Financial report for the period January 1 to March 31, 2023

Lundbeck's sales increased by 15% (+11% at constant exchange rates) to DKK 5 billion in the first quarter of 2023

Key highlights

Lundbeck's sales increased by 15% (+11% CER[1]) to DKK 5,044 million, with all regions growing and the U.S. and Europe contributing strongly

- United States: DKK 2,337 million (+22%; +16% CER)
- International Markets: DKK 1,499 million (+3%; +3% CER)
- Europe: DKK 1,174 million (+15%; +14% CER)

The growth of Lundbeck's strategic brands grew further with an increase of 23% (+19% CER), reaching DKK 3,273 million, representing 65% of total revenue

- Brintellix®/Trintellix®: DKK 1,077 million (+9%; +7% CER)
- Rexulti®/Rxulti®: DKK 1,060 million (+28%; +22% CER)
- Abilify Maintena®: DKK 785 million (+16%; +14% CER)
- Vyepti®: DKK 351 million (+106%; +97% CER)

Adjusted EBITDA[2] increased to DKK 1,845 million (+43%; +39% CER) and adjusted EBITDA margin reached 36.6% equivalent to an increase of 7.1 percentage points. Adjusted earnings per share (EPS) reached DKK 1.36 equivalent to an increase of 33%.

In connection with the corporate release, Lundbeck's President and CEO, Deborah Dunsire said:
"*I am very pleased with our operational performance in the first quarter. Lundbeck continues to show excellent growth driven by our strategic brands also driving profitability in the quarter. In the first quarter of 2023, Lundbeck delivered the highest quarterly revenue ever. I am delighted with the impact of our R&D transformation, delivering a positive Advisory committee vote for Rexulti in AAD, the on-time FDA approval for Abilify Asimtufii and the positive proof of concept for our novel PACAP-inhibitor.*"

Key figures:

DKK million	Q1 2023	Q1 2022	*Change*	*Change (CER)*
Revenue	**5,044**	4,372	*15%*	*11%**
EBITDA	**1,744**	1,290	*35%*	*31%*
Adjusted EBITDA	**1,845**	1,290	*43%*	*39%*
EPS (DKK)**	**0.89**	0.41	*117%*	
Adjusted EPS (DKK)	**1.36**	1.02	*33%*	

* Revenue change at CER does not include effects from hedging.
** The calculation of EPS is based on a share denomination of DKK 1 as a result of the share split completed on June 8, 2022. Comparative figures have been restated to reflect the change in trading unit from a nominal value of DKK 5 to DKK 1.

[1] Constant Exchange Rates (CER) previously denominated Local Currencies (LC).
[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 3 *Adjusted EBITDA.*

Recent events

On April 27, 2023, Lundbeck and Otsuka Pharmaceutical, Inc. (Otsuka) announced that FDA has approved the New Drug Application (NDA) for **Abilify Asimtufii®** (aripiprazole) extended-release injectable suspension for intramuscular use, a once-every-two-months injection for the treatment of schizophrenia in adults or for maintenance monotherapy treatment of bipolar I disorder in adults. Abilify Asimtufii offers two months of sustained therapeutic concentrations with one dose.

On April 16, 2023, Lundbeck and Otsuka announced that the Joint Meeting of the Psychopharmacologic Drugs Advisory Committee and the Peripheral and Central Nervous System Drugs Advisory Committee of the U.S. Food and Drug Administration (FDA) met to discuss the supplemental New Drug Application (sNDA) of **brexpiprazole for the treatment of agitation associated with dementia due to Alzheimer's disease**. The committees voted 9-1 that Otsuka and Lundbeck provided sufficient data to allow the identification of a population in whom the benefits of treating agitation associated with dementia due to Alzheimer's disease with brexpiprazole outweigh its risks. If approved, brexpiprazole would be the first FDA-approved treatment indicated for the treatment of agitation associated with dementia due to Alzheimer's disease in the U.S. The FDA will address the feedback from the committee as it reviews the sNDA for brexpiprazole in advance of the May 10, 2023 Prescription Drug User Fee Act (PDUFA) target action date.

On April 19, 2023, Lundbeck announced headline results from the *HOPE* trial with the anti-PACAP **("`222"). '222** met its primary endpoint in migraine prevention; patients treated with this monoclonal antibody, had a statistically significantly greater reduction vs. placebo in the number of monthly migraine days from baseline to week 4 of treatment. The efficacy was consistent across multiple endpoints and ´222 was well tolerated by the patients at the doses tested. The elimination of PACAP with '222 and thereby the interruption of its downstream signaling via a set of receptors, represents a new therapeutic possibility. The mode of action is distinct from the calcitonin gene-related peptide (CGRP) biology, which is targeted by the recently available migraine treatment drug class.

2023 Guidance

On February 7, 2023, Lundbeck communicated the financial guidance for 2023 focusing on revenue performance and, from the first quarter of 2023 and onwards, on adjusted EBITDA.

Lundbeck maintains its full year guidance for 2023; however, in order to reflect this change, the guidance has been updated to incorporate the adjusted EBITDA measure replacing the previous EBITDA measure.

- Revenue expected at DKK 19.4 – 20.0 billion
- Adjusted EBITDA expected at DKK 5.1 – 5.5 billion (previous EBITDA expected at DKK 4.8 – 5.2 billion)

The previously communicated expected provision of approximately DKK 300 million for Vyepti inventory obsolescence is reflected in the Adjusted EBITDA guidance for 2023. Of the total expected provision, DKK 101 million has been recognized in the first quarter of 2023.

CONTENT

1 FINANCIAL HIGHLIGHTS

For the three months ended March 31

DKK million	Q1 2023	Q1 2022	*Change*	*Change (CER)*
Revenue	**5,044**	**4,372**	***15%***	***11%***[1]
Gross profit	**4,003**	**3,527**	***13%***	***11%***
Gross margin	*79.4%*	*80.7%*		
Adjusted gross profit[2]	4,568	3,895	*17%*	*15%*
Adjusted gross margin	*90.6%*	*89.1%*		
Sales and distribution costs	1,673	1,435	*17%*	*15%*
S&D ratio	*33.2%*	*32.8%*		
Administrative expenses	258	236	*9%*	*8%*
Administrative expenses ratio	*5.1%*	*5.4%*		
Research and development costs	839	981	*(14%)*	*(15%)*
R&D ratio	*16.6%*	*22.4%*		
EBIT (profit from operations)	1,233	875	*41%*	*35%*
EBIT margin	*24.4%*	*20.0%*		
EBITDA[3]	**1,744**	**1,290**	***35%***	***31%***
EBITDA margin	*34.6%*	*29.5%*		
Adjusted EBITDA[4]	**1,845**	**1,290**	***43%***	***39%***
Adjusted EBITDA margin	*36.6%*	*29.5%*		
Net financials, expenses	83	347	*(76%)*	
Profit before tax	1,150	528	*118%*	
Income taxes	270	116	*133%*	
Effective tax rate (reported)	*23.5%*	*22.0%*		
Net profit	**880**	**412**	***114%***	
Adjusted net profit	1,355	1,009	*34%*	

Other key numbers			
Assets	36,624	35,071	*4%*
Equity	20,980	18,446	*14%*
Cash flows from operating and investing activities (free cash flow)	301	(1,368)	*(122%)*
Net cash flow for the period	(654)	(699)	*(6%)*
Return on invested capital – rolling four quarters	*10.5%*	*7.4%*	
Net debt/EBITDA – rolling four quarters	0.5	1.4	*(64%)*
Number of shares for the calculation of EPS (millions)[5]	993.0	993.4	
Earnings per share, basic (EPS) (DKK)[4]	0.89	0.41	*117%*
Adjusted earnings per share, basic (DKK)	1.36	1.02	*33%*

1 Revenue 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 Adjusted EBITDA is defined as EBITDA adjusted by certain items. For details see note 3 *Adjusted EBITDA.*
5 The calculation of EPS is based on a share denomination of DKK 1 as a result of the share split completed on June 8, 2022. Comparative figures have been restated to reflect the change in trading unit from a nominal value of DKK 5 to DKK 1.

2 BUSINESS PERFORMANCE

2.1 REVENUE BY PRODUCT

Revenue reached DKK 5,044 million representing a growth of 15% (+11% CER). The revenue growth is primarily driven by strong performance of the strategic brands (Abilify Maintena, Brintellix/ Trintellix, Rexulti/Rxulti and Vyepti) reaching DKK 3,273 million, representing a growth of 23% (+19% CER) and equivalent to 65% of total revenue. The largest markets for the strategic brands are the U.S., Canada, Spain, Italy and Australia.

For the three months ended March 31

DKK million	Q1 2023	Q1 2022	*Growth*	*Growth (CER)*
Brintellix/Trintellix	1,077	990	*9%*	*7%*
Rexulti	1,060	831	*28%*	*22%*
Abilify Maintena	785	677	*16%*	*14%*
Vyepti	351	170	*106%*	*97%*
Strategic brands	**3,273**	**2,668**	***23%***	***19%***
Cipralex/Lexapro	664	682	*(3%)*	*(3%)*
Sabril	110	152	*(28%)*	*(31%)*
Other pharmaceuticals	963	894	*8%*	*6%*
Mature brands	**1,737**	**1,728**	***1%***	***(1%)***
Other revenue	63	65	*(3%)*	*(5%)*
Total revenue before hedging	**5,073**	**4,461**	***14%***	***11%***
Effects from hedging	(29)	(89)		
Total revenue	**5,044**	**4,372**	***15%***	***11%***

Strategic brands

Brintellix/Trintellix (vortioxetine) is approved for the treatment of major depressive disorder (MDD). Sales reached DKK 1,077 million representing a growth of 9% (+7% CER) following a continued robust demand in markets outside the U.S. International Markets were slightly impacted by inventory fluctuations in China. In Europe, Brintellix is showing strong growth in Spain. In the U.S., Trintellix is still facing some competitive pressure, however, new-to-brand prescriptions (NBRx) have reversed a negative trend and are starting to show growth. The regional distribution of sales was 31%, 34% and 35% in the U.S., International Markets and Europe, respectively. The largest markets for the product are the U.S., Canada, Spain, Italy and Brazil.

Rexulti/Rxulti (brexpiprazole) is approved as an adjunctive therapy for the treatment of adults with MDD and as a treatment for adults with schizophrenia in markets such as the U.S., Canada, Brazil and Saudi Arabia. In Australia and Europe, the product is approved only for schizophrenia. Sales reached DKK 1,060 million representing a growth of 28% (+22% CER) mainly driven by demand. The regional distribution of sales was 92%, 7% and 1% in the U.S., International Markets and Europe, respectively. The largest markets are the U.S., Brazil, Canada, Australia and Saudi Arabia.

Abilify Maintena (aripiprazole once-monthly injection) is approved for the treatment of schizophrenia in the EU and for both schizophrenia and bipolar I disorder in the U.S., Canada and Australia. Sales reached DKK 785 million representing a growth of 16% (+14% CER) mainly driven by demand. The regional distribution of sales was 36%, 19% and 45% in the U.S., International Markets and Europe, respectively. The largest markets are the U.S., Spain, Canada, Australia and Italy.

Vyepti (eptinezumab) is approved as preventive treatment of migraine in adults and it doubled in sales compared to the same period last year and reached DKK 351 million following a growth of 106% (+97% CER) driven by strong demand. The regional distribution of sales was 94%, 3% and 3% in the U.S.,

International Markets and Europe, respectively. The product is approved in around 45 markets including the U.S., Australia, Canada and Europe for the preventive treatment of migraine in adults. Vyepti was launched in April 2020 in the U.S. and has since been launched in around 15 markets and the majority of those happening recently including Germany, France and the UK. The largest markets are the U.S., U.A.E., Germany, Switzerland and U.K. In 2023, Vyepti is expected to be launched in around 10 additional markets.

Mature brands

Cipralex®/Lexapro® (escitalopram) is approved for the treatment of MDD. Sales reached DKK 664 million representing a decline of 3% (-3% CER). The regional distribution of sales was 72% and 28% in International Markets and Europe, respectively. The largest markets are China, Saudi Arabia, Brazil, Japan and South Korea.

Revenue from **Other pharmaceuticals**, which comprise the remainder of Lundbeck's products, reached DKK 963 million representing a growth of 8% (+6% CER) following lower sales of mature products such as Northera. As of January 1, 2023, Onfi is being reported together with Other pharmaceuticals, comparative figures for 2022 have been adjusted accordingly. The largest markets for Other pharmaceuticals are China, the U.S., France and South Korea.

2.2 REVENUE BY GEOGRAPHICAL AREA

For the three months ended March 31

DKK million	Q1 2023	Q1 2022	*Growth*	*Growth (CER)*
United States				
Rexulti	979	774	*26%*	*20%*
Trintellix	338	349	*(3%)*	*(7%)*
Vyepti	328	167	*96%*	*87%*
Abilify Maintena	282	232	*22%*	*16%*
Strategic brands	**1,927**	**1,522**	***27%***	***21%***
Mature brands	410	396	*4%*	*(1%)*
Revenue – United States	**2,337**	**1,918**	***22%***	***16%***
International Markets				
Brintellix	368	340	*8%*	*9%*
Abilify Maintena	148	118	*25%*	*25%*
Rexulti	68	46	*48%*	*43%*
Vyepti	11	3	*267%*	*267%*
Strategic brands	**595**	**507**	***17%***	***17%***
Mature brands	904	949	*(5%)*	*(4%)*
Revenue – International Markets	**1,499**	**1,456**	***3%***	***3%***
Europe				
Brintellix	371	301	*23%*	*22%*
Abilify Maintena	355	327	*9%*	*9%*
Rexulti/Rxulti	13	11	*18%*	*18%*
Vyepti	12	-	-	-
Strategic brands	**751**	**639**	***18%***	***17%***
Mature brands	423	383	*10%*	*8%*
Revenue - Europe	**1,174**	**1,022**	***15%***	***14%***
Total revenue before hedging	**5,073**	**4,461**	***14%***	***11%***
Effects from hedging	(29)	(89)		
Total revenue	**5,044**	**4,372**	***15%***	***11%***

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

United States revenue reached DKK 2,337 million representing a growth of 22% (+16% CER). The strategic brands reached DKK 1,927 million increasing by 27% (+21% CER) or 82% of revenue. The sales growth was driven by strong demand for Rexulti and Vyepti and positively impacted by the appreciation of the USD.

International Markets comprise all Lundbeck's markets outside the U.S. and Europe. Revenue reached DKK 1,499 million representing a growth of 3% (+3% CER) driven by all four strategic brands offsetting the erosion of the mature brands. Lexapro in Japan is negatively impacted by the entry of generic versions at the end of 2022. The biggest markets are China, Canada, Brazil, Saudi Arabia and Australia. China and Japan constitute approximately 31% of regional revenue. The strategic brands reached DKK 595 million increasing by 17% (+17% CER) or 40% of revenue.

Revenue in **Europe** reached DKK 1,174 million representing a growth of 15% (+14% CER). The strategic brands reached DKK 751 million increasing by 18% (+17% CER) or 64% of revenue. In general, Europe continues to realize robust underlying demand countering a continuous negative average price development and continued generic erosion of the mature product portfolio. The largest markets in Europe are Spain, Italy and France.

Lundbeck **hedges** a significant part of the currency risk for a period of 12 - 18 months. Hedging had a minor negative impact of DKK 29 million in the first quarter of 2023, compared to a negative impact of DKK 89 million in the same period last year. Effects from hedging are not included in the CER calculation.

2.3 GROSS PROFIT

For the three months ended March 31

DKK million	Q1 2023	Q1 2022	*Change*	*Change (CER)*
Revenue	**5,044**	**4,372**	***15%***	***11%***
Cost of sales	1,041	845	*23%*	*23%*
thereof adjustments	101	-	-	-
thereof amortization of product rights	404	309	*31%*	*28%*
thereof depreciation/amortization	60	59	*2%*	*2%*
Gross profit	**4,003**	**3,527**	***13%***	***11%***
Gross margin (%)	*79.4%*	*80.7%*		
Adjusted gross profit	**4,568**	**3,895**	***17%***	***15%***
Adjusted gross margin (%)	*90.6%*	*89.1%*		

In the first quarter of 2023, **gross profit** reached DKK 4,003 million increasing by 13% (+11% CER). The **gross margin** was 79.4% representing a decline of 1.3 percentage point.

Adjusted gross profit is the gross profit excluding depreciation and amortization and other adjustments linked to sales. Adjusted gross margin was 90.6% in the first quarter of 2023 representing an increase of 1.5 percentage point.

Cost of sales increased to DKK 1,041 million, driven by higher revenue, impact from increased Vyepti amortization and provision for Vyepti inventory obsolescence of DKK 101 million recognized in the first quarter of 2023.

Amortization of product rights was DKK 404 million in the period, increasing by 31% (+28% CER).

2.4 EBIT AND ADJUSTED EBITDA

For the three months ended March 31

DKK million	Q1 2023	Q1 2022	*Change*	*Change (CER)*
Revenue	**5,044**	**4,372**	***15%***	***11%***
Gross profit	**4,003**	**3,527**	***13%***	***11%***
thereof adjustments	101	-	-	-
thereof depreciation/amortization	464	368	*26%*	*24%*
Sales and distribution costs	1,673	1,435	*17%*	*15%*
thereof depreciation/amortization	24	23	*4%*	*4%*
S&D-ratio	*33.2%*	*32.8%*		
Administrative expenses	258	236	*9%*	*8%*
thereof depreciation/amortization	5	4	*25%*	*25%*
Administrative expenses ratio	*5.1%*	*5.4%*		
Research and development costs	839	981	*(14%)*	*(15%)*
thereof depreciation/amortization	18	20	*(10%)*	*(10%)*
R&D-ratio	*16.6%*	*22.4%*		
Total operating expenses	**2,770**	**2,652**	***4%***	***3%***
OPEX-ratio	*54.9%*	*60.7%*		
EBIT (profit from operations)	**1,233**	**875**	***41%***	***35%***
Depreciation/amortization	511	415	*23%*	*21%*
EBITDA	**1,744**	**1,290**	***35%***	***31%***
EBITDA margin (%)	*34.6%*	*29.5%*		
Other adjustments	101	-	-	-
Adjusted EBITDA	**1,845**	**1,290**	***43%***	***39%***
Adjusted EBITDA margin (%)	*36.6%*	*29.5%*		

Total operating expenses (OPEX) reached DKK 2,770 million corresponding to an increase of 4% (+3% CER) mainly driven by higher sales and distribution costs offset by lower R&D costs. OPEX-ratio declined 5.8 percentage point.

Sales and distribution costs reached DKK 1,673 million corresponding to an increase of 17% (+15% CER) driven by an increasing activity level especially for Vyepti launch preparation and cost related to the expected launch of brexpiprazole for the treatment of agitation associated with dementia due to Alzheimer's disease in the U.S.

Sales and distribution costs corresponded to 33.2% of revenue in the first quarter of 2023, representing an increase of 0.4 percentage point.

Administrative expenses reached DKK 258 million increasing by 9% (+8% CER) corresponding to 5.1% of total revenue.

Research and development costs reached DKK 839 million with a R&D ratio of 16.6%. The decline in R&D costs of 14% (-15% CER) was driven by lower project costs related to the completion of phase IV studies on marketed products such as Brintellix/Trintellix as well as the AAD phase III program for Rexulti.

EBIT reached DKK 1,233 million increasing by 41% (+35% CER) reflecting higher revenue, lower OPEX-ratio and the Vyepti provision for obsolescence.

Amortization of product rights amounted to DKK 404 million corresponding to an increase of 31% (+28% CER). **Total amortization, depreciation and impairment losses** reached DKK 511 million representing an increase of 23% (+21% CER) driven mainly by an increase in Vyepti amortization.

Adjusted EBITDA reached DKK 1,845 million representing a growth of 43% (+39% CER) reflecting higher revenue and lower OPEX-ratio.

2.5 NET PROFIT AND ADJUSTED EPS

For the three months ended March 31

DKK million	Q1 2023	Q1 2022	*Change*
EBIT (profit from operations)	**1,233**	**875**	***41%***
Net financials, expenses	83	347	*(76%)*
Profit before tax	1,150	528	*118%*
Net profit	**880**	**412**	***114%***
thereof other adjustments	101	-	-
thereof depreciation/amortization	511	415	*23%*
thereof adjustments on financial items	-	278	-
thereof tax on adjustments	137	96	*43%*
Adjusted net profit	**1,355**	**1,009**	***34%***
Adjusted EPS (DKK)*	1.36	1.02	*33%*

* The calculation of EPS is based on a share denomination of DKK 1 as a result of the share split completed on June 8, 2022. Comparative figures have been restated to reflect the change in trading unit from a nominal value of DKK 5 to DKK 1.

Net profit

Net financial expenses reached DKK 83 million equivalent to a decline of 76%. The first quarter of 2022 was impacted by the Vyepti EMA approval 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 the first quarter of 2023 was 23.5%. The tax rate is in line with the full year expectation, reflecting the reduced deduction from the Danish research & development incentive of 108% (130% in 2022).

Net profit reached DKK 880 million corresponding to a growth of 114%.

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 1,355 million, representing an increase of 34%. The adjustments mainly relate to the amortization of product rights, provision for Vyepti inventory obsolescence and the fair value adjustment of contingent consideration of CVR. **Adjusted EPS** was DKK 1.36 increasing by 33%.

2.6 CASH FLOW AND BALANCE SHEET

Cash flows from operating activities amounted to an inflow of DKK 378 million compared to an outflow of DKK 205 million in the first quarter of 2022. The positive development is primarily driven by higher sales in 2023 and 2022 being negatively impacted by the Vyepti EMA approval CVR.

Lundbeck's **net cash flows from investing activities** were an outflow of DKK 77 million compared to an outflow of DKK 1,163 million in the first quarter of 2022. The impact is mainly driven by the CVR payment triggered by the EMA approval of Vyepti in the first quarter of 2022.

Lundbeck's **net cash flows from financing activities** were an outflow of DKK 955 million compared to an inflow of DKK 669 million in the first quarter of 2022. The financing cash flows in 2023 mainly relate to a dividend payment of DKK 576 million which was approved at the Annual General Meeting in March 2023 as well as repayment of debts. The first quarter of 2022 was impacted by a

drawdown on a loan to pay the CVR following the Vyepti EMA approval.

In the first quarter of 2023, the net cash outflow reached DKK 654 million compared to an outflow of DKK 699 million in the first quarter of 2022.

Net debt has decreased from DKK 5,003 million at the end of March 2022 to DKK 2,491 million at the end of March 2023. **Interest-bearing debt** was DKK 5,373 million at the end of March 2023 compared to DKK 6,617 million at the end of March 2022.

At March 31, 2023, Lundbeck's **total assets** amounted to DKK 36,624 million compared to DKK 37,452 million at the end of 2022.

At March 31, 2023, Lundbeck's **equity** amounted to DKK 20,980 million.

2.7 OUTLOOK

Financial guidance 2023 updated

On February 7, 2023, Lundbeck communicated the financial guidance for 2023 focusing on revenue performance and, from the first quarter of 2023 and onwards on adjusted EBITDA.

Lundbeck continues to expect strong growth for its strategic brands despite continued pricing pressure and loss of exclusivity (LoE) in some geographies.

Lundbeck maintains its full year guidance for 2023; however, in order to reflect this change, the guidance has been updated to incorporate the adjusted EBITDA measure replacing the previous EBITDA measure. The previously communicated expected provision of approximately DKK 300 million for Vyepti inventory obsolescence was reflected in the EBITDA guidance for 2023. Of the total expected provision, DKK 101 million has been recognized in the first quarter of 2023.

In the remainder of 2023, Lundbeck will continue the global roll-out of Vyepti with approximately 10 launches. Additionally, Lundbeck plans to launch Abilify Asimtufii which was approved on April 27, 2023. Furthermore, Lundbeck plans to launch brexpiprazole for the significant unmet need for patients suffering from agitation associated with dementia due to Alzheimer's disease, pending approval May 10, 2023 (PDUFA target action date).

The financial guidance for 2023 reflects the investments needed in these important launches driving significant future growth. Therefore, the SG&A costs are expected to increase due to the launches. The R&D costs are expected to be broadly stable compared to 2022. Lundbeck continues to expect strong growth for its strategic brands despite continued pricing pressure and loss of exclusivity (LoE) in some geographies.

Inflation is expected to have a higher impact on 2023 than seen in 2022.

Lundbeck mainly carries foreign currency risk in USD, CNY and CAD. The financial guidance for 2023 is maintained on the exchange rates at the end of March 2023. The financial guidance for 2023 is also based on current hedging rates for the main currencies, i.e. USD/DKK (7.11), CNY/DKK (1.02) and CAD/DKK (5.24) and includes an expected hedging gain of approximately DKK 130 million.

Based on assumptions for product and geographical mix, it is estimated that a 5% change of the USD/DKK exchange rate will impact revenue by approximately DKK 300 million.

Financial guidance

	FY 2022 actual	Former 2023 guidance	Updated 2023 guidance
Revenue	DKK 18,246 million	DKK 19.4 - 20.0 billion	**DKK 19.4 - 20.0 billion**
Adjusted EBITDA	DKK 4,823 million	-	**DKK 5.1 - 5.5 billion**
EBITDA	DKK 4,663 million	DKK 4.8 - 5.2 billion	-

Mid-term targets are confirmed

Lundbeck is in a period with limited impact from major regional losses of exclusivity and anticipates solid growth of its strategic brands.

We expect that in 2023 and 2024, there will be targeted investments behind the potential blockbuster opportunity for brexpiprazole in the treatment of agitation associated with Alzheimer's dementia. Based on organic growth, we expect revenue to show a mid-single digit compound annual growth rate (CAGR) over the mid-term, (3-4 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 business development activities, by the end of the mid-term period.

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.

2.8 LUNDBECK'S DEVELOPMENT PORTFOLIO

Lundbeck is developing several new and promising medicines for the treatment of brain diseases.

Pipeline developments are summarized below.

Project	Area	Phase I	Phase II	Phase III	Filing/ Launch
Hormonal / neuropeptide signaling:					
Eptinezumab (anti-CGRP)[1)]	Migraine prevention			*SUN-studies*[2)]	*PROMISE 1 & 2*
	Cluster headache		*CHRONICLE*[3)]	*ALLEVIATE*	
'222/Lu AG09222 (anti-PACAP mAb)[4)]	Migraine prevention		*HOPE*		
'909/Lu AG13909 (anti-ACTH mAb)[5)]	Neuro-hormonal dysfunctions				
Circuitry / neuronal biology:					
Brexpiprazole[6)]	Agitation in Alzheimer's disease				
	PTSD				
Aripiprazole 2-months injectable	Schizophrenia/bipolar I disorder				
'466/Lu AG06466[7)]	PTSD				
'996/Lu AF28996 (D_1/D_2 agonist)	Parkinson's disease				
Protein aggregation, folding and clearance:					
'422/Lu AF82422 (anti-α-synuclein mAb)	Multiple system atrophy		*AMULET*		
'908/Lu AF87908 (anti-Tau mAb)	Tauopathies				
Neuroinflammation / neuroimmunology:					
'151/Lu AG22151 (anti-CD40L blocker)	Neurology				

1) CGRP: Calcitonin gene-related peptide. 2) Two phase III clinical trials, supporting registration in Asia, including China and Japan: *SUNRISE*, and *SUNSET* trials. 3) Long-term safety study. 4) PACAP: Pituitary adenylate cyclase activating peptide. 5) Adrenocorticotropic hormone. 6) Acts as a partial agonist at 5-HT_{1A} and dopamine D_2 receptors at similar potency, and an antagonist at 5-HT_{2A} and noradrenaline $alpha_{1B/2C}$ receptors. 7) Monoacylglycerol lipase inhibitor ("MAGlipase").

Hormonal / neuropeptide signaling:

Eptinezumab - development and regulatory status

Eptinezumab is a monoclonal antibody (mAb) that binds to the calcitonin gene-related peptide (CGRP), a neuropeptide that plays a key role initiating and maintaining migraine.

Eptinezumab is administered as a quarterly 30-minute intravenous (IV) infusion, providing immediate and complete bioavailability.

In February 2020, Vyepti was approved by the FDA as the first FDA-approved IV treatment for prevention of migraine in adults. Eptinezumab has subsequently been approved by around 45 regulatory authorities, including the EU, and is currently under regulatory review in additional countries.

To enable expansion into Asia, the *SUN*-trials (NCT04921384, NCT05064371) are ongoing.

The *SUNRISE* trial (NCT04921384) evaluates the efficacy of eptinezumab to prevent migraine and headache in patients with chronic migraine. This study forms the base case for Asian approval across Japan, China and Korea. Patients will be randomly allocated to placebo or two treatment groups: eptinezumab 100 mg or 300 mg given by IV infusion (n=513). The total study duration is either approximately 36 weeks, including screening period and safety follow-up; or 24 weeks for patients in Japan that enter a separate open label extension trial, the *SUNSET* trial (NCT05064371). The *SUNSET* study will enroll approximately 100 patients with a total study duration of approximately 68 weeks.

Lundbeck is planning to expand the indication for eptinezumab to include treatment of episodic cluster headache (eCH) and is currently conducting a clinical development program for this indication.

In December 2020, Lundbeck initiated a phase III clinical study investigating the efficacy of eptinezumab in patients with episodic cluster headache (*ALLEVIATE*). The study (NCT04688775) is planned to recruit around 300 patients that will be randomly assigned to receive treatment consisting of two infusions of either eptinezumab or placebo in a cross-over manner. The total duration of the study is 24 weeks, including a safety follow up period of 8 weeks. During 2021, Lundbeck further initiated a one-year safety and tolerability trial in participants with chronic cluster headache (*CHRONICLE*). The study (NCT05064397) recently completed recruitment.

Also, in 2022, Lundbeck initiated a phase IV study investigating the add-on efficacy of eptinezumab treatment to brief educational intervention, for the preventive treatment of migraine in patients with a dual diagnosis of migraine and medication overuse headache (*RESOLUTION*). The study (NCT05452239) is planned to recruit around 570 patients that will be randomly assigned to receive either eptinezumab 100mg or placebo given by IV infusion. The total study duration is approximately 36 weeks including screening period and safety follow-up.

Lu AG09222 (‘222) – phase II

’222 represents a potential new therapeutic option for the treatment of migraine, which unlike the recently available calcitonin gene-related peptide (CGRP) migraine treatment drug class, targets pituitary adenylate cyclase-activating polypeptide (PACAP). PACAP and its receptors are broadly expressed in the nervous system, including at sites implicated in migraine pathophysiology. In pre-clinical and clinical studies in healthy subjects, ’222 has shown to bind with high affinity to PACAP, thereby preventing PACAP from activating its receptors.

In 2021, Lundbeck completed a study confirming the target engagement of ’222 with PACAP (NCT04976309). In this study, the preventive effect of ’222 on vasodilation induced by PACAP was investigated and confirmed.

Subsequently, in November 2021, Lundbeck initiated the *HOPE*-study, a randomized, double-blind, phase II, proof of concept study to assess efficacy, safety, and tolerability of ’222 as a treatment for the prevention of migraine (NCT05133323) which recently reported results. The target population for this trial was defined as patients diagnosed with migraine as outlined in the International Classification

of Headache Disorders Third Edition (ICHD-3) and with unsuccessful prior preventive treatments. A total of 237 patients, recruited from specialist settings, was randomly allocated to one of three treatment groups: high/low dose of ’222 or placebo. The study took place in six countries (Georgia, Poland, Czech Republic, Slovakia, Denmark, and the U.S.). The primary analysis concluded that there was a statistically significant difference (p=0.01) between ’222 and placebo in the mean change from baseline in the number of monthly migraine days over weeks 1 to 4. ‘222 was generally well tolerated.

LU AG13909 (‘909) – phase I

’909 is a novel approach to target neuro-hormonal dysfunctions of the hypothalamic–pituitary–adrenal (HPA) axis caused by elevated levels of adrenocorticotropic hormone (ACTH) produced in the pituitary gland. ’909 is a humanized anti-ACTH IgG1 monoclonal antibody that neutralizes ACTH-induced signaling in the adrenal glands by blocking ACTH binding to the melanocortin 2 receptor (MC2R).

A phase I first in human trial (NCT05669950) was initiated December 2022 in patients with Congenital Adrenal Hyperplasia (CAH), which encompasses a group of autosomal recessive rare disorders affecting 1 out of 10-20,000 live births. The phase I trial aims at establishing the safety and efficacy profile of ’909 after single and multiple doses

Circuitry / neuronal biology:

Brexpiprazole – phase III in patients with agitation associated with dementia due to Alzheimer’s Disease

In June 2022, Lundbeck and Otsuka Pharmaceutical reported positive results showing reduced agitation in patients with dementia due to Alzheimer’s disease treated with brexpiprazole. In the study, the improvements from baseline on the primary endpoint of CMAI for patients receiving brexpiprazole or 2 mg/day or 3 mg/day were statistically greater than for those receiving placebo (p=0.0026). This result was supported by a statistically superior improvement on the key secondary endpoint of CGI-S, as related to agitation (p=0.0055).

Brexpiprazole was generally well tolerated, and no new safety signals were observed. The only Treatment Emergent Adverse Event (TEAE) with more than 5% incidence in patients treated with brexpiprazole was headache (6.6% vs. 6.9% for placebo). The following TEAEs occurred at an incidence of at least 2% in brexpiprazole treatment group and greater than that of placebo: somnolence, nasopharyngitis, dizziness, diarrhea, urinary tract infection, and asthenia. There was one death observed in the 3 mg/day treatment group, assessed by the investigator as not related to treatment.

Based on this outcome, Lundbeck and Otsuka filed a supplemental New Drug Application (sNDA) to the FDA in the fourth quarter of 2022, which was accepted for priority review at the beginning of January 2023. The sNDA application includes the above-mentioned trial as well as two earlier trials. Furthermore, a sNDS with Health Canada was accepted for review on April 12, 2023.

On April 14, 2023 a Joint Meeting of the Psychopharmacologic Drugs Advisory Committee and the Peripheral and Central Nervous System Drugs Advisory Committee of FDA met to discuss the sNDA of brexpiprazole for the treatment of agitation associated with dementia due to Alzheimer’s disease.

The committee voted 9-1 in favor of Lundbeck and Otsuka having provided sufficient data to allow the identification of a population in whom the benefits of treating agitation associated with dementia due to AD with brexpiprazole outweigh its risks.

The Prescription Drug User Fee Act (PDUFA) target action date is May 10, 2023.

Brexpiprazole – phase III in Post-Traumatic Stress Disorder (PTSD)

PTSD is a psychiatric disorder that can develop as a response to traumatic events, such as interpersonal violence, combat, life-threatening accidents or natural disasters. Core features of PTSD include a variety of symptoms, such as re-experiencing phenomena (i.e., flashbacks and nightmares), avoidance behavior, numbing (i.e., amnesia,

anhedonia, withdrawal, negativism) and increased arousal (i.e., insomnia, irritability, poor concentration, hypervigilance). Psychiatric co-morbidities are common, and PTSD sufferers can also present with substance abuse, mood and other anxiety disorders, impulsive and dangerous behavior, and self-harm.

In November 2018, Lundbeck and Otsuka reported data from an explorative phase II study in PTSD, with positive findings from the treatment arm that examined a combination treatment of brexpiprazole and sertraline. On basis of these data, Lundbeck and Otsuka initiated two pivotal phase III trials (NCT04124614; n=577 and NCT04174170; n=733), investigating the use of brexpiprazole in combination with sertraline in the treatment of PTSD, subsequent to an End of Phase II meeting with the FDA in May 2019. The execution of those two ongoing studies was challenged by the COVID-19 pandemic, primarily impacting enrollment rates. After FDA feedback, it was decided that the two trials will be concluded with reduced sample size. Recruitment of both studies concluded in April 2023 and headline results are expected in the second half of 2023.

Aripiprazole – 2-Month Injectable (LAI) formulation

In July 2019, Lundbeck and Otsuka initiated a pivotal phase Ib study (NCT04030143) to determine the safety, tolerability, and pharmacokinetics of multiple-dose administrations of aripiprazole to adult participants with schizophrenia or bipolar I disorder. The study was an open-label, multiple-dose, randomized, parallel-arm, multicenter study. In addition to assessment of safety and tolerability, the objective was to establish the similarity of aripiprazole concentrations on the last day of the dosing interval and the exposure in the last dosing interval following the final administration of aripiprazole into the gluteal muscle site. The study showed that the new 2-month formulation provided effective plasma concentrations of aripiprazole for two months, while being safe and tolerable.

A long-acting injectable formulation ensures continuous exposure to medication and through a simplified treatment regimen, many of the challenges with poor treatment adherence may be mitigated, resulting in a potential positive impact on patient outcomes.

The new 2-month formulation is an innovative addition to the LAI franchise and has patent protection until the early part of the next decade.

On April 27, 2023, Lundbeck and Otsuka announced that the FDA has approved the New Drug Application (NDA) for Abilify Asimtufii extended-release injectable suspension for intramuscular use, a once-every-two-months injection for the treatment of schizophrenia in adults or for maintenance monotherapy treatment of bipolar I disorder in adults. Abilify Asimtufii offers two months of sustained therapeutic concentrations with one dose.

Lundbeck and Otsuka submitted the Marketing Authorisation Application (MAA) for aripiprazole as a 2-month ready-to-use (RTU) long-acting injectable (LAI) for the maintenance treatment of schizophrenia in adult patients stabilized with aripiprazole to the European Medicines Agency (EMA) on May 26, 2022. Due to a CHMP procedural objection, Lundbeck has withdrawn its MAA under the “hybrid” procedure and intends to re-submit to EMA as soon as possible under the “line-extension” procedure instead. This change is procedural only, and unrelated to product quality or safety.

The submission to Health Canada for the treatment of schizophrenia and bipolar I disorder was submitted in the third quarter of 2022 and Health Canada sNDS was formally accepted for review on April 12, 2023.

Lu AG06466 (‘466) – phase Ib

’466 (formerly ABX1431) is an inhibitor of the monoacylglycerol lipase (MAGL) and selective modulator of the endocannabinoid system, and thereby works to reduce excessive neuro-transmission and neuroinflammation that are known pathophysiological hallmarks for a range of psychiatric and neurological disorders. Recruitment in a phase Ib exploratory study in patients with PTSD (NCT04597450) was finalized. This exploratory study using biomarkers and clinical outcome measures will, together with previous studies conducted in small phase Ib patient populations, guide decision making

for future development of ’466 and other molecules of the MAGL inhibitor class in the pipeline.

Lu AF28996 (‘996) – phase I

’996 is a small molecule with agonistic properties towards D1 and D2 receptors. Continuous D1 and D2 dopamine receptor stimulation may play an important role in motor control of Parkinson’s disease patients. A phase Ib study was initiated in February 2020 with the purpose to investigate the safety and tolerability as well as pharmacokinetics of ’996 in patients with Parkinson's disease (NCT04291859).

Protein aggregation, folding and clearance:

Lu AF82422 (‘422) – phase II

’422 is a monoclonal antibody (mAb) targeting the pathological form of the protein alpha-synuclein that is believed to play a pivotal role in the development and progression of neurodegenerative diseases such as multiple system atrophy (MSA), Parkinson’s disease (PD), and other synucleinopathies. By targeting pathological alpha-synuclein with an antibody that will inhibit aggregation and potentially clear pathological alpha-synuclein from the brain, the project aims to demonstrate delay of disease progression and therapeutic effect on disease burden and function. ’422 has been demonstrated to be well-tolerated in a phase I single-ascending dose study, which was completed in July 2021. A phase II study (*AMULET*) was initiated in November 2021 (NCT05104476) and is presently fully accrued with ongoing follow-up in the U.S. and Japan. The primary objective of the study is to evaluate the efficacy of ’422 versus placebo on disease progression in patients with MSA.

A natural history study (*TALISMAN*) for early MSA patients has been initiated in China in June 2022, and opened for recruitment in the EU (France, Germany, Italy) in October 2022.

Orphan drug designation for MSA was granted by EMA in April 2021 and SAKIGAKE pioneering drug designation was granted by the Japanese Health Authorities in March 2023.

Lu AF87908 (*908) – phase I

’908 is a monoclonal antibody (mAb) targeting the pathological form of the hyper-phosphorylated tau protein, which is believed to play a pivotal role in the development and progression of Alzheimer’s disease and other tau-driven neuro-degenerative disorders (primary tauopathies). ’908 binds to a specific tau epitope (pS396-tau) which is a dominating phosphorylation site in pathological tau. A phase I program on ’908 was initiated in September 2019 to investigate the safety and tolerability as well as pharmacokinetics of a single dose of ’908, in healthy subjects and patients with Alzheimer's Disease (NCT04149860). Trial execution has been delayed as accrual of patients has been impacted by COVID-19.

Neuroinflammation / neuroimmunology:

Lu AG22515 (‘515)– phase I

In October 2021, Lundbeck acquired an exclusive license to *515 (formerly APB-A1) from AprilBio Co. Ltd in South Korea. ’515 is a CD40L/serum-albumin bispecific antibody-fragment that blocks the CD40L/CD40 pathway through direct neutralization of CD40L, thereby affecting adaptive and innate immune responses. ’515 holds strong promise in the treatment of a wide range of autoimmune-related CNS disorders and neurological diseases with autoreactive T-cells, B-cells and marked presence of autoantibodies and inflammation. A First-in-Human study (NCT05136053) testing single ascending doses of ’515 in healthy volunteers was initiated in the U.S. in March 2022.

2.9 SUSTAINABILITY UPDATE

KPIs and relevant activities

Scope 1 and 2 total GHG emissions have increased by 2%. The increase of total GHG scope 1 and 2 emissions is primarily due to temporary challenges with biooil supply and increased use of solvents for Regenerative Thermal Oxidizer. Energy consumption in the first quarter of 2023 has decreased 4.5%. This is primarily due to less energy being used at the production sites as a consequence of mild weather conditions, energy efficiency improvement and

scheduled production stops. The decrease in energy consumption has also led to a decrease in scope 2 GHG emissions. Despite the increase in total emissions, we are confident we will remain on track to reach our annual target.

In the first quarter of 2023, the number of work-related accidents with absence is nine and the Lost Time Accident Frequency is 3.8. There has been a change in the scope of reporting in 2023 regarding health and safety in order to include the employees in the sales affiliates. This means our reporting includes approximately 3,000 more employees than in 2022. Using the previous scope, the number of work-related accidents in the first quarter of 2023 is six and the Lost Time Accident Frequency is 6.4, decreasing by one work related accident with absence and a decrease of 1.7 percentage point in frequency.

Lundbeck has received 28 Compliance hotline cases in the first quarter of 2023, which is an increase of 75%. Of the 28 cases, 14 cases are still being investigated, while other 14 have been closed; out of these, seven cases are closed as substantiated, two cases as unsubstantiated and five cases as out of scope.

Update on PFAS soil pollution at Lumsås

Until 2011, Lundbeck used fire extinguishing foam containing PFOS at its Lumsås facility as was the common practice at the time, after which we switched to an alternative fire extinguishing foam in compliance with new regulation. PFASs are synthetic chemicals used for production in many industrial applications worldwide. One of the derivatives of PFASs is PFOS, which was widely used in fire extinguishing prior to 2011.

In 2021, the Danish Environmental Protection Agency (EPA) asked Danish companies who had used, or could have used, PFOS to investigate potential traces of PFOS. The Lundbeck investigation for traces of PFOS and other PFAS derivates in the soil at the facility was reported to EPA in 2022, and the conclusion was that PFAS compounds were found. The investigations have continued to understand the magnitude of the findings. The most recent results have been reported to the EPA in the first quarter of 2023.

The nationwide issue with PFAS is a challenge that is beyond Lundbeck. The Danish government announced in January 2023 that they are working on a national action plan regarding PFAS. Lundbeck continues to collaborate fully and openly with the authorities on this matter, as well as engage with neighbors and the municipality to address concerns in the local community.

Sustainability Key Performance Indicators

Category	Q1 2023	Q1 2022	*Change*
Scope 1 GHGs (Tonne CO_2-e)	5,851	5,607	4%
Scope 2 GHGs – market based (Tonne CO_2-e)	1,003	1,141	(12%)
Scope 1+2 GHGs (Tonne CO_2-e)	6,854	6,748	2%
Energy consumption (MWh)	30,438*	31,865	(4%)
Frequency of lost time accidents (Frequency)	3.8**	7.6	N/A
Work-related accidents with absence (Number)	9**	7	N/A
Compliance Hotline reports (Number)	28	16	75%
Due Diligence screenings of suppliers and third parties (Number)	52	22	*136%*

** Energy reporting is partly based on estimates.*
*** Scope for accidents has changed to include sales force.*
Note: See Lundbeck Sustainability Report 2022 for accounting policies and definitions.

2.10 GENERAL CORPORATE MATTERS

Pending legal proceedings

Legal cases and proceedings for which it is either not probable that there will be an outflow of resources or for which it is not practicable possible to make a reliable estimate is disclosed in this section and is considered contingent liabilities.

Lundbeck is involved in a number of cases and legal proceedings, including patent disputes, the most significant of which are described below. Some of these involve significant amounts and are subject to considerable uncertainty. Management continuously assesses the risks associated with the cases and legal proceedings, and their likely outcome. It is the opinion of Management that, apart from items recognized in the financial statements, the outcome of these cases and disputes are not probable or cannot be reliably estimated in terms of amount or timing. Such proceedings may, however, develop over time, and new proceedings may occur, in a way which could have a material impact on the Group's financial position and/or cash flows.

In June 2013, Lundbeck received the European Commission's decision that agreements concluded with four generic competitors concerning citalopram violated competition law. The decision included fining Lundbeck EUR 93.8 million (approximately DKK 700 million). Lundbeck paid and expensed the fine in the third quarter of 2013. In March 2021, the European Court of Justice rejected Lundbeck's final appeal of the European Commission's decision. So-called "follow-on claims" for reimbursement of alleged losses, resulting from alleged violation of competition law, often arise when decisions and fines issued by the European Commission are upheld by the European Court of Justice. The below mentioned "follow-on claims" are ongoing or threatened. Lundbeck disagrees with all claims and intends to defend itself against them.

Health authorities in the UK (England and Wales) and an umbrella organization of Dutch health insurance companies have previously taken formal protective steps against Lundbeck with the principal purpose of preventing potential "follow on claims" from being time-barred under the applicable statutes of limitation. In September 2021, the UK proceedings were transferred from the High Court to the Competition Appeal Tribunal at the request of the parties. The transfer order required the UK health authorities to give eight weeks' notice prior to serving the claim form, which they gave on September 30, 2022, meaning that the claim could be served on or after November 25, 2022. At the end of first quarter 2023, the UK health authorities served its claim form on Lundbeck.

In late October 2021, Lundbeck received a writ of summons from a German health care company claiming compensation for an alleged loss of profit plus interest payments, allegedly resulting from Lundbeck's conclusion of agreements with two of the four generic competitors, which were comprised by the EU Court of Justice ruling. Lundbeck has filed its first defense in May 2022 and the parties have subsequently exchanged additional pleadings. The court date for the first instance hearing has not yet been fixed and it may take several years before a final conclusion is reached by the German courts.

In March and April 2022 and again in March 2023 Lundbeck received letters from several regional health authorities in Spain with an out-of-court "follow on claim" for compensation. The letters specifically states that they are intended to interrupt the statute of limitation. It is still uncertain whether the health authorities in Spain will actively pursue any claims.

In Canada, Lundbeck is involved in three product liability class-action lawsuits relating to Cipralex/Celexa® (two cases alleging various Celexa-induced birth defects and one case against several SSRI manufacturers (incl. Lundbeck) alleging that SSRI (Celexa/Lexapro) induces autism birth defect), three relating to Abilify Maintena (alleging i.a. failure to warn about compulsive behavior side effects) and one relating to Rexulti (also alleging i.a. failure to warn about compulsive behavior side effects). The

cases are in the preliminary stages and as such there is significant uncertainty as to how these lawsuits will be resolved. Lundbeck strongly disagrees with the claims raised.

In 2018, Lundbeck entered into settlements with three of four generic companies involved in an Australian federal court case, in which Lundbeck was pursuing patent infringement and damages claims over the sale of escitalopram products in Australia. Lundbeck received AUD 51.7 million (DKK 242 million) in 2018. In Lundbeck's case against the last of the four generic companies, Sandoz Pty Ltd, the Federal Court found that Sandoz Pty Ltd had infringed Lundbeck's escitalopram patent between 2009 and 2012 and awarded Lundbeck AUD 26.3 million in damages. Sandoz' appeal of the decision was heard in May 2019 and the Full Federal Court has in August 2020 allowed Sandoz' appeal and decided that Sandoz is not liable for damages. The High Court of Australia has now allowed Lundbeck's appeal and overturned the Full Federal Court decision on all major issues. The case has been sent back to the Federal Court for recalculation of damages and Lundbeck's appeal of the Australian Patent Office's decision to grant Sandoz a license will be restarted.

Together with Takeda, Lundbeck instituted patent infringement proceedings against 16 generic companies in response to their filing of Abbreviated New Drug Applications ("ANDAs") with the FDA seeking to obtain marketing approval for generic versions of Trintellix in the U.S. Two opponents have since withdrawn and Lundbeck has settled with eight opponents. As communicated by Lundbeck in company release no. 706 dated October 1, 2021, the cases against the six remaining opponents (the "ANDA Filers") have been decided by the U.S. District Court for the District of Delaware (the 'Court'). The Court found that Lundbeck's compound patent (U.S. Patent No. 7,144,884) is valid. The compound patent expires on June 17, 2026, with an expected six-month pediatric exclusivity period extending to December 17, 2026. Assuming the ruling is confirmed at appeal, final approval will not be granted to the relevant ANDA Filers until after expiration of the compound patent, including any extension or additional periods of exclusivity. A total of seven other patents asserted at trial were found by the Court to be valid or their validity was not challenged during the trial. The Court decided that none of the seven other patents were infringed by the relevant ANDA Filers, except that Lupin was found to infringe a patent covering Lundbeck's process for manufacturing vortioxetine. Unless and until the Court's ruling is reversed on appeal, the patents found not infringed by a particular ANDA Filer will not prevent that ANDA Filer from receiving final approval. For details on each of the patents comprised by the case, please see company release no. 706. The Court's decision has been appealed by Lundbeck to the U.S. Court of Appeals for the Federal Circuit. Lupin has appealed with respect to the process patent and the ANDA Filers have cross appealed with respect to the validity of two of the seven other patents. The validity of the compound patent has not been challenged under the appeal.

Together with Otsuka, Lundbeck has instituted patent infringement proceedings against several generic companies that have applied for marketing authorization for generic versions of Rexulti (brexpiprazole) in the U.S. The proceedings have now been resolved. The compound patent remains valid until June 23, 2029, including expected pediatric extensions.

Lundbeck received a Civil Investigative Demand ("CID") from the U.S. Department of Justice ("DOJ") in March 2020. The CID seeks information regarding the sales, marketing, and promotion (including the promotional speaker program) of Trintellix. Lundbeck is cooperating with the DOJ.

Lundbeck and Otsuka have received a Paragraph IV certification from Mylan Pharmaceuticals with respect to certain of the patent listed for Abilify Maintena in the U.S., and Lundbeck and Otsuka have instituted patent infringement proceedings against Mylan and Viatris Inc. The FDA cannot grant marketing authorization in the U.S. to Mylan or Viatris Inc. before the patents expire unless they receive a decision in their favor. The trial has been scheduled to start on April 1, 2024 and a District Court decision is currently expected by August 2024. Abilify Maintena is covered by several U.S. patents relating

to specific forms of the active ingredient, formulations, processes, devices, indications and methods of use, which will expire in different years, with the latest patent expiry date in the U.S. being in 2034.

In June 2022 in the U.S., several entities created for the purpose of receiving assignment of claims from payors providing health insurance coverage pursuant to Medicare Parts C and D and Medicaid filed a complaint against Lundbeck and others. The complaint alleges that Lundbeck and the other defendants conspired to increase the unit price and quantity dispensed of Xenazine. Lundbeck denies the allegations in the complaint and intends to defend itself.

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.

STATEMENT OF THE BOARD OF DIRECTORS AND THE REGISTERED EXECUTIVE MANAGEMENT

The Board of Directors and the Registered Executive Management have discussed and adopted the financial report of H. Lundbeck A/S for the period January 1 to March 31, 2023. The financial report is presented in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU and additional Danish disclosure requirements for interim financial reports of listed companies.

We consider the accounting policies applied to be appropriate. Accordingly, the financial report gives a true and fair view of the Group's assets, liabilities and financial position as of March 31, 2023, and of the results of the Group's operations and cash flows for the period, which ended on March 31, 2023.

In our opinion, the Management's Review (pages 5-19) gives a true and fair view of activity developments, the Group's general financial position and the results for the period. It also gives a fair view of the significant risks and uncertainty factors that may affect the Group relative to the disclosures in the Annual Report 2022.

The financial report has not been subject to audit or reviewed by the company's independent auditors.

Valby, May 10, 2023

Registered Executive Management

Deborah Dunsire President and CEO	Lars Bang Executive Vice President, Product Development & Supply	Joerg Hornstein Executive Vice President, CFO	Per Johan Luthman Executive Vice President, Research & Development
Jacob Tolstrup Executive Vice President, Commercial Operations			

Board of Directors

Lars Søren Rasmussen Chair of the Board	Lene Skole-Sørensen Deputy Chair of the Board	Santiago Arroyo	Jeffrey Berkowitz
Lars Erik Holmqvist	Jeremy Max Levin	Jakob Riis	Ilse Dorothea Wenzel
Hossein Armandi Employee representative	Dorte Clausen Employee representative	Lasse Skibsbye Employee representative	Camilla Gram Andersson Employee representative

3 CONDENSED FINANCIAL STATEMENTS

Condensed statement of profit or loss

DKK million	Q1 2023	Q1 2022
Revenue	5,044	4,372
Cost of sales	1,041	845
Gross profit	**4,003**	**3,527**
Sales and distribution costs	1,673	1,435
Administrative expenses	258	236
Research and development costs	839	981
Profit from operations (EBIT)	**1,233**	**875**
Net financials, expenses	83	347
Profit before tax	**1,150**	**528**
Tax on profit for the period	270	116
Profit for the period	**880**	**412**
Earnings per share, basic (EPS) (DKK)[1]	0.89	0.41
Earnings per share, diluted (DEPS) (DKK)[1]	0.89	0.41

1 The calculation of EPS is based on a share domination of DKK 1 as a result of the share split completed on June 8, 2022. Comparative figures have been restated to reflect the change in trading unit from a nominal value of DKK 5 to DKK 1.

Statement of comprehensive income

DKK million	Q1 2023	Q1 2022
Profit for the period	**880**	**412**
Actuarial gains/losses	-	-
Tax	-	-
Items that will not be reclassified subsequently to profit or loss	**-**	**-**
Exchange rate gains/losses on investments in foreign subsidiaries	(170)	238
Exchange rate gains/losses on additions to net investments in foreign subsidiaries	(1)	(8)
Hedging of net investments in foreign subsidiaries	18	(26)
Deferred gains/losses on cash flow hedge, exchange rate	134	(143)
Deferred gains/losses on cash flow hedge, interest rate	(9)	25
Deferred gains/losses on cash flow hedge, price	(41)	-
Exchange gains/losses, hedging (transferred to the hedged items)	29	89
Tax	(28)	14
Items that may be reclassified subsequently to profit or loss	**(68)**	**189**
Other comprehensive income	**(68)**	**189**
Comprehensive income	**812**	**601**

Condensed statement of financial position

DKK million	31.03.2023	31.12.2022
Assets		
Intangible assets	22,006	22,500
Property, plant and equipment	2,502	2,515
Right-of-use assets	398	427
Other financial assets	146	173
Other receivables	203	195
Deferred tax assets	235	230
Non-current assets	**25,490**	**26,040**
Inventories	4,076	4,046
Receivables	4,176	3,818
Cash and bank balances	2,882	3,548
Current assets	**11,134**	**11,412**
Assets	**36,624**	**37,452**
Equity and liabilities		
Share capital	996	996
Foreign currency translation reserve	1,281	1,438
Hedging reserve	245	156
Retained earnings	18,458	18,189
Equity	**20,980**	**20,779**
Retirement benefit obligations	205	213
Deferred tax liabilities	2,233	2,152
Provisions	200	190
Bank debt and bond debt	4,772	5,096
Lease liabilities	370	395
Other payables	418	428
Non-current liabilities	**8,198**	**8,474**
Retirement benefit obligations	1	1
Provisions	1,124	1,132
Trade payables	3,787	4,251
Lease liabilities	82	88
Income taxes payable	660	535
Other payables	1,792	2,192
Current liabilities	**7,446**	**8,199**
Liabilities	**15,644**	**16,673**
Equity and liabilities	**36,624**	**37,452**

Statement of changes in equity

DKK million	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Total equity
Equity at January 1, 2023	**996**	**1,438**	**156**	**18,189**	**20,779**
Profit for the period	-	-	-	880	880
Other comprehensive income	-	(157)	89	-	(68)
Comprehensive income	**-**	**(157)**	**89**	**880**	**812**
Distributed dividends, gross	-	-	-	(578)	(578)
Dividends received, treasury shares	-	-	-	2	2
Buyback of treasury shares	-	-	-	(43)	(43)
Incentive programs	-	-	-	8	8
Tax on other transactions in equity	-	-	-	-	-
Other transactions	**-**	**-**	**-**	**(611)**	**(611)**
Equity at March 31, 2023	**996**	**1,281**	**245**	**18,458**	**20,980**

DKK million	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Total equity
Equity at January 1, 2022	**996**	**874**	**(162)**	**16,571**	**18,279**
Profit for the period	-	-	-	412	412
Other comprehensive income	-	212	(23)	-	189
Comprehensive income	**-**	**212**	**(23)**	**412**	**601**
Distribution of dividends, gross	-	-	-	(398)	(398)
Dividends received, treasury shares	-	-	-	1	1
Buyback of treasury shares	-	-	-	(45)	(45)
Incentive programs	-	-	-	8	8
Tax on other transactions in equity	-	-	-	-	-
Other transactions	**-**	**-**	**-**	**(434)**	**(434)**
Equity at March 31, 2022	**996**	**1,086**	**(185)**	**16,549**	**18,446**

Condensed statement of cash flows

DKK million	Q1 2023	Q1 2022
Profit from operations (EBIT)	**1,233**	**875**
Adjustments for non-cash items	623	348
Change in working capital	(1,361)	(879)
Cash flows from operations before financial receipts and payments	**495**	**344**
Financial receipts and payments	(51)	(485)
Cash flows from ordinary activities	**444**	**(141)**
Income taxes paid	(66)	(64)
Cash flows from operating activities	**378**	**(205)**
Contingent consideration, payment from acquisition of company	-	(1,076)
Purchase and sale of intangible assets and property, plant and equipment	(77)	(87)
Cash flows from investing activities	**(77)**	**(1,163)**
Cash flows from operating and investing activities (free cash flow)	**301**	**(1,368)**
Proceeds from loans and issue of bonds	-	1,234
Repayment of bank loans and borrowings	(314)	(98)
Dividends paid in the financial year, net	(576)	(397)
Other financing activities	(65)	(70)
Cash flows from financing activities	**(955)**	**669**
Net cash flow for the period	**(654)**	**(699)**
Cash and bank balances at beginning of period	3,548	2,279
Unrealized exchange gains/losses on cash and bank balances	(12)	34
Net cash flow for the period	(654)	(699)
Cash and bank balances at end of period	**2,882**	**1,614**
Interest-bearing debt, cash, bank balances and securities, net, is composed as follows:		
Cash and bank balances	**2,882**	**1,614**
Interest-bearing debt	(5,373)	(6,617)
Net cash/(net debt)	**(2,491)**	**(5,003)**

Statement of profit or loss – Adjusted EBITDA reconciliation (Q1)

	Q1 2023		Q1 2022	
DKK million	Reported	**Adjusted**	Reported	**Adjusted**
Revenue	**5,044**	**5,044**	**4,372**	**4,372**
Cost of sales	1,041	476	845	477
Gross profit	**4,003**	**4,568**	**3,527**	**3,895**
Sales and distribution costs	1,673	1,649	1,435	1,412
Administrative expenses	258	253	236	232
Research and development costs	839	821	981	961
Profit from operations (EBIT)	**1,233**	**-**	**875**	**-**
Depreciation/amortization	511	-	415	-
EBITDA	**1,744**	**1,845**	**1,290**	**1,290**
EBITDA margin	*34.6%*	*36.6%*	*29.5%*	*29.5%*
Adjustments to EBITDA				
Integration costs	-	-	-	-
Restructuring expenses	-	-	-	-
Gains/losses on divestment of businesses	-	-	-	-
Acquisition expenses	-	-	-	-
Other adjustments	101	-	-	-
Adjusted EBITDA	**1,845**	**1,845**	**1,290**	**1,290**
Adjusted EBITDA margin	*36.6%*	*36.6%*	*29.5%*	*29.5%*

4 NOTES

Note 1: Basis of preparation

The interim condensed consolidated financial statements for the three months ended March 31, 2023, have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements at December 31, 2022, published February 8, 2023. The accounting policies, judgements and significant estimates are consistent with those applied in the Annual Report 2022.

Further IAS 34 disclosure requirements for interim financial reporting are included in section 2, *Business Performance*. For disclosures regarding revenue and segment information see section 2.1 *Revenue by product* and section 2.2 *Revenue by geographic area*, for disclosures regarding inventory obsolescence see section 2.3 *Gross profit* and for disclosures regarding pending legal proceedings (contingent liabilities), see section 2.10 *General corporate matters*.

A number of new amendments came into effect from January 1, 2023. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

The Group has made some changes in the presentation of the statement of financial position. Management believes that the new presentation is more aligned with industry practice. The changes have no impact on the statement of financial position or equity. The comparative figures for 2022 have been changed accordingly.

On June 8, 2022, the Company's shareholders approved a share split of Lundbeck's existing shares. The approval entailed that each existing Lundbeck-share with a nominal value of DKK 5 was split into one A share with a nominal value of DKK 1 and four B shares each with a nominal value of DKK 1. The A-share is carrying ten votes and the B-share is carrying one vote. The A-shares and the B-shares are ordinary, fully paid shares carrying equal economic rights in all respects. As a result, all share and per share information has been retrospectively adjusted for all periods presented to reflect the impacts of the share split transaction.

Note 2: Fair value measurement

Financial assets and financial liabilities measured or disclosed at fair value

DKK million

March 31, 2023	Level 1	Level 2	Level 3
Financial assets			
Other financial assets[1]	49	-	27
Derivatives[1]	-	330	87
Total	**49**	**330**	**114**
Financial liabilities			
Contingent consideration[1]	-	-	334
Derivatives[1]	-	103	-
Bank debt[2]	-	1,062	-
Bond debt[2]	3,245	-	-
Total	**3,245**	**1,165**	**334**

1 Measured at fair value
2 Disclosed at fair value

The fair value of listed securities is based on publicly quoted prices of the invested assets. The fair value of derivatives is calculated by applying recognized measurement techniques, whereby assumptions are based on the market conditions prevailing at the balance sheet date. The fair value of contingent consideration is calculated as the discounted cash outflows (DCF method) from future milestone payments, taking probability of success into consideration. The fair value of

other financial assets is calculated through the financial performance of the market inputs (i.e. interest swap rates) and other market conditions prevailing at the balance sheet date.

Note 3: Adjusted EBITDA

For the financial guidance for 2023 and onwards, Lundbeck will focus on revenue performance and Adjusted EBITDA. Lundbeck's previous performance measure (Core EBIT) adjusted for amortization of product rights and for each non-recurring item that Management deemed exceptional and/or which accumulates or was expected to accumulate to DKK 100 million.

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 2023

August 16, 2023: Financial statements for the first six months of 2023
November 8, 2023: Financial statements for the first nine months of 2023

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About Lundbeck

H. Lundbeck A/S (HLUNa / HLUNb, HLUNA DC / HLUNB DC) is a global pharmaceutical company specialized in brain diseases. For more than 70 years, we have been at the forefront of neuroscience research. We are tirelessly dedicated to restoring brain health, so every person can be their best.

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 5,500 employees in more than 50 countries, 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. Lundbeck generated revenue of DKK 18.2 billion in 2022 (EUR ~2.5 billion; USD ~2.6 billion).

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.