthcare, and Commercial Advisory Boards. Furthermore, we have established scientific partnerships and collaborations that support the acceleration and progression of our development efforts.

"The Covid-19 pandemic illustrated what can happen on a global basis when infection cannot be controlled; there are clear parallels with antimicrobial resistance. Anti-microbial resistance ('AMR') may have been temporarily overshadowed by Covid-19, but it still remains an extreme threat to humankind. Everyone, from companies like Xellia, to governments, research and healthcare professionals, are duty bound to do everything in their power to tackle and beat this issue.

As can be seen from our pipeline, we are actively building a portfolio of novel value-added medicines. We are fortunate to have a long heritage of scientific rigour and expertise at Xellia, that is continuing the search and development of innovative new medicines. We are working to ensure that healthcare professionals have an armoury of differentiated and transformative medicines that they can use with patients, to combat life-threatening diseases which could become untreatable if AMR is allowed to flourish."

Dr. Aleksandar Danilovski
Chief Scientific Officer, Xellia

Integrating sustainability



Sustainability

Sustainability

Sustainability Framework

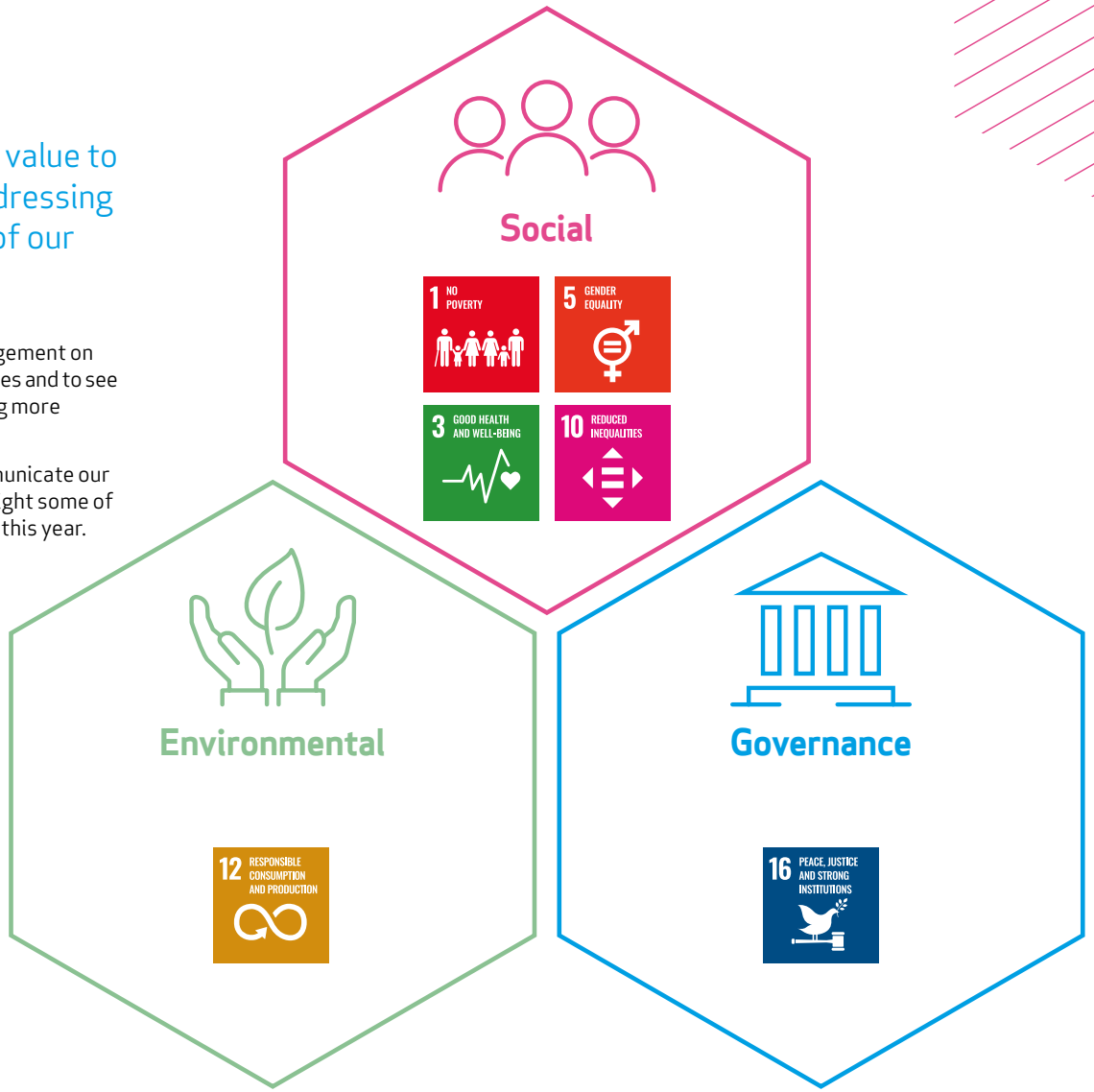
At Xellia, we aspire to be a sustainable business that adds value to society and actively partners with key stakeholders in addressing global challenges. We integrate sustainability in all parts of our value chain.

Xellia is committed to conducting business responsibly and we continuously strive to reduce our impact on the environment by manufacturing responsibly. In addition, a key element of our business is to ensure patient and product safety through high-level quality and safe manufacturing practices. Furthermore, we ensure business is conducted ethically by protecting human rights through safe working conditions, fighting corruption, and ensuring fair labor at all Xellia sites and in the supply chain.

In 2022, we saw great progress in our sustainability programs and activities, from increased global collaboration on ESG projects to locally driven activities focused on promoting health and safety.

We are happy to see the great engagement on sustainability amongst our employees and to see sustainability continuously becoming more embedded in the organization.

In this report, we are proud to communicate our sustainability progress and to highlight some of the great initiatives that took place this year.



This Sustainability Report serves as Xellia Pharmaceuticals statutory statement on corporate social responsibility in accordance with sections 99a and 99d in the Danish Financial Statement Act.

Sustainability *continued*

ESG Long-Term Targets

At Xellia, we have developed ESG long-term targets focused on all parts of our value chain. These targets were first developed in 2020, with a five-year outlook. Since then, ESG reporting has developed rapidly and 2022 was an important year, as the European Union developed a new reporting requirement for companies on ESG. The increased focus on ESG in the private sector led us to revise Xellia´s strategy and targets, to be more ambitious and to meet future requirements.

Therefore, in 2022 we updated our ESG targets, introduced new targets and expanded the timeframe to 2030. We are excited to be working on these revised targets going forward and to see ESG becoming more embedded in the organization. In the following section, you can read more about the progress we have made so far in reaching the ESG targets.

Environmental

Carbon Emissions

75%	**Carbon neutral electricity** Commitment for 75% of electricity used at manufacturing sites to be obtained from carbon neutral sources
40%	**Reduction of Scope 1 and Scope 2 emissions** Motivation to ensure 40% reduction of carbon emissions from Scope 1 and 2

Waste

50%	**Waste to be recycled, reused or prevented** Motivation to ensure 50% of generated waste from production is recycled or reused
20%	**Reduction in the environmental impact of our packaging materials by 2030**

Water

20%	**Reduction of water consumption** Motivation to ensure 20% reduction of water consumption in operations

Social

Patients Safety

9.0M	**Treatments provided with VANCO READY® to patients** Xellia aims to provide 9 million treatment courses of our anti-infective and critical care therapy VANCO READY® to patients by 2030
100%	**Zero product recalls**
100%	**Authority inspections passed**

Employees

<1.0	**Total Recordable Injury Rate (TRIR)** Ambition to keep TRIR incidents per 200,000 working hours <1.0
45%	**Overall women leaders** Ensuring a representation of 45% women in leadership positions
>80%	**Xellia Employee Engagement Index** Commitment to ensure an index of employee engagement metric of >80%

Philanthropic Engagement

>125 annually	**Families supported through the SOS Children's Villages partnership** Company partnership (Eldoret, Kenya) and employee driven initiatives (Eldoret, Kenya and for local SOS Children's Villages)

Governance

Responsible Sourcing

>80%	**Key suppliers aligned with Responsible Sourcing Policy** Commitment to have >80% of suppliers aligned with the Responsible Sourcing Policy

Business Ethics

100%	**Employees trained on the Code of Conduct** Commitment to train all relevant employees on business ethics through annual training on the Code of Conduct

Sustainability *continued*

Environmental
Responsible Manufacturing

At Xellia, we strive to be a sustainable business, and as part of our commitment to support the United Nations Sustainable Development Goals (UN SDG), we are always looking at how we can reduce our impact on the environment and find sustainable solutions in our sourcing, manufacturing, and development practices.

Environmental

At Xellia, a large amount of our energy consumption comes from manufacturing our critical care products. As part of our revised ESG Strategy, we have introduced new environmental targets covering the topics of packaging material, water consumption and carbon emission reduction.

In 2023, we will provide updates on these newly introduced targets. In 2021, Xellia sourced 62% of its electricity from carbon-neutral sources. As a result, Xellia has increased its carbon-neutral electricity target from 50% to 75% by 2030. In 2022, Xellia's waste prevention, reuse and recycle program rate was 34%. Our target is to prevent, reuse and recycle 50% of our waste by 2030.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Motivation to ensure
40%
reduction of carbon emissions from Scope 1 and 2.

Sustainability *continued*

Carbon emissions

In 2022, we started the process of mapping our greenhouse gas (GHG) emissions for all Xellia's manufacturing sites. By utilizing the GHG Protocol, a global standard framework for measuring and managing emissions, and its available tools, we can effectively determine our hotspots and provide solutions to reduce our Scope 1, 2, and 3 emissions across our supply chain. As we are gaining deeper insights to our carbon footprint, we will also look into more advanced tools to provide even more detailed information.

Scope 1 and 2 emissions

The Scope 1 emissions, which are the direct emissions from our operations, includes the following categories: Natural gas, fuel oil, HFC refrigerant gases and leased company cars. The Scope 2 emissions are the indirect emissions coming from the purchased electricity as well as district heating.

Scope 3 emissions

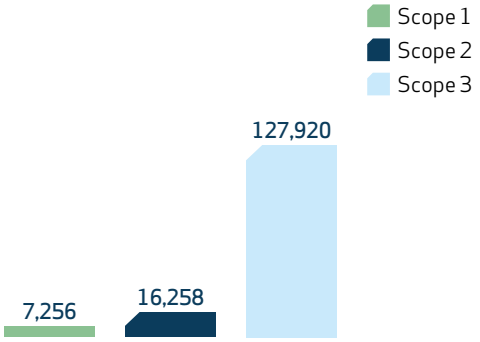
Calculating and tackling Scope 3 emissions is a complex but very important task. The tool from the GHG Protocol gives a hotspot analysis of the carbon emissions from Scope 3, the indirect emissions from the wider value chain. The following categories were included when calculating the Scope 3 emissions: amount spent on purchased goods and services, amount spent on transportation and distribution, amount spent on waste disposal and lastly, business travel.

The hotspot analysis demonstrated that a significant share of our emissions comes from Scope 3 emissions and particularly from the goods and services we purchase. In 2022, we noticed an increase in Scope 3 emissions due to different factors: 1) increase in amount of goods and services purchased 2) increase in business travel 3) inflation (as the tool is based on dollar spent).

Going forward, we will focus on analyzing the dataset further and finding solutions to minimize Scope 1 and 2 emissions, in line with our newly introduced ESG target of reducing carbon emissions. To target the Scope 3 emissions, we will collaborate closely with the Responsible Sourcing team to set targets and initiatives as well as finding a more advanced tool to calculate the emissions. Read more about Responsible Sourcing and Scope 3 in the Governance chapter.

Xellia's Carbon Emissions 2021

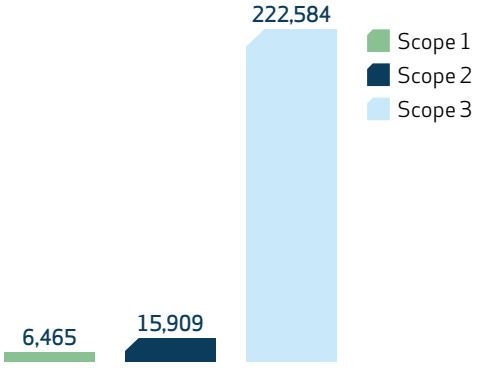
CO_2 Emissions (tons)



2021 (Figure 1.1)

Xellia's Carbon Emissions 2022

CO_2 Emissions (tons)



2022 (Figure 2.1)

Site stories

At Xellia´s manufacturing sites, various projects have taken place with the ambition of minimizing the environmental impact and reducing energy consumption. In Cleveland, LED lights were installed which reduced energy consumption from 161 344.320 kWh to 68 376.720 kWh, an annual reduction of 92 968 kWh. In Taizhou, during the construction of a new building, the project team adopted an energy-saving scheme for the air conditioning system of the building, which is expected to save 30-40% of energy. In Budapest, as part of the energy management program, an annual energy reduction of 198 000 kWh was achieved installing 400 pieces of LED lamps, 3 369 GJ by insulating steam pipes. In Copenhagen, a project focused on reducing steam consumption has resulted in an annual energy reduction of 2 000 000 kWh, this corresponds to almost 200.000 m^2 of gas.

The environmental data for 2022 is based on data from October 2021 through September 2022 and was calculated by using the emissions factors from 2021.

Social

As a producer of important anti-infective drugs, highlighting the criticality of AMR is key to Xellia. Patient advocacy is also an important area of focus, alongside supporting our safe, healthy workplace.

Anti-microbial resistance ('AMR') advocacy

As a producer of important anti-infective drugs, it is pivotal that Xellia follows responsible business practices and highlights the criticality of AMR – both externally and internally. By being a member of both the AMR Industry Alliance and the association, Medicines for Europe, Xellia engages with fellow members about critical public health concerns and actively supports AMR Advocacy. To increase awareness internally, Xellia celebrates the annual World Antimicrobial Awareness Week which occurs 18-24 November. Global webinars were held to educate our employees on AMR and its link to anti-infectives.

Patient advocacy

Patient advocacy remains a key focus for Xellia, firstly in raising awareness of sepsis and around the supply challenges that are disrupting access to medicines. Xellia is in its third year as a partner of the Sepsis Alliance. September is Sepsis Awareness month, and this year the Group hosted and participated in several activities to increase knowledge regarding sepsis and honor those affected by this condition. Colleagues around the globe joined trivia games, partook in the Sepsis Alliance Summit that was sponsored by Xellia and joined the 3rd Annual Xellia Sepsis Superhero Challenge.

In 2022, Xellia also joined the End Drugs Shortages Alliance. This is a collaboration of select health systems, supply chain, industry and other stakeholders including group purchasing organizations, manufacturers, distributors and other industry thought leaders dedicated to solving the pharmaceutical supply challenges that disrupt access to essential medications in the US and negatively impact patient care.

Ensuring patient safety is key to our business, therefore in 2022, we introduced new ESG targets focused on patients' safety that we will be tracking going forward. The targets are focused on treatments of VANCO READY® provided to patients, zero product recalls and authority inspections passed.

Healthy working conditions

At Xellia, we continually work to provide a healthy, secure and safe working environment for our employees, and we are determined to maintain high health and safety standards to reduce the risk of accidents.

In 2022, we continue our focus on high-risk programs including working at heights, confined space entry, lockout tagout and ATEX protection. These initiatives, in addition to safe manufacturing practices and a strong safety culture resulted in the Total Recordable Injury Rate of 0.44 for 2022.

2022 Highlight – Health & Safety

Xellia's Global Safety Month

At Xellia, we dedicate the month of June to health and safety awareness. This global awareness month features global and local activities, highlighting the programs and policies existing at Xellia to keep our employees and the environment safe and secure. This year's activities included a Global Hazard Hunt at our manufacturing sites, educational sessions and hands on training, safety-themed quizzes for participants.

Xellia's Health & Wellbeing Week

At Xellia, we understand that the whole person comes to work. Our individual health and wellbeing have a direct effect on overall workplace safety, productivity and on the quality of work we perform. During our annual Health and Wellbeing Week in October, we raised awareness about mental and physical wellbeing with different activities globally and locally. This year we were happy to see the celebration being expanded from our manufacturing sites to include R&D and sales offices.

Confined Space Training, Xellia Cleveland

CPR Training, Xellia Zagreb

Lung Screening, Xellia Budapest

Sustainability *continued*

Diversity, Inclusion & Belonging (DIB)

As a truly international company, at Xellia we benefit from a diverse and multicultural workforce, with sites located in the United States, Denmark, Norway, Hungary, Croatia, China, India, Japan and the United Arab Emirates. At Xellia, we have an integrated, open and transparent culture built on mutual respect, trust and accountability. All employees at Xellia are responsible for treating each other with dignity and respect. This is ingrained in our values and is included in our Code of Conduct.

In 2022, we revised the ESG targets and increased our ambition to achieve greater gender equality by ensuring a representation of 45% of women in managerial positions. In addition, the revised ESG target of the employee engagement index receives its status bi-annually from an employee engagement survey. In 2021 the metric was 77% and we are looking forward to conducting this survey again in 2023.

Total Employees

792 Women	1,062 Men

Across 292 people managers

104 Women	188 Men

Diversity target

In 2022 we had a total headcount of 1,854 employees, where women represented 43% of the total workforce. In managerial positions, women represented 36%. In the coming year, measures will be established to ensure we will reach the goal of 45% of women in managerial positions by 2030.

DIB awareness

During 2022, we focused on increasing awareness of the topics of gender equality, unconscious bias and on LGBTQI+. At Xellia, we believe in the freedom to be yourself, and to bring the whole of your identity to the workplace. To help increase inclusivity at Xellia, we launched a new IT feature to include a gender pronoun (he, she, they) to e-mail signatures, which was launched during Xellia's global Pride celebration. We are very proud of this launch, which is an important step forward to enhance inclusivity and belonging. To further increase awareness, Xellia held a global quiz during Pride for the entire organization on the topic of LGBTQI+ history, with questions from each country where Xellia is located.

In 2022, we celebrated International Women's Day and International Day of Women and Girls in Science. As a company that embraces the importance of science and innovation, as well as gender equality, diversity and inclusion, we were happy to be marking and celebrating these days. Developing and manufacturing critical-care anti-infectives, places science and technology at the heart of what we do. We are privileged to have exceptionally talented women within our teams, working in R&D, and in functions throughout the company. For Women and Girls in Science Day, we highlighted the work of women that have been instrumental in the development of the VANCO READY® project. Here are quotes from two of them:

> "Xellia has provided me with an environment where I have been able to continuously grow and contribute to science. I am truly inspired every day by the great talent of women in the field. My advice, pursue your passion!"

> "Xellia is a good example of a workplace honoring women in science and a place where extra effort is recognized – my advice for newcomers to Xellia, be brave and know your knowledge is the key to success."

Sustainability *continued*

Philanthropic Engagement

Xellia's Partnership with SOS Children's Villages

SOS Children's Villages has been Xellia's nominated charity since 2015, 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 more than 136 countries and territories around the world, providing millions of children and their families with a safe place to live, learn and develop.

Xellia's corporate partnership with SOS Children's Villages

In 2022, Xellia has funded the activities and outreach campaigns of the SOS Family Strengthening Program in Eldoret, Kenya. Organized by the SOS Children's Villages Social Center in Eldoret, the program supports families experiencing a crisis or extreme hardships that may have difficulty in caring for their children. By building capabilities and resources for families, the Family Strengthening Program enables children to continue to be cared for by their families in their local communities.

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 the annual donation made by Xellia during 2022, the SOS Children's Villages Family Strengthening Program supported 144 households with a total of 618 children and 96 youths who were at risk of losing parental and family care.

Employee-driven initiatives throughout the year

In addition to Xellia's corporate partnership funding, Xellians have also embraced the partnership with SOS Childrens Villages at an individual level by initiating fundraising activities at their respective sites to raise funds for supplementary needs and projects at the SOS Children's Villages in Eldoret, Kenya and Ukraine. During 2022, the following initiatives were the core focus:

Helping the children of war in Ukraine

Xellia's employee fundraising specifically went to supporting key relief work among which included: providing psychosocial assistance; ensuring access to food and clean water; providing health support and hygiene kits; providing other basic non-food items like blankets, clothes and shoes to those in need.

Jiggers Outreach Campaign in Eldoret, Kenya

Xellia's employee donations supported both the prevention of new attacks and the treatment of affected children and adults suffering from jiggers, through the Jiggers Eradication Program. The program includes jigger removal from infected tissue, disinfection of the wounds, and receiving a pair of shoes for protection against new jigger attacks. In 2022, with the donations, we were able to support 45 houses being fumigated and 246 individuals being treated for jiggers.

Fundraising for local day-care centers in Eldoret, Kenya

Many Early Childhood Development Centers in the local schools of Eldoret are in a very poor condition. The Centers do not have proper sanitary provisions, and lack enough trained teachers and adequate play and learning materials such as tables, chairs, books and toys. Through this years' employee donations, we were able to improve the conditions of a number of the local day-care centers.

Xellia's Annual Fundraising Event

For the eighth consecutive year, Xellia hosted its Annual Fundraising Event for SOS Children's Villages in Eldoret, Kenya. During the Autumn of 2022, the Annual Fundraising Event prize winners, embarked on a trip to Eldoret, Kenya – and whilst they visited, they held discussions with SOS Children's Villages, Eldoret on where our funds could be allocated to make the most significant impact in the community. From these discussions stemmed the two initiatives that we fundraised for during the 2022 3-week Annual Fundraising Event:

Providing start-up capital to boost families' income-generating activities

23 caregivers in the local community were identified through the SOS Family Strengthening Program, who would benefit greatly from financial support. The funding is to help with supplies and business plans needed to support and/or kick-off their small businesses. The aim of the 'boost capital' is to help the caregivers achieve their business objectives in an even shorter timeframe than originally planned, so they can achieve self-reliance and independence in supporting their households.

Providing solar support to families without sufficient light and electricity in their homes

78 households in the local community were identified through the SOS Family Strengthening Program, who have no access to electricity and struggle to keep lights on. This group of households, through funding, will receive a combination of solar panels and/or solar lamp systems, based on individual evaluation, which will bring not only security to families, but also enable children to be able to study at home after dark.

Governance

Governance

Xellia is committed to conducting business responsibly and as a company with operations globally, Xellia complies with the requirements set forth by the relevant authorities in all the countries it operates.

This year Xellia became a member of the Pharmaceutical Supply Chain Initiative (PSCI).

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

The CEO and President has the ultimate responsibility for Xellia's business and operations, including sustainability. Each sustainability track is sponsored by a senior leader with the mandate to define ambitious targets, identify initiatives and monitor and drive the required actions to fulfill each track's purpose. These are reviewed on a regular basis in the Sustainability Committee consisting of the Xellia Leadership Team. The Sustainability Committee ensures that the strategy is consistent with company goals, supports the tracks and continuously focuses on the initiatives.

To govern Xellia's approach to sustainability and to confirm our commitment to conduct business responsibly, Xellia's Sustainability Policy was developed and approved in 2021 by the Xellia Leadership Team. The Sustainability Policy is supported by the following set of subject-specific policies, of which Xellia's operations are guided by daily, including but not limited to the Code of Conduct, EHS Policy, Data Ethics Policy, Responsible Sourcing Policy, Tax Policy, Anti-Bribery Guidelines, Whistleblower System Policy.

Responsible sourcing

To be a sustainable business, it is important for us to develop and maintain ethical supplier relationships, ensure ethical working conditions and protect human rights in our supply chain. Last year, we published the Responsible Sourcing Policy, to enforce our principles on business ethics. To further promote ethical business conduct, this year Xellia became a member of the Pharmaceutical Supply Chain Initiative (PSCI). With this membership, Xellia engages with fellow members and advocates for increased transparency in the supply chain and promoting responsible supply chain practices.

In 2021, Xellia created a Responsible Sourcing Policy. To further our commitment to responsible sourcing, in 2022, Xellia developed a Sustainability Questionnaire to gather data from vendors. The goal was to understand our key suppliers' maturity related to sustainability and to monitor how many of our key suppliers are aligned with UN SDG principles. Based on the high response rate of 85%, after analysis, we concluded that 44% of our key suppliers were aligned with UN SDG principles.

However, during the analysis, it was evident that suppliers who are not aligned with the SDGs are still conducting business sustainably but under different criteria. To better capture this, we revised the Responsible Sourcing targets in December of 2022 for the period 2023 – 2030 to now ensure key suppliers are aligned with Xellia´s Responsible Sourcing Policy.

In 2022, we gained a deeper understanding of our suppliers' carbon footprint as a result of the project of mapping the Scope 1, 2, and 3 emissions. The hotspot analysis demonstrated that a significant share of our emissions comes from Scope 3 emissions and particularly from the goods and services we purchase. Tackling Scope 3 emissions is a complex but very important task to minimize the environmental impact on our planet. We will continue to analyse the data to get a deeper understanding of our suppliers' carbon footprint, with the goal of reducing the carbon footprint.

Sustainability *continued*

Responsible business

The Xellia Code of Conduct is our compass for conducting business ethically and with the highest level of integrity. As the foundation of our compliance culture, the code conveys Xellia's values, standards, and principles and reflects our expectations and commitments to Xellia employees for areas that are essential to our business. All employees and third parties working on Xellia's behalf are obliged to adhere to the Code of Conduct.

Xellia does not tolerate any wrongdoing with respect to the Code of Conduct. We support all employees who report violations, as well as those who request assistance or have concerns. Any alleged or suspected cases, where the Code of Conduct may have been violated, are investigated by our appointed compliance function, as stated in our Whistleblower System Policy.

The Code of Conduct forms an integral part of the terms of employment for every Xellia employee. Therefore, new employees receive a copy, which they must read thoroughly and acknowledge electronically in our learning management system.

In 2021, we set a target of achieving a 100% completion rate in 2022 on our annual Code of Conduct certification for all senior employees. We achieved a 97.5% completion rate. In 2023, we will be expanding the scope of this annual training to include all employees.

Data Ethics & Data Protection

Xellia has implemented policies and procedures related to the EU General Data Protection Regulation (GDPR) in all areas, which are supported by training on our policies.

The Xellia Data Privacy Policy sets out roles, responsibilities, and requirements when processing personal data for the purpose of ensuring compliance with the GDPR and EU Member States' data protection legislation. The Xellia Data Ethics Policy, also included in the Xellia Sustainability Policy, applies to all forms of data processing and describes how data ethics are considered and included in the use of data and design and implementation of technologies, especially new technologies, used for processing data within Xellia. The policies apply to all employees at Xellia Pharmaceuticals (New Xellia Group A/S and its subsidiaries).

Our data ethical values:

- We work with data minimization and data protection by design and default when we develop new products.
- We strive to ensure that our use of data is not discriminatory towards, for example, gender, ethnicity, or communities.
- We work with data in an open and transparent manner.
- We strive to ensure that data is not used in a way that misleads customers.
- We strive to ensure that our users get as much value as possible out of the data we collect.
- We are conscious that the data we collect can be of use for some, a burden for others, and be misused unintentionally.
- We strive to ensure diversity in our staff with data expertise – in terms of skills, environment, and background.
- We strive to ensure that we possess the necessary competencies to handle data ethical dilemmas.
- We strive to ensure that our partners process data the way we would ourselves in compliance with the GDPR and our standards.

Anti-Bribery Guidelines

At Xellia, we value integrity and openness, and we are committed to full compliance in all areas of our business.

Based on this, we expect that no Xellia employee or a third party working on behalf of Xellia will participate in bribery or corruption under any circumstances. We receive the same expectation from our customers, our owners, and legislators around the world. Xellia's anti-bribery compliance program aims to ensure compliance with applicable laws and regulations, covering amongst others, the following areas: interactions with healthcare professionals and healthcare organizations, sales and marketing of our products, third party management and risk screenings, and gifts and hospitality. This includes periodic risk assessments and due diligence procedures for agents and other certain businesses. All relevant employees receive regular training in the compliance program and training in anti-bribery and anti-corruption is part of our Code of Conduct training. Xellia will continue with periodic risk assessments, due diligence procedures, and employee training and regularly assess if further activities are required.

Whistleblower System Policy

Xellia's Whistleblower System substantiates and supports Xellia's commitment to ensuring responsible and ethical business behavior and compliance with laws in accordance with Xellia's Code of Conduct.

Through this system, Xellia encourages employees and third parties to report any concerns and aims to increase the likelihood of early detection of possible serious illegal or unethical misconduct, whereby Xellia will be better equipped to minimize the damages of such wrongdoing and to establish the right preventive measures.

Global Sustainability Commitments

Xellia commits to its sustainability principles to ensure sustainable development through memberships and engagements with the following organizations and sustainability initiatives:

- Antimicrobial Industry Alliance
- End Drug Shortages Alliance (US)
- ILO (International Labor Organization) – Declaration of Fundamental Principles of Rights at Work
- Medicines for Europe
- PSCI – Pharmaceutical Supply Chain Initiative
- SOS Children's Villages, Denmark
- Universal Declaration of Human Rights
- UN Global Compact
- UNFCCC 2015 Paris Declaration
- UN Women's Empowerment Principles
- 2030 Agenda and the UN SDGs

Setting a high standard of governance

Corporate Governance

Corporate Governance

Xellia 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 six 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 2022, a total of eight meetings were held, including two ad-hoc meetings.

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 six meetings during 2022. The Board also has established sub-committees within the areas of operations, commercial, new product development and compensation.

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 the Company under the Board Investment Program.

In 2022, 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 certain senior employees to receive annual grants of restricted share awards (RSAs) as part of their variable compensation package. In 2022, Xellia granted a total of 234,957 RSAs under the enhanced LTIP that was established in 2021. These RSAs entitle the recipient to receive B-Shares in 2025 subject to employment at the time of vesting.

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. At the end of 2022, a total of 106,195 B-shares were subscribed or issued to 14 managers and senior employees. In addition to the B-shares, managers and senior employees have subscribed warrants in the Company with a right to subscribe by up to 4,854,506 additional B-Shares.

Board of Directors

Steen Riisgaard
Chairman of the Board

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
Vice Chairman of the Boards of the Novo Holdings A/S and the Villum Foundation. Member of the Boards of Novo Nordisk Foundation, Corbion and the Bird Protection Fund, Denmark.

Education
MSc in Microbiology, University of Copenhagen, Denmark.

Andreas Rummelt
Board Member

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

Other Board positions
Alexion Pharmaceuticals, Inc., Alvogen, Leukocare AG, Polyplus-transfection SA, and Cypralis Ltd.

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

Barbara Purcell
Board Member

Barbara is President of Diversified Products at the 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).

Benny D. Loft
Board Member

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 Nordsjællands Fællesmølleri A/S.

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

Board of Directors *continued*

Henrik Kjær Hansen
Board Member

Henrik joined Novo Holdings A/S in January 2017 and is now a Senior Partner and Head of Principal Investments, New Investments and Projects, where he leads 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
Orexo AB, Sonion and WCG Clinical.

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

Julie McHugh
Board Member

Julie McHugh has a track record that spans almost 30 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.

Preben Haaning
Board Member

Preben Haaning has a long track record attained from senior executive positions held at Novo Nordisk A/S within Supply Chain, where he is currently Senior Vice President of Product Supply Biopharm, at Novo Nordisk. He joined Novo Nordisk in 1999 as an Industrial Engineer. He has held various roles, including responsibility for supervising five manufacturing sites located in the US, Brazil, France, China, and Denmark. Preben is an elected member of the Novo Nordisk Haemophilia Foundation Council.

Education
Graduated as an Industrial Engineer from the Danish Technical University and holds a diploma in Organizational Development from the Copenhagen Business School.

Executive Management

Xellia's Leadership Team

Carl-Åke Carlsson
Chief Executive Officer and President Global Anti-Infective B2B

Craig Boyd
President, US Injectables

Aleksandar Danilovski
Chief Scientific Officer

Bjørn Thonvold
Corporate Vice President, People & Organization

Geelanie Briones
Senior Vice President, Quality, EHS & Sustainability

Hera Bragadottir
Corporate Vice President, R&D and Strategic Projects

Kristin Lund Myrdahl
Corporate Communications and Brand Management

Matthew Anderson
Chief Financial Officer

Mikkel Lyager Olsen
Corporate Development and Chief Legal Officer

* At the end of 2022 Aleksandar Danilovski stepped down from his position with Xellia.
** At the end of 2022 Geelanie Briones stepped down from her position in Xellia's Executive Management team and was appointed Vice President Manufacturing Operations Site Copenhagen and Site Leader for Xellia Copenhagen. Hanne Junggreen was appointed to Corporate Vice President, Global Quality.
*** From January 1st 2023, John Stewart was appointed as Senior Vice President of Global Product Supply.