Corporate release for the period 1 January to 31 December 2023

Lundbeck reached record revenue of DKK 20 billion in 2023 with strong growth momentum set to continue in 2024

Key highlights

Lundbeck's revenue increased by 9% (+8% CER[1]) to DKK 19,912 million in 2023, driven mainly by growth in the U.S. and Europe

- United States: DKK 9,829 million (+8%; +11% CER)
- Europe: DKK 4,628 million (+9%; +11% CER)
- International Markets: DKK 4,991 million (-4%; +2% CER)

The revenue of Lundbeck's strategic brands increased by 13% (+16% CER), reaching DKK 13,733 million, representing 69% of total revenue

- Rexulti®/Rxulti®: DKK 4,525 million (+16%; +20% CER)
- Brintellix®/Trintellix®: DKK 4,324 million (+1%; +5% CER)
- Abilify Maintena®/Asimtufii: DKK 3,187 million (+8%; +10% CER)
- Vyepti®: DKK 1,697 million (+69%; +74% CER)

Adjusted EBITDA[2] increased to DKK 5,652 million (+17%; +7% CER) and adjusted EBITDA margin reached 28.4% equivalent to an increase of 2.0 percentage points. Adjusted earnings per share (EPS) reached DKK 4.22 equivalent to an increase of 13%.

In connection with the corporate release, Lundbeck's President and CEO, Charl van Zyl said:
"I am pleased to announce our record results for the year. Lundbeck has presented sustainable growth and is already showing results of the successful R&D transformation. We are currently in the process of strengthening Lundbeck's position as a focused innovator to ensure a sustainable long-term future for our products, innovation, R&D and profitability. Encouraging results are already seen from the AMULET PoC trial in the treatment of Multiple System Atrophy."

In line with our dividend policy, it is proposed to pay-out a dividend of DKK 0.70 per share or DKK 697 million which is an increase of 21% compared to 2022.

Key figures

DKK million	FY 2023	FY 2022	*Change*	*Change (CER)*[1]	Q4 2023	Q4 2022	*Change*	*Change (CER)*[1]
Revenue	**19,912**	18,246	*9%*	*8%*	**4,978**	4,680	*6%*	*6%*
EBITDA	**5,207**	4,663	*12%*	*0%*	**744**	910	*(18%)*	*(31%)*
Adjusted EBITDA	**5,652**	4,823	*17%*	*7%*	**793**	1,118	*(29%)*	*(38%)*
EPS (DKK)	**2.31**	1.93	*20%*		**0.14**	0.31	*(55%)*	
Adjusted EPS (DKK)	**4.22**	3.74	*13%*		**0.58**	0.87	*(33%)*	

[1] Constant Exchange Rates (CER) previously denominated Local Currency (LC). Change at CER does not include effects from hedging.
[2] EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization. Adjusted EBITDA is defined as EBITDA adjusted by certain items, for details see section 4 *Notes*, note 1 *Adjusted EBITDA.*

Recent events

On 31 January 2024, Lundbeck announced results of the AMULET PoC trial, a randomized, double-blind, placebo-controlled exploratory proof-of-concept trial. The trial included 61 MSA patients randomized 2:1 (40 on Lu AF82422 versus 21 on placebo) and treated for 48-72 weeks. The primary endpoint in the trial measured slowing of progression of MSA as measured by Unified Multiple System Atrophy Rating Scale (UMSARS) Total Score Part I and II, while the key secondary endpoint was Modified UMSARS Part I. The primary statistical approach consisted of a Bayesian slope analysis. In addition, the trial included several other clinical outcome measures and biomarkers. While the trial did not reach statistical significance on its primary endpoint, a trend towards slowing MSA disease progression was observed in the group exposed to Lu AF82422 compared to the placebo group, and additional signals of efficacy were observed across other clinical and biomarker endpoints. Lu AF82422 was generally well tolerated. Lundbeck plans to initiate a phase III study, following further dialogue with health authorities.

On 30 November 2023, Lundbeck hosted an R&D event in London to update analysts and investors on its transformed R&D pipeline for future growth. The event showcased key pipeline programs and highlighted the company's strategic focus on innovation and life cycle management activities for sustained commercial success.

Financial guidance 2024

For the financial guidance 2024 and going forward, Lundbeck will focus on revenue and adjusted EBITDA at constant exchange rates (CER), instead of revenue and adjusted EBITDA at reported rates, to provide a more focused view of the underlying operational performance.

For 2024, revenue growth is expected to be 7% to 10% at CER when compared to revenue of the prior year excluding the effect from hedging. The growth reflects the continued and sustainable growth driven mainly by the strategic brands.

Lundbeck expects Adjusted EBITDA growth to be 10% to 16% at CER when compared to adjusted EBITDA of the prior year excluding effects from hedging, driven by the growth in revenue. The growth is partially offset by higher R&D investments and higher sales distribution costs due to Vyepti® and Rexulti® sales activities. Further details are available in section 2.8 Outlook.

CONTENT

This Corporate release should not be seen as a financial report in accordance with IAS 34 – *Interim Financial Reporting*.

The Annual Report comprising the financial statements for the year ended 31 December 2023, is available for download on: lundbeck.com on 7 February 2024.

Detailed information concerning Lundbeck's Sustainability Strategy can be found in the 2023 Sustainability Report available on: lundbeck.com on 7 February 2024.

Detailed information concerning Lundbeck's R&D pipeline can be found in the 2023 Annual Report available on: lundbeck.com on 7 February 2024.

1 FINANCIAL HIGHLIGHTS

For the twelve months ended December 31

DKK million	FY 2023	FY 2022	*Change*	*Change (CER)*[1]
Revenue	**19,912**	**18,246**	***9%***	***8%***
Gross profit	**15,427**	**14,295**	***8%***	***6%***
Gross margin	*77.5%*	*78.3%*		
Adjusted gross profit[2]	17,580	16,133	*9%*	*7%*
Adjusted gross margin	*88.3%*	*88.4%*		
Sales and distribution costs	7,482	6,610	*13%*	*18%*
S&D ratio	*37.6%*	*36.2%*		
Administrative expenses	1,293	1,079	*20%*	*21%*
Administrative expenses ratio	*6.5%*	*5.9%*		
Research and development costs	3,457	3,754	*(8%)*	*(7%)*
R&D ratio	*17.4%*	*20.6%*		
EBIT (profit from operations)	3,195	2,852	*12%*	*(6%)*
EBIT margin	*16.0%*	*15.6%*		
EBITDA[3]	**5,207**	**4,663**	***12%***	***0%***
EBITDA margin	*26.2%*	*25.6%*		
Adjusted EBITDA[4]	**5,652**	**4,823**	***17%***	***7%***
Adjusted EBITDA margin	*28.4%*	*26.4%*		
Net financials, expenses	202	378	*(47%)*	-
Profit before tax	2,993	2,474	*21%*	-
Income taxes	703	558	*26%*	-
Effective tax rate (reported)	*23.5%*	*22.6%*		
Net profit	**2,290**	**1,916**	***20%***	**-**
Adjusted net profit	4,192	3,712	*13%*	-

Other key numbers				
Assets	37,407	37,452	*0%*	-
Equity	22,045	20,779	*6%*	-
Cash flows from operating and investing activities (free cash flow)	3,582	1,627	*120%*	-
Net cash flow for the period	1,497	1,240	*21%*	-
Return on invested capital – rolling four quarters	*11.0%*	*9.9%*		
Net debt/EBITDA – rolling four quarters	(0.1)	0.5	*(120%)*	-
Number of shares for the calculation of EPS (millions)	992.2	992.9	*0%*	-
Earnings per share, basic (EPS) (DKK)	2.31	1.93	*20%*	-
Adjusted earnings per share, basic (DKK)	4.22	3.74	*13%*	-

[1] Constant Exchange Rates (CER) previously denominated Local Currency (LC). Change at CER does not include effects from hedging.
[2] Adjusted gross profit is the gross profit excluding depreciation and amortization and other adjustments linked to sales.
[3] EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization.
[4] EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization. Adjusted EBITDA is defined as EBITDA adjusted by certain items, for details see section 4 *Notes*, note 1 *Adjusted EBITDA*.

2 BUSINESS PERFORMANCE

2.1 REVENUE BY PRODUCT

Revenue reached DKK 19,912 million representing a growth of 9% (+8% CER). The revenue growth is driven by the strong performance of the strategic brands reaching DKK 13,733 million, representing a growth of 13% (+16% CER) and equivalent to 69% of total revenue. The largest markets for the strategic brands are the U.S., Canada, Spain, Italy and Australia.

DKK million	FY 2023	FY 2022	*Growth*	*Growth (CER)*	Q4 2023	Q4 2022	*Growth*	*Growth (CER)*
Rexulti®Rxulti®	4,525	3,890	*16%*	*20%*	1,216	1,073	*13%*	*21%*
Brintellix®/Trintellix®	4,324	4,277	*1%*	*5%*	1,117	1,100	*2%*	*6%*
Abilify Maintena®/Asimtufii	3,187	2,964	*8%*	*10%*	813	800	*2%*	*5%*
Vyepti®	1,697	1,004	*69%*	*74%*	496	332	*49%*	*59%*
Strategic brands	**13,733**	**12,135**	***13%***	***16%***	**3,642**	**3,305**	***10%***	***16%***
Cipralex®/Lexapro®	2,135	2,360	*(10%)*	*(4%)*	434	486	*(11%)*	*(3%)*
Sabril®	336	636	*(47%)*	*(47%)*	18	154	*(88%)*	*(86%)*
Other pharmaceuticals	3,244	3,426	*(5%)*	*(2%)*	657	850	*(23%)*	*(18%)*
Mature brands	**5,715**	**6,422**	***(11%)***	***(7%)***	**1,109**	**1,490**	***(26%)***	***(20%)***
Other revenue	327	277	*18%*	*18%*	134	72	*86%*	*91%*
Total revenue before hedging	**19,775**	**18,834**	***5%***	***8%***	**4,885**	**4,867**	***0%***	***6%***
Effects from hedging	137	(588)			93	(187)		
Total revenue	**19,912**	**18,246**	***9%***	***8%***	**4,978**	**4,680**	***6%***	***6%***

Strategic brands

Rexulti®/Rxulti® (brexpiprazole) is approved as an adjunctive therapy for the treatment of adults with major depressive disorder (MDD) and as a treatment for adults with schizophrenia in markets such as the U.S., Canada and Brazil. Further, it is approved for the treatment of agitation associated with dementia due to Alzheimer's disease (AADAD) in the U.S. since May 2023. Following the approval, the brand has seen a significant growth in latest claims data led by the long-term-care uptake. In addition, AADAD has been approved in Canada and has been filed in a few other countries. In Australia and Europe, the product is approved only for schizophrenia. Revenue reached DKK 4,525 million representing a growth of 16% (+20% CER) as a result of strong demand and price increases as well as a negative currency impact in the U.S. The revenue distribution by region was 93%, 1% and 6% in the U.S., Europe and International Markets, respectively. The largest markets are the U.S., Canada, Brazil, Australia and Mexico.

Brintellix®/Trintellix® (vortioxetine) is approved for the treatment of MDD. Revenue reached DKK 4,324 million representing a growth of 1% (+5% CER) driven by higher demand and sales in Europe and in International Markets such as Japan, Spain, Brazil and Canada. This performance is offset by lower demand in the U.S., and COVID-19 impact as well as access restrictions for the industry in China during 2023. The revenue distribution by region was 33%, 35% and 32% in the U.S., Europe and International Markets, respectively. The largest markets for the product are the U.S., Canada, Spain, Italy and Brazil.

Abilify Maintena® (aripiprazole) is approved for the treatment of schizophrenia in Europe and for both schizophrenia and bipolar I disorder in the U.S., Canada and Australia as a once-monthly injection. On 27 April 2023, FDA approved a New Drug Application (NDA) for aripiprazole as an every-two-months injection branded as **Abilify Asimtufii®** which was launched in the U.S. in June 2023. Revenue for Abilify Maintena® and Abilify Asimtufii® reached DKK 3,187 million representing a growth of 8% (+10% CER) driven by higher demand in all regions and a price increase in the U.S. Additionally, the revenue in the U.S. was affected by a negative currency impact. The revenue distribution by region was 37%, 45% and 18% in the U.S., Europe and International Markets, respectively. The largest markets are the U.S., Spain, Canada, Australia and Italy.

Vyepti® (eptinezumab) is approved as a preventive treatment of migraine in adults. Vyepti® delivered significant growth in 2023 and revenue reached DKK 1,697 million following an increase of 69% (+74% CER) mainly driven by a demand uptake in the U.S. as well as continued launches across the world. Vyepti® was initially launched in April 2020 in the U.S. and has since been launched in around 25 markets in total. In October 2023, Vyepti® received public formulary coverage from certain provinces in Canada. Combined, this coverage allows more than 80% of eligible Canadian patients living with migraine to have access to Vyepti®. The revenue distribution by region was 93%, 5% and 2% in the U.S., Europe and International Markets, respectively.

Mature brands

Cipralex®/Lexapro® (escitalopram) is approved for the treatment of MDD. Revenue reached DKK 2,135 million representing a decline of 10% (-4% CER) mainly due to generic competition in Japan since the loss of exclusivity at end of 2022, partially offset by higher in-market sales in China and price increase in Turkey. The revenue distribution by region was 68% and 32% in International Markets and Europe, respectively. The largest markets are China, South Korea, Italy, Brazil and Canada.

Sabril® (vigabatrin) is approved for the treatment of refractory complex partial seizures (rCPS) and infantile spasms (IS). Revenue reached DKK 336 million representing a decline of 47% (-47% CER) mainly driven by generic erosion and the continued supply outage as a consequence of a third-party manufacturing quality issue.

Revenue from **Other pharmaceuticals**, which comprises the remainder of Lundbeck’s products, reached DKK 3,244 million representing a decline of 5% (-2% CER), mainly due to lower sales of certain mature products such as Northera® and Deanxit®. As of 1 January 2023, Onfi® is being reported together with Other pharmaceuticals, comparative figures for 2022 have been adjusted accordingly. The largest markets for Other pharmaceuticals are the U.S, China, France, South Korea and Spain.

2.2 REVENUE BY GEOGRAPHICAL AREA

DKK million	FY 2023	FY 2022	Growth	Growth (CER)	Q4 2023	Q4 2022	Growth	Growth (CER)
United States								
Rexulti®	4,206	3,645	*15%*	*19%*	1,132	1,009	*12%*	*20%*
Vyepti®	1,578	982	*61%*	*66%*	459	325	*41%*	*51%*
Trintellix®	1,432	1,650	*(13%)*	*(10%)*	375	472	*(21%)*	*(16%)*
Abilify Maintena®/Asimtufii	1,182	1,047	*13%*	*16%*	316	281	*12%*	*21%*
Strategic brands	**8,398**	**7,324**	***15%***	***18%***	**2,282**	**2,087**	***9%***	***17%***
Mature brands	1,431	1,778	*(20%)*	*(18%)*	230	430	*(47%)*	*(43%)*
Revenue – United States	**9,829**	**9,102**	***8%***	***11%***	**2,512**	**2,517**	***0%***	***7%***
Europe								
Brintellix®	1,507	1,311	*15%*	*16%*	401	346	*16%*	*17%*
Abilify Maintena®	1,445	1,382	*5%*	*6%*	373	381	*(2%)*	*2%*
Vyepti®	77	11	*600%*	*574%*	28	6	*367%*	*331%*
Rexulti®/Rxulti®	59	41	*44%*	*43%*	17	11	*55%*	*57%*
Strategic brands	**3,088**	**2,745**	***12%***	***14%***	**819**	**744**	***10%***	***13%***
Mature brands	1,540	1,507	*2%*	*6%*	355	354	*0%*	*4%*
Revenue – Europe	**4,628**	**4,252**	***9%***	***11%***	**1,174**	**1,098**	***7%***	***10%***
International Markets								
Brintellix®/Trintellix®	1,385	1,316	*5%*	*12%*	341	282	*21%*	*30%*
Abilify Maintena®	560	535	*5%*	*11%*	124	138	*(10%)*	*(5%)*
Rexulti®	260	204	*27%*	*34%*	67	53	*26%*	*40%*
Vyepti®	42	11	*282%*	*288%*	9	1	*800%*	*738%*
Strategic brands	**2,247**	**2,066**	***9%***	***15%***	**541**	**474**	***14%***	***23%***
Mature brands	2,744	3,137	*(13%)*	*(7%)*	524	706	*(26%)*	*(19%)*
Revenue – International Markets	**4,991**	**5,203**	***(4%)***	***2%***	**1,065**	**1,180**	***(10%)***	***(2%)***
Other revenue	327	277	*18%*	*18%*	134	72	*86%*	*91%*
Total revenue before hedging	**19,775**	**18,834**	***5%***	***8%***	**4,885**	**4,867**	***0%***	***6%***
Effects from hedging	137	(588)			93	(187)		
Total revenue	**19,912**	**18,246**	***9%***	***8%***	**4,978**	**4,680**	***6%***	***6%***

Lundbeck's largest markets are the U.S., China, Canada, Spain and Italy.

United States revenue reached DKK 9,829 million representing a growth of 8% (+11% CER). The strategic brands reached DKK 8,398 million increasing by 15% (+18% CER), representing 85% of the revenue in 2023. The revenue growth of Vyepti®, Rexulti® and Abilify Maintena®/Asimtufii is mainly driven by strong demand and price increases as well as a negative currency impact. Sales of Trintellix® continues to be negatively impacted by declining demand and higher gross-to-net following a shift in the payer mix, offset by price increase. Revenue development in the U.S. is furthermore impacted by the erosion of mature brands such as Northera® and Sabril® as well as the continued supply outage of Sabril® as a consequence of a third-party manufacturing quality issue as communicated last year.

Europe revenue reached DKK 4,628 million representing a growth of 9% (+11% CER). The strategic brands reached DKK 3,088 million increasing by 12% (+14% CER), representing 67% of revenue. The revenue growth is driven by higher sales across all strategic brands. Mature brands revenue increased reaching DKK 1,540 million and representing a growth of 2% (+6% CER), mainly driven by price increases. The largest markets in Europe are Spain, Italy, France and Switzerland.

International Markets comprises all Lundbeck's markets outside the U.S. and Europe. Revenue reached DKK 4,991 million representing a decline of 4% (+2% CER). The strategic brands reached DKK 2,247 million increasing by 9% (+15% CER), representing 45% of revenue. The development is mainly driven by higher sales in Canada, Brazil and China, partially offset by the erosion of Lexapro® in Japan following the entry of generic competition since the end of 2022 as well as a negative currency impact in China and Canada. The biggest markets are China, Canada, Brazil, Australia and South Korea. China and Canada constitute approximately 43% of the regional revenue from Other pharmaceuticals.

Lundbeck hedges a significant part of the currency risk for a period of 12 – 18 months. Hedging had a positive impact of DKK 137 million in 2023, compared to a negative impact of DKK 588 million in 2022.

2.3 GROSS PROFIT

DKK million	FY 2023	FY 2022	*Change*	*Change (CER)*	Q4 2023	Q4 2022	*Change*	*Change (CER)*
Revenue	**19,912**	**18,246**	***9%***	***8%***	**4,978**	**4,680**	***6%***	***6%***
Cost of sales	4,485	3,951	*14%*	*17%*	1,208	1,179	*2%*	6%
thereof adjustments	327	228	*43%*	*43%*	-	228	-	-
thereof amortization of product rights	1,559	1,371	*14%*	*15%*	386	400	*(4%)*	*(1%)*
thereof depreciation/amortization	267	239	*12%*	*12%*	81	60	*35%*	*37%*
Gross profit	**15,427**	**14,295**	***8%***	***6%***	**3,770**	**3,501**	***8%***	***6%***
Gross margin (%)	*77.5%*	*78.3%*			*75.7%*	*74.8%*		
Adjusted gross profit	**17,580**	**16,133**	***9%***	***7%***	**4,237**	**4,189**	***1%***	***0%***
Adjusted gross margin (%)	*88.3%*	*88.4%*			*85.1%*	*89.5%*		

Cost of sales reached DKK 4,485 million, increasing by 14% (+17% CER) mainly driven by higher sales, the Vyepti® provision for inventory obsolescence of DKK 312 million, and an increased Vyepti® amortization recognized in 2023 related to the European approval of Vyepti® and environmental provisions.

Gross profit reached DKK 15,427 million, increasing by 8% (+6% CER) in 2023. The **gross margin** was 77.5% representing a decline of 0.8 percentage points.

Adjusted gross profit is the gross profit excluding depreciation and amortization and other adjustments linked to sales. The **adjusted gross margin** was 88.3% representing a decrease of 0.1 percentage points.

Amortization of product rights was DKK 1,559 million, increasing by 14% (+15% CER) mainly driven by an increase in the Vyepti® amortization.

2.4 EBIT AND ADJUSTED EBITDA

DKK million	FY 2023	FY 2022	Change	Change (CER)	Q4 2023	Q4 2022	Change	Change (CER)
Revenue	**19,912**	**18,246**	***9%***	***8%***	**4,978**	**4,680**	***6%***	***6%***
Gross profit	**15,427**	**14,295**	***8%***	***6%***	**3,770**	**3,501**	***8%***	***6%***
thereof adjustments	327	228	*43%*	*37%*	-	228	-	-
thereof depreciation/amortization	1,826	1,610	*13%*	*14%*	467	460	*2%*	*4%*
Sales and distribution costs	7,482	6,610	*13%*	*18%*	2,185	1,870	*17%*	*25%*
thereof adjustments	48	(126)	*(138%)*	*(138%)*	48	(83)	*(158%)*	*(158%)*
thereof depreciation/amortization	93	99	*(6%)*	*(3%)*	23	22	*5%*	*9%*
S&D-ratio	*37.6%*	*36.2%*			*43.9%*	*40.0%*		
Administrative expenses	1,293	1,079	*20%*	*21%*	378	323	*17%*	*18%*
thereof adjustments	70	63	*11%*	*11%*	1	63	*(98%)*	*(98%)*
thereof depreciation/amortization	21	16	*31%*	*25%*	5	3	*67%*	*67%*
Administrative expenses ratio	*6.5%*	*5.9%*			*7.6%*	*6.9%*		
Research and development costs	3,457	3,754	*(8%)*	*(7%)*	976	905	*8%*	*9%*
thereof adjustments	-	(5)	-	-	-	-	-	-
thereof depreciation/amortization	72	86	*(16%)*	*(15%)*	18	22	*(18%)*	*(18%)*
R&D-ratio	*17.4%*	*20.6%*			*19.6%*	*19.3%*		
Total operating expenses	**12,232**	**11,443**	***7%***	***10%***	**3,539**	**3,098**	***14%***	***19%***
OPEX-ratio	*61.4%*	*62.7%*			*71.1%*	*66.2%*		
EBIT (profit from operations)	**3,195**	**2,852**	***12%***	***(6%)***	**231**	**403**	***(43%)***	***(58%)***
Depreciation/amortization	2,012	1,811	*11%*	*12%*	513	507	*1%*	*4%*
EBITDA	**5,207**	**4,663**	***12%***	***0%***	**744**	**910**	***(18%)***	***(31%)***
EBITDA margin (%)	*26.2%*	*25.6%*			*14.9%*	*19.4%*		
Restructuring expenses	64	(138)	*(146%)*	*(146%)*	49	(90)	*(154%)*	*(154%)*
Other adjustments	381	298	*28%*	*28%*	-	298	-	-
Adjusted EBITDA	**5,652**	**4,823**	***17%***	***7%***	**793**	**1,118**	***(29%)***	***(38%)***
Adjusted EBITDA margin (%)	*28.4%*	*26.4%*			*15.9%*	*23.9%*		

Total operating expenses (OPEX) reached DKK 12,232 million corresponding to an increase of 7% (+10% CER) mainly driven by higher sales and distribution costs as well as administrative expenses offset by lower R&D costs. The OPEX-ratio declined by 1.3 percentage points.

Sales and distribution costs reached DKK 7,482 million corresponding to an increase of 13% (+18% CER) mainly driven by higher Rexulti® and Vyepti® sales and promotion activities in the U.S., global roll-out of Vyepti® and restructuring provisions related to commercial structure in certain international markets.

Sales and distribution costs corresponded to 37.6% of revenue, representing an increase of 1.4 percentage points.

Administrative expenses reached DKK 1,293 million, increasing by 20% (+21% CER) and corresponding to 6.5% of total revenue mainly driven by higher legal provisions for ongoing litigations, expenses from digital investments, and the CEO transition.

Research and development costs reached DKK 3,457 million with an R&D ratio of 17.4%. Lower R&D costs of 8% (-7% CER) reflect a reduced late development and phase IV activities in 2023 compared to 2022. The phase IV trials on Brintellix®/Trintellix® were completed and the pivotal trials on Rexulti® were finalized in 2022. Further decreases in 2023 can be attributed to lower costs for the Lu AG09222 phase IIa *HOPE* trial and the Lu AF82422 phase II *AMULET* trial.

EBIT reached DKK 3,195 million, increasing by 12% (-6% CER) reflecting the operating leveraging effect of higher revenue, partially impacted by the higher expenses.

Amortization of product rights amounted to DKK 1,559 million corresponding to an increase of 14% (+15% CER). **Total amortization, depreciation and impairment losses** reached DKK 2,012 million representing an increase of 11% (+12% CER) mainly driven by an increase in the Vyepti® amortization.

Adjusted EBITDA reached DKK 5,652 million representing a growth of 17% (+7% CER) reflecting EBIT and EBITDA development in addition to adjustments of DKK 312 million of the Vyepti® inventory obsolescence, DKK 69 million regarding higher legal provisions for ongoing litigations and DKK 64 million of commercial restructuring costs.

2.5 NET PROFIT AND ADJUSTED EPS

DKK million	FY 2023	FY 2022	*Change*	Q4 2023	Q4 2022	*Change*
EBIT (profit from operations)	**3,195**	**2,852**	***12%***	**231**	**403**	***(43%)***
Net financials, (income)/expenses	202	378	*(47%)*	56	(14)	*(500%)*
Profit before tax	2,993	2,474	*21%*	175	417	*(58%)*
Net profit	**2,290**	**1,916**	***20%***	**134**	**311**	***(57%)***
thereof other adjustments	445	160	*178%*	49	208	*(76%)*
thereof depreciation/amortization	2,012	1,811	*11%*	513	507	*1%*
thereof adjustments on financial items	-	278	-	-	-	-
thereof tax on adjustments	555	453	*23%*	124	161	*(23%)*
EPS (DKK)	2.31	1.93	*20%*	0.14	0.31	*(55%)*
Adjusted net profit	**4,192**	**3,712**	***13%***	**572**	**865**	***(34%)***
Adjusted EPS (DKK)	4.22	3.74	*13%*	0.58	0.87	*(33%)*

Net profit

Net financial expenses reached DKK 202 million equivalent to a decline of 47% due to the positive impact from higher interest rates on underlying positive bank balances. The positive development is offset by losses from currency revaluation. Additionally, 2022 was impacted by the European approval of Vyepti® which triggered a fair value adjustment of contingent consideration of CVR to former Alder shareholders amounting to DKK 278 million.

The **effective tax rate** for 2023 was 23.5% (22.6% for 2022). The tax rate is in line with the full-year expectation, reflecting the reduced deduction benefit from the Danish research & development incentive of 108% (130% in 2022).

Net profit reached DKK 2,290 million corresponding to a growth of 20%.

Adjusted net profit and EPS

Adjusted net profit is the net profit excluding depreciation and amortization and other adjustments, net of taxes. Adjusted net profit reached DKK 4,192 million, representing an increase of 13%. The adjustments are mainly related to amortization of product rights, provisions for restructuring, legal provisions for ongoing litigations and the Vyepti® provision for obsolescence.

Adjusted EPS was DKK 4.22 corresponding to an increase of 13%.

2.6 CASH FLOW AND BALANCE SHEET

Cash flows from operating activities amounted to an inflow of DKK 4,080 million compared to an inflow of DKK 3,519 million in 2022. The positive development is primarily driven by higher revenue and EBIT, which was partly offset by higher working capital. The net working capital was mainly driven by a decrease in short-term liabilities due to the Rexulti® milestone payment in 2023 combined with a decrease in other short-term liabilities.

Lundbeck's **net cash flows from investing activities** were an outflow of DKK 498 million mainly due to milestone payments in 2023 compared to an outflow of DKK 1,892 million in 2022 related to the CVR payment triggered by the European approval of Vyepti®.

Lundbeck's **net cash flows from financing activities** were an outflow of DKK 2,085 million compared to an outflow of DKK 387 million in 2022. The financing cash flows in 2023 mainly relate to repayment of debt and dividend payment approved at the Annual General Meeting in March 2023. The development of financing cash flow is affected in 2022 by a cash inflow mainly related to the drawing on the RCF used for the milestone payment triggered by the European approval of Vyepti®.

The net cash inflow reached DKK 1,497 million compared to an inflow of DKK 1,240 million in 2022.

Net debt has decreased from DKK 2,183 million at the end of December 2022 to **net cash** of DKK 711 million at the end of December 2023. Net debt/EBITDA ratio is -0.1x at the end of December 2023 compared to 0.5x at the end of December 2022. **Interest-bearing debt** was DKK 4,299 million at the end of December 2023 compared to DKK 5,731 million at the end of December 2022.

On 31 December 2023, Lundbeck's **total assets** amounted to DKK 37,407 million compared to DKK 37,452 million at the end of 2022.

On 31 December 2023, Lundbeck's **equity** amounted to DKK 22,045 million.

Selected cash flow figures

DKK million	FY 2023	FY 2022	Q4 2023	Q4 2022
Profit from operations (EBIT)	**3,195**	**2,852**	**231**	**403**
Cash flows from operating activities	4,080	3,519	941	1,287
Cash flows from investing activities	(498)	(1,892)	(136)	(532)
Cash flows from operating and investing activities (free cash flow)	**3,582**	**1,627**	**805**	**755**
Cash flows from financing activities	(2,085)	(387)	(21)	(556)
Net cash flow for the period	**1,497**	**1,240**	**784**	**199**

2.7 SUMMARY OF THE KEY DEVELOPMENTS IN THE LAST QUARTER OF 2023

For the quarter ended December 31

DKK million	Q4 2023	Q4 2022	*Change*	*Change (CER)*[1]
Revenue	**4,978**	4,680	***6%***	***6%***
Gross profit	**3,770**	**3,501**	***8%***	***6%***
Gross margin	*75.7%*	*74.8%*		
Adjusted gross profit[2]	4,237	4,189	*1%*	*7%*
Adjusted gross margin	*85.1%*	*89.5%*		
Sales and distribution costs	2,185	1,870	*17%*	*25%*
S&D ratio	*43.9%*	*40.0%*		
Administrative expenses	378	323	*17%*	*18%*
Administrative expenses ratio	*7.6%*	*6.9%*		
Research and development costs	976	905	*8%*	*9%*
R&D ratio	*19.6%*	*19.3%*		
EBIT (profit from operations)	231	403	*(43%)*	*(58%)*
EBIT margin	*4.6%*	*8.6%*		
EBITDA[3]	**744**	**910**	***(18%)***	***(31%)***
EBITDA margin	*14.9%*	*19.4%*		
Adjusted EBITDA[4]	**793**	**1,118**	***(29%)***	***(38%)***
Adjusted EBITDA margin	*15.9%*	23.9%		
Net financials, expenses	56	(14)	*(500%)*	
Profit before tax	175	417	*(58%)*	
Income taxes	41	106	*(61%)*	
Effective tax rate (reported)	*23.5%*	*25.4%*		
Net profit	**134**	**311**	***(57%)***	
Adjusted net profit	572	865	*(34%)*	

[1] Change at CER does not include effects from hedging.
[2] Adjusted gross profit is the gross profit excluding depreciation and amortization and other adjustments linked to sales.
[3] EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization.
[4] EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization. Adjusted EBITDA is defined as EBITDA adjusted by certain items, for details see section 4 *Notes*, note 1 *Adjusted EBITDA*.

REVENUE

The increase in **revenue** is mainly driven by strong performance across the strategic brands reaching DKK 3,642 million, representing a growth of 10% (+16% CER), equivalent to 73% of total revenue (see section 2.1) in 2023. This performance came mainly from **Rexulti**® and **Vyepti**® due to strong demand. **Brintellix**®**/Trintellix**® revenue increased in Europe and International Markets driven by higher demand, partially offset by lower sales in the U.S. **Abilify Maintena**®**/Asimtufii** revenue increase is driven by higher demand in all regions and price increase in the U.S. Additionally, the revenue in the U.S. was affected by a negative currency impact.

Mature brands revenue decline was mainly impacted by the erosion of Northera® and Cipralex®/Lexapro® as well as the continued supply outage of Sabril® as a consequence of a third-party manufacturing quality issue.

GROSS PROFIT

In the fourth quarter of 2023, **gross profit** reached DKK 3,770 million increasing by 8% (+6% CER).

Cost of sales increased to DKK 1,208 million, driven by higher sales. The development in the fourth quarter of 2023 was impacted by higher contract work, quarterly fluctuations in scrap costs mainly related to mature products and environmental provisions. Moreover, the fourth quarter of 2022 was negatively impacted by a Vyepti® provision for obsolescence of DKK 228 million.

The **gross margin** was 75.7% representing an increase of 0.9 percentage points. **Adjusted gross margin** was 85.1% in the fourth quarter of 2023 representing a decrease of 4.4 percentage point.

EBIT AND ADJUSTED EBITDA

Total operating expenses (OPEX) reached DKK 3,539 million corresponding to an increase of 14% (+19% CER) mainly driven by higher distribution costs, administrative expenses and R&D costs. The OPEX-ratio increased by 4.9 percentage points.

Sales and distribution costs reached DKK 2,185 million corresponding to an increase of 17% (+25% CER) mainly driven by higher sales and promotion activity for Vyepti® and Rexulti® primarily in the U.S.

Administrative expenses reached DKK 378 million increasing by 17% (+18% CER) corresponding to 7.6% of total revenue mainly driven by expenses from advisory services and digital investments.

Research and development costs reached DKK 976 million with an R&D ratio of 19.6%. The increase in R&D costs of 8% (9% CER) is due to timing of project start ups during the year.

EBIT reached DKK 231 million declining by 43% (-58% CER) reflecting higher expenses mainly driven by higher product rights amortization, and restructuring costs in the quarter.

Amortization of product rights amounted to DKK 386 million corresponding to a decrease of 4% (-1% CER). **Total amortization, depreciation and impairment losses** reached DKK 513 million representing an increase of 1% (+4% CER) mainly driven by higher product rights amortization.

Adjusted EBITDA reached DKK 793 million representing a decrease of 29% (-38% CER) reflecting EBIT and EBITDA development in addition to the adjustments of DKK 49 million of restructuring expenses. The fourth quarter of 2022 was impacted by a DKK 228 million Vyepti® provision for inventory obsolescence.

NET PROFIT AND ADJUSTED EPS

Net financial (income)/expenses reached DKK 56 million equivalent to a decline of 500%.

The **effective tax rate** for the fourth quarter of 2023 was 23.5%.

Net profit reached DKK 134 million corresponding to a decline of 57%.

Adjusted net profit reached DKK 572 million, representing a decrease of 34%.

2.8 OUTLOOK

Financial guidance 2024

For the financial guidance 2024 and going forward, Lundbeck will focus on revenue and adjusted EBITDA at constant exchange rates (CER), instead of revenue and adjusted EBITDA at reported rates, to provide a more focused view of the underlying operational performance.

In 2024, revenue is expected to grow 7% to 10% at CER when compared to revenue of the prior year excluding effects from hedging. The growth reflects the continued and sustainable growth driven mainly by the demand of the strategic brands. Assuming the current exchange rates versus DKK, the revenue growth reported in DKK is expected to be around 4 percentage points lower than at CER.

The guidance range reflects continued strong growth of Vyepti® in the U.S. and the continued global roll-out. Additionally, the guidance expects robust growth of Rexulti® following AADAD indication in the U.S. Furthermore, the guidance range comprises growth of Brintellix® in Europe and International Markets as well as slight growth for Abilify Maintena®/Asimtufii in the U.S.

The mature brands are expected to face increased generic erosion, especially Cipralex®/Lexapro®, Deanxit® and Sabril®.

Adjusted EBITDA is expected to grow 10% to 16% at CER in 2024 when compared to adjusted EBITDA of the prior year excluding effects from hedging. The financial guidance 2024 reflects higher R&D costs driven by the progression of the pipeline, higher sales and distribution costs due to increased Vyepti® and Rexulti® promotion activities. Assuming the current exchange rates versus DKK, the adjusted EBITDA growth reported in DKK is expected to be around 9 percentage points lower than at CER.

All the above expectations are based on assumptions that the global or regional macroeconomic and political environment will not significantly change business conditions for Lundbeck during 2024, including the impact of any potential material business development activities and the potential implications.

In the table below, the expectations and additional relevant information have been summarized.

Financial guidance for 2024	As of 7 February 2024
Total revenue growth at CER	7% to 10%
Adjusted EBITDA growth at CER	10% to 16%

Other relevant financial information for FY 2024 at reported rates	
Total revenue (IFRS) growth[1]	Around 4 percentage points lower than at CER
Adjusted EBITDA growth[1]	Around 9 percentage points lower than at CER
Adjusted gross margin[2]	88% to 89%
R&D costs	DKK 3.9 to 4.1 billion
Depreciation & amortization	DKK 1.8 to 2.0 billion
Net financials, expenses	DKK 50 to 100 million
Effects from hedging	DKK -50 to -75 million
Effective tax rate	22% to 24%
Net cash/(net debt)[3]	DKK 4.0 to 4.5 billion

[1] Includes effects from hedging and exchange rate impact.
[2] Adjusted gross margin is the gross margin excluding depreciation and amortization and other adjustments linked to sales.
[3] Net cash/(net debt) is defined as Interest-bearing debt, cash, bank balances and securities, net.

Revenue at CER

DKK million	2023	2022
Total revenue (IFRS)	**19,912**	**18,246**
Effects from hedging	137	(588)
Total revenue (IFRS) before hedging	**19,775**	**18,834**
Effects from exchange rate	(645)	1,364
Total revenue at CER	**20,420**	**17,470**
Increase/(decrease) in total revenue	9%	12%
Increase/(decrease) in total revenue at CER[1]	8%	8%

[1] Total revenue at CER for the period divided by total revenue (IFRS) before hedging for the comparative period.

Adjusted EBITDA at CER

DKK million	2023	2022
Adjusted EBITDA	**5,652**	**4,823**
Effects from hedging	137	(588)
Adjusted EBITDA before hedging	**5,515**	**5,411**
Effects from exchange rate	(268)	663
Adjusted EBITDA at CER	**5,783**	**4,748**
Increase/(decrease) in adjusted EBITDA	17%	21%
Increase/(decrease) in adjusted EBITDA at CER[1]	7%	21%

[1] Adjusted EBITDA at CER for the period divided by adjusted EBITDA before hedging for the comparative period.

Mid-term targets

Lundbeck's mid-term targets communicated in February 2023 remain unchanged. Lundbeck is in a period with limited impact from major regional losses of exclusivity and anticipates solid growth of its strategic brands.

In 2024 and 2025, Lundbeck plans targeted investments behind the potential blockbuster opportunity for Rexulti® in the treatment of AADAD. Based on organic growth, we expect revenue to show a mid-single digit compound annual growth rate (CAGR) over the next three years.

At the same time, we remain focused on driving efficiencies and being prudent in our spending. Based on these assumptions, we target an adjusted EBITDA-margin of 30-32% for the current business, excluding any material business development activities, by the end of the mid-term period and despite increased investments in R&D.

Dividend

The Board of Directors proposes to pay a dividend of approximately 30% of net profit for 2023 in line with Lundbeck's pay-out policy of 30 – 60%. This corresponds to DKK 0.70 per share or a total of DKK 697 million compared to DKK 578 million in 2022. The dividend pay-out is subject to approval at the Annual General Meeting on 20 March 2024.

Forward-looking statements

Forward-looking statements are subject to risks, uncertainties, and inaccurate assumptions. This may cause actual results to differ materially from expectations. Various factors may affect future results, including interest rates and exchange rate fluctuations, delay or failure of development projects, production problems, unexpected contract breaches or terminations, governance-mandated or market-driven price decreases for products, introduction of competing products, Lundbeck's ability to successfully market both new and existing products, exposure to product liability and other lawsuits, changes in reimbursement rules and governmental laws, and unexpected growth in expenses.

Conference call

Today at 13.00 CET, Lundbeck will be hosting a conference call for the financial community. You can find dial-ins and a link for webcast online at www.lundbeck.com under the Investor section.

3 ADJUSTED EBITDA RECONCILIATION

STATEMENT OF PROFIT OR LOSS – ADJUSTED EBITDA RECONCILIATION (FY AND Q4)

	FY 2023		FY 2022	
DKK million	Reported	Adjusted	Reported	Adjusted
Revenue	**19,912**	**19,912**	**18,246**	**18,246**
Cost of sales	4,485	2,332	3,951	2,113
Gross profit	**15,427**	**17,580**	**14,295**	**16,133**
Sales and distribution costs	7,482	7,341	6,610	6,637
Administrative expenses	1,293	1,202	1,079	1,000
Research and development costs	3,457	3,385	3,754	3,673
Profit from operations (EBIT)	**3,195**	**-**	**2,852**	**-**
Depreciation/amortization	2,012	-	1,811	-
EBITDA	**5,207**	**5,652**	**4,663**	**4,823**
EBITDA margin	*26.2%*	*28.4%*	*25.6%*	*26.4%*
Adjustments to EBITDA				
Integration costs	-	-	-	-
Restructuring expenses	64	-	(138)	-
Gains/losses on divestment of businesses	-	-	-	-
Acquisition expenses	-	-	-	-
Other adjustments	381	-	298	-
Adjusted EBITDA	**5,652**	**5,652**	**4,823**	**4,823**
Adjusted EBITDA margin	*28.4%*	*28.4%*	*26.4%*	*26.4%*

	Q4 2023		Q4 2022	
DKK million	Reported	Adjusted	Reported	Adjusted
Revenue	**4,978**	**4,978**	**4,680**	**4,680**
Cost of sales	1,208	741	1,179	491
Gross profit	**3,770**	**4,237**	**3,501**	**4,189**
Sales and distribution costs	2,185	2,114	1,870	1,931
Administrative expenses	378	372	323	257
Research and development costs	976	958	905	883
Profit from operations (EBIT)	**231**	**-**	**403**	**-**
Depreciation/amortization	513	-	507	-
EBITDA	**744**	**793**	**910**	**1,118**
EBITDA margin	*14.9%*	*15.9%*	*19.4%*	*23.9%*
Adjustments to EBITDA				
Integration costs	-	-	-	-
Restructuring expenses	49	-	(90)	-
Gains/losses on divestment of businesses	-	-	-	-
Acquisition expenses	-	-	-	-
Other adjustments	-	-	298	-
Adjusted EBITDA	**793**	**793**	**1,118**	**1,118**
Adjusted EBITDA margin	*15.9%*	*15.9%*	*23.9%*	*23.9%*

4 NOTES

4.1 ADJUSTED EBITDA

For the financial guidance 2024 and going forward, Lundbeck will focus on revenue and adjusted EBITDA at constant exchange rates (CER), instead of revenue and adjusted EBITDA at reported rates, to provide a more focused view of the underlying operational performance.

Adjusted EBITDA provides an improved and more consistent indicator, measuring the underlying operational profitability. Adjusted EBITDA enables a better understanding of the underlying operational performance, as the operating result is adjusted to exclude depreciation and amortization, impairment losses and reversals of impairment losses, as well as adjustments restricted to the following categories:

- Integration expenses,
- Restructuring expenses,
- Gains/losses on divestment of businesses,
- Acquisition expenses,
- Other adjustments.

Adjusted EBITDA, adjusted gross profit and adjusted EPS are non-IFRS performance measures.

FINANCIAL CALENDAR 2024

20 March 2024:	Lundbeck Annual General Meeting 2024
25 March 2024:	Dividends for 2023 at the disposal of shareholders (if approved)
15 May 2024:	Financial statements for the first three months of 2024
21 August 2024:	Financial statements for the first six months of 2024
13 November 2024:	Financial statements for the first nine months of 2024
5 February 2025:	Corporate release for the full year 2024
5 February 2025:	Annual Report 2024

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About Lundbeck

Lundbeck is a biopharmaceutical company focused exclusively on neuroscience, with more than 70 years of experience in improving the lives of people with neurological and psychiatric diseases.

As a focused innovator, we strive for our research and development programs to tackle some of the most complex challenges. We develop transformative medicines targeting people for whom there are few, if any, treatment options. Our goal is to create long term value and make a positive contribution to people and societies, everywhere we operate. We are committed to fighting stigma and discrimination, and we act to improve health equity for the people we serve and the communities we are part of.

Too many people worldwide live with brain diseases – complex conditions often invisible to others that nonetheless take a tremendous toll on individuals, families and societies. We are committed to fighting stigma and discrimination against people living with brain diseases and advocating for broader social acceptance of people with brain health conditions. Every day, we strive for improved treatment and a better life for people living with brain disease.

We have approximately 5,700 employees, and our products are available in more than 100 countries. Our research programs tackle some of the most complex challenges in neuroscience, and our pipeline is focused on bringing forward transformative treatments for brain diseases for which there are few, if any therapeutic options. We have research facilities in Denmark and the United States, and our production facilities are located in Denmark, France, and Italy.

For additional information, we encourage you to visit our corporate site www.lundbeck.com and connect with us on Instagram (h_lundbeck) and via LinkedIn.