Adjusted Supplementary Information to the Annual Report

2019
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In a letter dated 27 November 2020 to the Board of Directors of H. Lundbeck A/S, the Danish Business Authority required H. Lundbeck A/S to conduct an impairment test for 2017, leading to a reversal of an impairment loss on Rexulti\textsuperscript{(R)} (brexiprazole) of DKK 3,766 million, net of amortization, as of 31 December 2017. The value of the calculated reversal of the Group’s and the Parent Company’s intangible assets is considered to have a significant effect on the Annual Report 2019.

The Adjusted Supplementary Information to the Annual Report 2019 is prepared in order to fulfill the requirements in accordance with the conclusion dated 27 November 2020 by the Danish Business Authority. The 2018 and 2019 figures have been adjusted accordingly.

H. Lundbeck A/S has decided to disclose the rectified notes in full, presenting only the adjustment effects on the original notes. Notes not affected by the adjustment are not included in the Adjusted Supplementary Information to the Annual Report 2019.

Note numbers remain the same as in the Annual Report 2019 for easy reference.

The Adjusted Supplementary Information is to be seen in conjunction with the Annual Report 2019, which was approved by the Board of Directors and the registered Executive Management on 6 February 2020.

## SUMMARY FOR THE GROUP 2018 – 2019

### Income statement (DKKm)

<table>
<thead>
<tr>
<th></th>
<th>As reported</th>
<th>Adjustment</th>
<th>Restated</th>
<th>As reported</th>
<th>Adjustment</th>
<th>Restated</th>
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</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>17,036</td>
<td>-</td>
<td>17,036</td>
<td>18,117</td>
<td>-</td>
<td>18,117</td>
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<tr>
<td>Research and development costs</td>
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<td>-</td>
<td>3,116</td>
<td>3,277</td>
<td>-</td>
<td>3,277</td>
</tr>
<tr>
<td>Operating profit before depreciation and amortization (EBITDA)</td>
<td>4,823</td>
<td>-</td>
<td>4,823</td>
<td>6,436</td>
<td>-</td>
<td>6,436</td>
</tr>
<tr>
<td>Profit/(loss) from operations (EBIT)</td>
<td>3,608</td>
<td>(455)</td>
<td>3,153</td>
<td>5,301</td>
<td>(455)</td>
<td>4,846</td>
</tr>
<tr>
<td>Net financials</td>
<td>(127)</td>
<td>-</td>
<td>(127)</td>
<td>(12)</td>
<td>-</td>
<td>(12)</td>
</tr>
<tr>
<td>Profit/(loss) before tax</td>
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<td>(455)</td>
<td>3,026</td>
<td>5,289</td>
<td>(455)</td>
<td>4,834</td>
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<td>Profit/(loss) for the year</td>
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<td>(354)</td>
<td>2,313</td>
<td>3,907</td>
<td>(354)</td>
<td>3,553</td>
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### Assets (DKKm)

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<th>Adjustment</th>
<th>Restated</th>
<th>As reported</th>
<th>Adjustment</th>
<th>Restated</th>
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<tbody>
<tr>
<td>Non-current assets</td>
<td>26,719</td>
<td>2,376</td>
<td>29,095</td>
<td>11,362</td>
<td>2,582</td>
<td>13,944</td>
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<td>Inventories</td>
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<td>1,753</td>
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<tr>
<td>Receivables</td>
<td>3,822</td>
<td>-</td>
<td>3,822</td>
<td>3,261</td>
<td>-</td>
<td>3,261</td>
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<tr>
<td>Cash, bank balances and securities</td>
<td>3,012</td>
<td>-</td>
<td>3,012</td>
<td>6,635</td>
<td>-</td>
<td>6,635</td>
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<tr>
<td>Total assets</td>
<td><strong>35,757</strong></td>
<td><strong>2,376</strong></td>
<td><strong>38,133</strong></td>
<td><strong>23,011</strong></td>
<td><strong>2,582</strong></td>
<td><strong>25,593</strong></td>
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### Equity and liabilities (DKKm)

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<th>Adjustment</th>
<th>Restated</th>
<th>As reported</th>
<th>Adjustment</th>
<th>Restated</th>
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<tr>
<td>Equity</td>
<td>14,554</td>
<td>2,228</td>
<td>16,782</td>
<td>14,251</td>
<td>2,582</td>
<td>16,833</td>
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<td>Non-current liabilities</td>
<td>10,923</td>
<td>148</td>
<td>11,071</td>
<td>1,184</td>
<td>-</td>
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<td>Current liabilities</td>
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<td>-</td>
<td>10,280</td>
<td>7,576</td>
<td>-</td>
<td>7,576</td>
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<tr>
<td>Total equity and liabilities</td>
<td><strong>35,757</strong></td>
<td><strong>2,376</strong></td>
<td><strong>38,133</strong></td>
<td><strong>23,011</strong></td>
<td><strong>2,582</strong></td>
<td><strong>25,593</strong></td>
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### SUMMARY FOR THE GROUP 2018 – 2019 – CONTINUED

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<tr>
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<td></td>
<td>As reported</td>
<td>Adjustment</td>
<td>Restated</td>
<td>As reported</td>
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<tr>
<td>EBIT margin (%)</td>
<td>21,2</td>
<td>(2,7)</td>
<td>18,5</td>
<td>29,3</td>
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<tr>
<td>Research and development ratio (%)</td>
<td>18,3</td>
<td>-</td>
<td>18,3</td>
<td>18,1</td>
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<tr>
<td>Return on equity (%)</td>
<td>18,5</td>
<td>(4,7)</td>
<td>13,8</td>
<td>29,6</td>
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<td>Equity ratio (%)</td>
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<td>3,3</td>
<td>44,0</td>
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<td>Invested capital (DKKm)</td>
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<td>23,348</td>
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<td>Net debt/EBITDA</td>
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<td>-</td>
<td>1,4</td>
<td>(1,0)</td>
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<td>Effective tax rate (%)</td>
<td>23,4</td>
<td>0,2</td>
<td>23,6</td>
<td>26,1</td>
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<td>Purchase of intangible assets, gross (DKKm)</td>
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<td>-</td>
<td>88</td>
<td>1,149</td>
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<tr>
<td>Purchase of property, plant and equipment, gross (DKKm)</td>
<td>356</td>
<td>-</td>
<td>356</td>
<td>300</td>
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<tr>
<td>Purchase of financial assets, gross (DKKm)</td>
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<td>-</td>
<td>18</td>
<td>1,524</td>
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<tr>
<td>Average number of employees</td>
<td>5,475</td>
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<table>
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<th>Share data¹</th>
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<td>Restated</td>
<td>As reported</td>
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<td>Number of shares for the calculation of EPS (millions)</td>
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<td>198,7</td>
<td>198,7</td>
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<td>Earnings per share, basic (EPS) (DKK)²</td>
<td>13,42</td>
<td>(1,0)</td>
<td>11,64</td>
<td>19,66</td>
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<td>Earnings per share, diluted (DEPS) (DKK)²</td>
<td>13,42</td>
<td>(1,78)</td>
<td>11,64</td>
<td>19,66</td>
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<tr>
<td>Proposed dividend per share (DKK)</td>
<td>4,10</td>
<td>-</td>
<td>4,10</td>
<td>12,00</td>
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<tr>
<td>Cash flow from operating activities per share, diluted (DKK)²</td>
<td>13,13</td>
<td>-</td>
<td>13,13</td>
<td>30,10</td>
</tr>
<tr>
<td>Net asset value per share, diluted (DKK)²</td>
<td>73,24</td>
<td>11,22</td>
<td>84,46</td>
<td>71,69</td>
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<tr>
<td>Market capitalization (DKKm)</td>
<td>50,660</td>
<td>-</td>
<td>50,660</td>
<td>56,825</td>
</tr>
<tr>
<td>Price/Earnings, diluted (DKK)²</td>
<td>18,95</td>
<td>2,90</td>
<td>21,85</td>
<td>14,52</td>
</tr>
<tr>
<td>Price/Cash flow, diluted (DKK)²</td>
<td>19,38</td>
<td>-</td>
<td>19,38</td>
<td>9,48</td>
</tr>
<tr>
<td>Price/Net asset value, diluted (DKK)²</td>
<td>3,4/</td>
<td>(0,46)</td>
<td>3,01</td>
<td>3,98</td>
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### SUMMARY FOR THE GROUP 2018 – 2019 – CONTINUED

<table>
<thead>
<tr>
<th>EBITDA calculation (DKKm)</th>
<th>2019</th>
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<th>2018</th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>As reported</td>
<td>Adjustment</td>
<td>Restated</td>
<td>As reported</td>
<td>Adjustment</td>
<td>Restated</td>
</tr>
<tr>
<td>EBIT</td>
<td>3,608</td>
<td>(455)</td>
<td>3,153</td>
<td>5,301</td>
<td>(455)</td>
<td>4,846</td>
</tr>
<tr>
<td>+ Depreciation, amortization and impairment losses</td>
<td>1,215</td>
<td>455</td>
<td>1,670</td>
<td>1,183</td>
<td>455</td>
<td>1,638</td>
</tr>
<tr>
<td>- Gain on divestment of properties recognized in other operating items, net</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(48)</td>
<td>-</td>
<td>(48)</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>4,823</td>
<td>-</td>
<td>4,823</td>
<td>6,436</td>
<td>-</td>
<td>6,436</td>
</tr>
</tbody>
</table>

2017 has not been adjusted with the effect of the reversal of the impairment loss on Rexulti.

The Danish Business Authority conducted a review of the Annual Report 2018 for H. Lundbeck A/S. H. Lundbeck A/S has received the conclusion of the review from the Danish Business Authority on 27 November 2020.

The conclusion is that the impairment loss on the product rights for Rexulti recognized at 31 December 2015 should have been reversed in 2017. The impact is an increase in intangible assets of DKK 3,766 million, net of amortization at 31 December 2017.

Based on the conclusion, Management has chosen to publish Adjusted Supplementary Information to the Annual Report 2019.

Valby, 5 January 2021

The Board of Directors and the registered Executive Management have today considered and approved the Adjusted Supplementary information to the Annual Report 2019.

In our opinion, the Adjusted Supplementary Information to the Annual Report 2019 is prepared in accordance with the requirements in the conclusion made by the Danish Business Authority on 27 November 2020.
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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<thead>
<tr>
<th></th>
<th>31 December 2019</th>
<th>31 December 2018</th>
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<tbody>
<tr>
<td></td>
<td>As reported</td>
<td>Adjustment</td>
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<tr>
<td>Notes</td>
<td>DKKm</td>
<td>DKKm</td>
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<tr>
<td>Revenue</td>
<td>17,036</td>
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<tr>
<td>Cost of sales</td>
<td>3,385</td>
<td>455</td>
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<tr>
<td>Gross profit</td>
<td>13,651</td>
<td>(455)</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Profit from operations (EBIT)</td>
<td>3,608</td>
<td>(455)</td>
</tr>
<tr>
<td>Financial items, net</td>
<td>(127)</td>
<td>-</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>3,481</td>
<td>(455)</td>
</tr>
<tr>
<td>Tax on profit for the year</td>
<td>14</td>
<td>814</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>2,667</td>
<td>(354)</td>
</tr>
<tr>
<td>Earnings per share, basic (EPS) (DKK)</td>
<td>25</td>
<td>13.42</td>
</tr>
<tr>
<td>Earnings per share, diluted (DEPS) (DKK)</td>
<td>25</td>
<td>13.42</td>
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## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<table>
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<td></td>
<td>As reported</td>
<td>Adjustment</td>
<td>Restated</td>
<td>As reported</td>
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<tr>
<td>Notes</td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>2,667</td>
<td>(354)</td>
<td>2,313</td>
<td>3,907</td>
</tr>
<tr>
<td>Items that will not be reclassified subsequently to profit or loss</td>
<td>(55)</td>
<td>-</td>
<td>(55)</td>
<td>13</td>
</tr>
<tr>
<td>Items that may be reclassified subsequently to profit or loss</td>
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<td>-</td>
<td>59</td>
<td>(268)</td>
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<tr>
<td>Other comprehensive income</td>
<td>4</td>
<td>-</td>
<td>4</td>
<td>(255)</td>
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<td>Comprehensive income</td>
<td>2,671</td>
<td>(354)</td>
<td>2,317</td>
<td>3,652</td>
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</table>
# Condensed Consolidated Balance Sheet – Assets

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<td>Restated</td>
<td>As reported</td>
<td>Adjustment</td>
<td>Restated</td>
</tr>
<tr>
<td></td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
</tr>
<tr>
<td>Goodwill</td>
<td>5, 6</td>
<td>5,278</td>
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<td>4,300</td>
<td>-</td>
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<tr>
<td></td>
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<td></td>
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<td>4,124</td>
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<td>Product rights</td>
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<td>6,807</td>
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<td>6,987</td>
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<td>Other rights</td>
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<td>111</td>
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<td>-</td>
<td>125</td>
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<td>Projects in progress</td>
<td>5, 6</td>
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<td>-</td>
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<td>95</td>
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<td></td>
<td>116</td>
<td>-</td>
<td>95</td>
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<tr>
<td>Intangible assets</td>
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<td></td>
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<td>11,334</td>
<td></td>
<td>11,331</td>
</tr>
<tr>
<td>Property, plant and</td>
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<td>2,018</td>
<td>-</td>
<td>1,990</td>
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<tr>
<td>equipment</td>
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<td>assets</td>
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<td>Other receivables</td>
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<td>Deferred tax assets</td>
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<td>(480)</td>
<td>5</td>
<td>(729)</td>
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<td>1,214</td>
<td>(785)</td>
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<td>1,357</td>
<td>(785)</td>
<td>572</td>
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<td>29,095</td>
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<td>2,582</td>
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<td></td>
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<td>13,944</td>
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</tr>
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<td></td>
<td></td>
<td>10,912</td>
<td>2,981</td>
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<td>Current assets</td>
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<td>11,649</td>
<td>-</td>
<td>8,844</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11,649</td>
<td>-</td>
<td>8,844</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td>35,757</td>
<td>2,376</td>
<td>38,133</td>
<td>23,011</td>
<td>2,582</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td>25,593</td>
<td></td>
<td>19,756</td>
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<td></td>
<td></td>
<td>2,981</td>
<td></td>
<td>22,737</td>
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</table>
## Condensed Consolidated Balance Sheet – Equity and Liabilities

<table>
<thead>
<tr>
<th></th>
<th>31 December 2019</th>
<th>31 December 2018</th>
<th>1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As reported</td>
<td>Adjustment</td>
<td>Restated</td>
</tr>
<tr>
<td></td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
</tr>
<tr>
<td>Share capital</td>
<td>996</td>
<td>-</td>
<td>996</td>
</tr>
<tr>
<td>Foreign currency translation reserve</td>
<td>882</td>
<td>-</td>
<td>882</td>
</tr>
<tr>
<td>Hedging reserve</td>
<td>(75)</td>
<td>-</td>
<td>(75)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>12,751</td>
<td>2,228</td>
<td>14,979</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td><strong>14,554</strong></td>
<td><strong>2,228</strong></td>
<td><strong>16,782</strong></td>
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<tr>
<td>Retirement benefit obligations</td>
<td>295</td>
<td>-</td>
<td>295</td>
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<tr>
<td>Deferred tax liabilities</td>
<td>1,684</td>
<td>148</td>
<td>1,832</td>
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<tr>
<td>Provisions</td>
<td>258</td>
<td>-</td>
<td>258</td>
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<td>Bank debt</td>
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<td>Contingent consideration</td>
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<td>Lease liabilities</td>
<td>437</td>
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<tr>
<td>Other debt</td>
<td>59</td>
<td>-</td>
<td>59</td>
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<tr>
<td><strong>Non-current liabilities</strong></td>
<td><strong>10,923</strong></td>
<td><strong>148</strong></td>
<td><strong>11,071</strong></td>
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<td><strong>Current liabilities</strong></td>
<td><strong>10,280</strong></td>
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<td><strong>10,280</strong></td>
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<td><strong>Liabilities</strong></td>
<td><strong>21,203</strong></td>
<td><strong>148</strong></td>
<td><strong>21,351</strong></td>
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<td><strong>Equity and liabilities</strong></td>
<td><strong>35,757</strong></td>
<td><strong>2,376</strong></td>
<td><strong>38,133</strong></td>
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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<table>
<thead>
<tr>
<th>Notes</th>
<th>Share capital</th>
<th>Foreign currency translation reserve</th>
<th>Hedging reserve</th>
<th>Retained earnings</th>
<th>Equity</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
<td>As reported</td>
<td>Adjustment</td>
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<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity at 1 January</td>
<td>996</td>
<td>804 (56)</td>
<td>12,507</td>
<td>2,582</td>
<td>15,089</td>
</tr>
<tr>
<td>Profit for the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other transactions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity at 31 December</td>
<td>996</td>
<td>882 (75)</td>
<td>12,751</td>
<td>2,228</td>
<td>14,979</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
<th>Share capital</th>
<th>Foreign currency translation reserve</th>
<th>Hedging reserve</th>
<th>Retained earnings</th>
<th>Equity</th>
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<tbody>
<tr>
<td></td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
<td>As reported</td>
<td>Adjustment</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity at 1 January</td>
<td>995</td>
<td>634</td>
<td>382</td>
<td>10,170</td>
<td>2,936</td>
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<td>Profit for the year</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other transactions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity at 31 December</td>
<td>996</td>
<td>804 (56)</td>
<td>12,507</td>
<td>2,582</td>
<td>15,089</td>
</tr>
</tbody>
</table>
# Condensed Consolidated Cash Flow Statement

<table>
<thead>
<tr>
<th></th>
<th>31 December 2019</th>
<th></th>
<th></th>
<th>31 December 2018</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As reported</td>
<td>Adjustment</td>
<td>Restated</td>
<td>As reported</td>
<td>Adjustment</td>
<td>Restated</td>
</tr>
<tr>
<td></td>
<td>DKK(\text{m})</td>
<td>DKK(\text{m})</td>
<td>DKK(\text{m})</td>
<td>DKK(\text{m})</td>
<td>DKK(\text{m})</td>
<td>DKK(\text{m})</td>
</tr>
<tr>
<td>Profit from operations (EBIT)</td>
<td>3,608</td>
<td>(455)</td>
<td>3,153</td>
<td>5,301</td>
<td>(455)</td>
<td>4,846</td>
</tr>
<tr>
<td>Adjustment for non-cash items</td>
<td>1,075</td>
<td>455</td>
<td>1,530</td>
<td>1,243</td>
<td>455</td>
<td>1,698</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>(1,394)</td>
<td>-</td>
<td>(1,394)</td>
<td>563</td>
<td>-</td>
<td>563</td>
</tr>
<tr>
<td>Cash flows from operations before financial receipts and payments</td>
<td>3,289</td>
<td>-</td>
<td>3,289</td>
<td>7,107</td>
<td>-</td>
<td>7,107</td>
</tr>
<tr>
<td>Financial receipts</td>
<td>5</td>
<td>-</td>
<td>5</td>
<td>62</td>
<td>-</td>
<td>62</td>
</tr>
<tr>
<td>Financial payments</td>
<td>(15)</td>
<td>-</td>
<td>(15)</td>
<td>(56)</td>
<td>-</td>
<td>(56)</td>
</tr>
<tr>
<td>Cash flows from ordinary activities</td>
<td>3,279</td>
<td>-</td>
<td>3,279</td>
<td>7,113</td>
<td>-</td>
<td>7,113</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(670)</td>
<td>-</td>
<td>(670)</td>
<td>(1,132)</td>
<td>-</td>
<td>(1,132)</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>2,609</td>
<td>-</td>
<td>2,609</td>
<td>5,981</td>
<td>-</td>
<td>5,981</td>
</tr>
<tr>
<td>Cash flows from investing activities 1</td>
<td>(7,755)</td>
<td>-</td>
<td>(7,755)</td>
<td>(2,907)</td>
<td>-</td>
<td>(2,907)</td>
</tr>
<tr>
<td>Cash flows from operating and investing activities (free cash flow)</td>
<td>(5,146)</td>
<td>-</td>
<td>(5,146)</td>
<td>3,074</td>
<td>-</td>
<td>3,074</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>4,548</td>
<td>-</td>
<td>4,548</td>
<td>(1,607)</td>
<td>-</td>
<td>(1,607)</td>
</tr>
<tr>
<td>Net cash flow for the year</td>
<td>(598)</td>
<td>-</td>
<td>(598)</td>
<td>1,467</td>
<td>-</td>
<td>1,467</td>
</tr>
<tr>
<td>Cash and bank balances at 1 January</td>
<td>3,605</td>
<td>-</td>
<td>3,605</td>
<td>2,155</td>
<td>-</td>
<td>2,155</td>
</tr>
<tr>
<td>Unrealized exchange gains/losses on cash and bank balances</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>(17)</td>
<td>-</td>
<td>(17)</td>
</tr>
<tr>
<td>Net cash flow for the year</td>
<td>(598)</td>
<td>-</td>
<td>(598)</td>
<td>1,467</td>
<td>-</td>
<td>1,467</td>
</tr>
<tr>
<td>Cash and bank balances at 31 December</td>
<td>3,008</td>
<td>-</td>
<td>3,008</td>
<td>3,605</td>
<td>-</td>
<td>3,605</td>
</tr>
</tbody>
</table>

Interest-bearing debt, cash, bank balances and securities, net, is composed as follows:

- **Cash and bank balances**: 3,008 - 3,008 - 3,605 - 3,605
- **Securities**: 4 - 4 - 3,030 - 3,030
- **Interest bearing debt**: (9,578) - (9,578) - -

**Interest-bearing debt, cash, bank balances and securities, net, at 31 December - net cash/(net debt)**: (6,566) - (6,566) - 6,635 - 6,635

---

1) In 2018, Lundbeck acquired Proxion Therapeutics BV. The acquisition was considered a purchase of assets and consisted of the folicitox product rights valued at DKK 712 million, tax assets of DKK 39 million and net liabilities totaling DKK 6 million at the time of purchase. The cash flow statement is compiled using the indirect method. As a result, the individual amounts in the cash flow statement cannot be reconciled directly to the condensed income statement and balance sheet.
NOTE 5

5. INTANGIBLE ASSETS

<table>
<thead>
<tr>
<th>Intangible assets</th>
<th>Goodwill</th>
<th>Product rights(^1)</th>
<th>Other rights(^2)</th>
<th>Projects in progress(^3)</th>
<th>Total intangible assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As reported</td>
<td>Adjustment</td>
<td>Restated</td>
<td>As reported</td>
<td>Adjustment</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost at 1 January 2019</td>
<td>4,300</td>
<td>16,239</td>
<td>-</td>
<td>16,239</td>
<td>1,759</td>
</tr>
<tr>
<td>Effect of foreign exchange differences</td>
<td>69</td>
<td>97</td>
<td>-</td>
<td>97</td>
<td>3</td>
</tr>
<tr>
<td>Additions through acquisitions</td>
<td>909</td>
<td>15,274</td>
<td>-</td>
<td>15,274</td>
<td>-</td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>58</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(9)</td>
</tr>
<tr>
<td>Cost at 31 December</td>
<td>5,278</td>
<td>31,610</td>
<td>-</td>
<td>31,610</td>
<td>1,826</td>
</tr>
<tr>
<td>Amortization and impairment losses at 1 January</td>
<td>-</td>
<td>12,743</td>
<td>(3,311)</td>
<td>9,432</td>
<td>1,648</td>
</tr>
<tr>
<td>Effect of foreign exchange differences</td>
<td>-</td>
<td>137</td>
<td>-</td>
<td>137</td>
<td>3</td>
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<tr>
<td>Amortization</td>
<td>-</td>
<td>854</td>
<td>455</td>
<td>1,309</td>
<td>68</td>
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<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(7)</td>
</tr>
<tr>
<td>Amortization and impairment losses at 31 December</td>
<td>-</td>
<td>13,734</td>
<td>(2,856)</td>
<td>10,878</td>
<td>1,712</td>
</tr>
<tr>
<td>Carrying amount at 31 December</td>
<td>5,278</td>
<td>17,876</td>
<td>2,856</td>
<td>20,732</td>
<td>114</td>
</tr>
</tbody>
</table>

1) In 2019, product rights not yet commercialized amounted to DKK 15,956 million (DKK 1,066 million in 2018).
2) Other rights and projects in progress include items such as the IT system SAP. The amounts include directly attributable internal expenses.
5. INTANGIBLE ASSETS - CONTINUED

<table>
<thead>
<tr>
<th>Intangible assets</th>
<th>Goodwill</th>
<th>Product rights(^1)</th>
<th>Other rights(^4)</th>
<th>Projects in progress(^3)</th>
<th>Total intangible assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As reported</td>
<td>Adjustment</td>
<td>Restated</td>
<td>As reported</td>
<td>Adjustment</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
</tr>
<tr>
<td>Cost at 1 January 2018</td>
<td>4,124</td>
<td>15,089</td>
<td>-</td>
<td>15,089</td>
<td>1,731</td>
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<tr>
<td>Effect of foreign exchange differences</td>
<td>176</td>
<td>280</td>
<td>-</td>
<td>280</td>
<td>4</td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>57</td>
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<tr>
<td>Additions</td>
<td>-</td>
<td>1,066</td>
<td>-</td>
<td>1,066</td>
<td>6</td>
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<tr>
<td>Disposals</td>
<td>-</td>
<td>(196)</td>
<td>-</td>
<td>(196)</td>
<td>(39)</td>
</tr>
<tr>
<td>Cost at 31 December</td>
<td>4,300</td>
<td>16,239</td>
<td>-</td>
<td>16,239</td>
<td>1,759</td>
</tr>
</tbody>
</table>

Amortization and impairment losses at 1 January
- 11,868 (3,766) 8,102 1,606 20 13,494 (3,766) 9,728

Effect of foreign exchange differences
- 220 - 220 4 - 224 - 224

Amortization
- 813 455 1,268 68 - 881 455 1,336

Impairment losses
- 38 - 38 4 - 42 - 42

Disposals
- (196) - (196) (34) - (230) - (230)

Amortization and impairment losses at 31 December
- 12,743 (3,311) 9,432 1,648 20 14,411 (3,311) 11,100

Carrying amount at 31 December
4,300 3,496 3,311 6,807 111 116 8,023 3,311 11,334
5. INTANGIBLE ASSETS – CONTINUED

In October 2019, Lundbeck acquired Alder BioPharmaceuticals, Inc. (the name has subsequently been changed to Lundbeck Seattle BioPharmaceuticals, Inc.). The acquisition is considered a business combination in accordance with IFRS 3 Business Combinations. As part of the acquisition, Lundbeck acquired the product rights to eptinezumab which is an investigational monoclonal antibody (mAb) for migraine prevention targeting the calcitonin gene-related peptide (CGRP). The value of the product rights was DKK 13,421 million at the time of acquisition. The carrying amount of DKK 13,340 million at 31 December 2019 was affected by developments in the USD/DKK exchange rate.

In May 2019, Lundbeck acquired Abide Therapeutics, Inc. (the name has subsequently been changed to Lundbeck La Jolla Research Center, Inc.). The acquisition is considered a business combination in accordance with IFRS 3 Business Combinations. As part of the acquisition, Lundbeck acquired a portfolio of compounds, including the product rights to ABX-1431; a first-in-class, small-molecule inhibitor of monoacylglycerol lipase (MGLL) currently being investigated in clinical trials for the treatment of neurological disorders, and various compounds in the pre-clinical phase. The value of the portfolio of compounds recognized as product rights was DKK 1,853 million at the time of acquisition. The carrying amount of DKK 1,840 million at 31 December 2019 was affected by developments in the USD/DKK exchange rate.

In March 2018, Lundbeck purchased the feliglurax product rights by acquiring all shares in Prexton Therapeutics BV. The purchase was considered a purchase of assets, i.e., not a business combination. The value of the product rights was DKK 712 million at the time of purchase. The carrying amount of DKK 776 million at 31 December 2019 was affected by developments in the CHF/DKK exchange rate.

Adjustment

In 2015, Lundbeck recognized an impairment loss of the Rexulti product rights in the approximate amount of DKK 5 billion impacting the research and development costs.

In 2020, based on the requirement from the Danish Business Authority, an impairment test was performed for 2017, leading to the conclusion that the impairment recognized in the Annual Report 2015 should be reversed in 2017, net of accumulated amortization.

See Note 6 Impairment for details on the assessment of reversal of the impairment.

6. IMPAIRMENT

All subsidiaries are considered part of one single cash-generating unit (CGU) as that is the way in which Management makes decisions and assesses business performance. All subsidiaries are considered fully integrated into the Group as no entity has significant independent or separately identifiable inflow of cash. Most cash inflows are based on the output from research and development activities performed by headquarters on behalf of the entire Group. Accordingly, an impairment test was performed based on Lundbeck having one single CGU.

Methodology

In the impairment test, the discounted expected future cash flows (value in use) for the CGU and the specific asset tested are compared with the carrying amounts of goodwill and other assets. The expected future cash flows are based on a forecast period of nine years, which is the period used by Management for decision making, with due consideration of patent expiry. The assumptions used in the impairment test are based on benchmarked external data and historical trends. The key parameters in the calculation of the value in use are revenue, earnings, working capital, discount rate and the preconditions for the terminal period.

Negative growth of 5% is projected in the terminal period due to patent expiry. In addition, the four category elements in the table below are taken into consideration when determining the key parameters.

Adjustment

Based on the requirement from the Danish Business Authority, an impairment test was performed on the product rights for Rexulti. The product rights were fully impaired in 2015. The conclusion states that there were indications of an impairment reversal in 2017, consequently the Danish Business Authority required an impairment test for 2017. The impairment test for 2017 led to a reversal of the full recognized impairment, net of accumulated amortization, on the product rights for Rexulti of DKK 3,756 million as of 31 December 2017.
6. IMPAIRMENT - CONTINUED

<table>
<thead>
<tr>
<th>Financial elements</th>
<th>Market elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prices</td>
<td>Healthcare reforms</td>
</tr>
<tr>
<td>Rebates</td>
<td>Price reforms</td>
</tr>
<tr>
<td>Quantities</td>
<td>Market access</td>
</tr>
<tr>
<td>Patient population</td>
<td>Pharma restrictions</td>
</tr>
<tr>
<td>Market shares</td>
<td>Launch success</td>
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<tr>
<td>Competition</td>
<td>Product positioning</td>
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<tr>
<td>Fill rates</td>
<td>Competing pharmacueticals</td>
</tr>
<tr>
<td>Prescription rates</td>
<td>Generics on the market</td>
</tr>
<tr>
<td>Lundbeck costs</td>
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</table>

<table>
<thead>
<tr>
<th>R&amp;D elements</th>
<th>Other elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D spend</td>
<td>Supply chain effectiveness</td>
</tr>
<tr>
<td>Collaborations</td>
<td>Reputation</td>
</tr>
<tr>
<td>Pipeline success rate</td>
<td>Strength and abilities of partners</td>
</tr>
<tr>
<td>Product labelling</td>
<td></td>
</tr>
<tr>
<td>Liaison with regulatory bodies</td>
<td></td>
</tr>
</tbody>
</table>

Impact of possible changes in key assumptions for the impairment test of the CGU
If the budgeted revenue had been 5% lower than Management's estimates, the safety margin would continue to be positive. If the discount rate after tax applied to cash flow had been 1% higher, the safety margin would continue to be positive.

Adjustment

2017 testing outcome
Based on the requirement from the Danish Business Authority, an impairment test was performed for 2017, leading to the conclusion that the Impairment recognized in the 2015 Annual Report, should be reversed in 2017, net of accumulated amortization.

The calculation of the value in use is based on a discount rate after tax of 7.93%.

2019 testing outcome
The impairment test performed in 2019 did not result in any recognition of impairment losses.

2018 testing outcome
The impairment test performed in 2010 did not result in any recognition of impairment losses.
# NOTE 14

## 14. TAX ON PROFIT FOR THE YEAR

<table>
<thead>
<tr>
<th></th>
<th>As reported 31 December 2019</th>
<th>Adjustment</th>
<th>Restated 31 December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current tax</td>
<td>402 DKKm</td>
<td>-</td>
<td>402 DKKm</td>
</tr>
<tr>
<td>Prior-year adjustments, current tax</td>
<td>385 DKKm</td>
<td>-</td>
<td>385 DKKm</td>
</tr>
<tr>
<td>Prior-year adjustments, deferred tax</td>
<td>(403) DKKm</td>
<td>-</td>
<td>(403) DKKm</td>
</tr>
<tr>
<td>Change in deferred tax for the year</td>
<td>404 DKKm</td>
<td>(101)</td>
<td>303 DKKm</td>
</tr>
<tr>
<td>Change in deferred tax as a result of changed income tax rates</td>
<td>(1) DKKm</td>
<td>-</td>
<td>(1) DKKm</td>
</tr>
<tr>
<td>Total tax for the year</td>
<td>787 DKKm</td>
<td>(101)</td>
<td>686 DKKm</td>
</tr>
</tbody>
</table>

**Tax for the year is composed of:**

- **Tax on profit for the year**
  - 814 DKKm
  - (101) DKKm
  - 713 DKKm
  - 1,382 DKKm
  - (101) DKKm
  - 1,281 DKKm

- **Tax on other comprehensive income**
  - (28) DKKm
  - -
  - (28) DKKm
  - (155) DKKm
  - -
  - (155) DKKm

- **Tax on other transactions in equity**
  - 1 DKKm
  - -
  - 1 DKKm
  - -
  - -

**Total tax for the year**

- 787 DKKm
- (101) DKKm
- 686 DKKm
- 1,227 DKKm
- (101) DKKm
- 1,126 DKKm

For a specification of tax on other comprehensive income, see note 26 Other comprehensive income in the Annual Report 2019.
NOTES 14

14. TAX ON PROFIT FOR THE YEAR - CONTINUED

Explanation of the Group’s effective tax rate relative to the Danish corporate income tax rate

<table>
<thead>
<tr>
<th></th>
<th>As reported</th>
<th></th>
<th>Adjustment</th>
<th></th>
<th>Restated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DKKm</td>
<td>%</td>
<td>DKKm</td>
<td>%</td>
<td>DKKm</td>
<td>%</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>3,481</td>
<td>100</td>
<td>(455)</td>
<td>100</td>
<td>3,026</td>
<td>100</td>
</tr>
<tr>
<td>Calculated tax, 22%</td>
<td>766</td>
<td>22</td>
<td>(101)</td>
<td>22</td>
<td>665</td>
<td>22</td>
</tr>
</tbody>
</table>

Tax effect of:

Differences in the income tax rates of foreign subsidiaries from the Danish corporate income tax rate

<table>
<thead>
<tr>
<th></th>
<th>As reported</th>
<th></th>
<th>Adjustment</th>
<th></th>
<th>Restated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DKKm</td>
<td>%</td>
<td>DKKm</td>
<td>%</td>
<td>DKKm</td>
<td>%</td>
</tr>
<tr>
<td>Non-deductible expenses/non-taxable income and other permanent differences</td>
<td>62</td>
<td>1.8</td>
<td>-</td>
<td>-</td>
<td>62</td>
<td>2.0</td>
</tr>
<tr>
<td>Research and development incentives</td>
<td>79</td>
<td>2.2</td>
<td>-</td>
<td>-</td>
<td>79</td>
<td>2.6</td>
</tr>
<tr>
<td>Foreign-derived intangible income benefit</td>
<td>(13)</td>
<td>(0.4)</td>
<td>-</td>
<td>-</td>
<td>(13)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Non-deductible amortization of product rights</td>
<td>(140)</td>
<td>(4.0)</td>
<td>-</td>
<td>-</td>
<td>(140)</td>
<td>(4.6)</td>
</tr>
<tr>
<td>Change in valuation of net tax assets</td>
<td>103</td>
<td>3.0</td>
<td>-</td>
<td>-</td>
<td>103</td>
<td>3.4</td>
</tr>
<tr>
<td>Change in deferred tax as a result of changed income tax rates</td>
<td>(24)</td>
<td>(0.7)</td>
<td>-</td>
<td>-</td>
<td>(24)</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Prior-year tax adjustments etc., total effect on operations</td>
<td>(18)</td>
<td>(0.5)</td>
<td>-</td>
<td>-</td>
<td>(18)</td>
<td>(0.6)</td>
</tr>
</tbody>
</table>

Effective tax rate for the year

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As reported</td>
<td></td>
<td>Adjustment</td>
<td></td>
<td>Restated</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DKKm</td>
<td>%</td>
<td>DKKm</td>
<td>%</td>
<td>DKKm</td>
<td>%</td>
</tr>
<tr>
<td></td>
<td>814</td>
<td>23.4</td>
<td>(101)</td>
<td>22</td>
<td>713</td>
<td>23.6</td>
</tr>
</tbody>
</table>
## 14. TAX ON PROFIT FOR THE YEAR - CONTINUED

### Explanation of the Group’s effective tax rate relative to the Danish corporate income tax rate

<table>
<thead>
<tr>
<th></th>
<th>As reported</th>
<th>Adjustment</th>
<th>Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DKKm</td>
<td>%</td>
<td>DKKm</td>
</tr>
<tr>
<td><strong>2018</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>5,289</td>
<td>(455)</td>
<td>4,834</td>
</tr>
<tr>
<td>Calculated tax, 22%</td>
<td>1,163</td>
<td>22</td>
<td>(101)</td>
</tr>
</tbody>
</table>

### Tax effect of:

- Differences in the income tax rates of foreign subsidiaries from the Danish corporate income tax rate: 85, 1.8%
- Non-deductible expenses/non-taxable income and other permanent differences: 63, 1.2%
- Research and development incentives: (26), (0.5%)
- Non-deductible amortization of product rights: 97, 1.8%
- Change in valuation of net tax assets: (23), (0.4%)
- Change in deferred tax as a result of changed income tax rates: (3), (0.1%)
- Prior-year tax adjustments etc., total effect on operations: 26, 0.5%

**Effective tax rate for the year:**

| Effective tax rate for the year | 1,382 | 26.1 | (101) | 22 | 1,281 | 26.5 |
### NOTE 15

#### 15. DEFERRED TAX

The following table summarizes the temporary differences between assets and liabilities as stated in the consolidated financial statements and the tax base:

<table>
<thead>
<tr>
<th>Financial Statement</th>
<th>Balance at 1 January</th>
<th>Effect of foreign exchange differences</th>
<th>Adjustment of deferred tax at beginning of year</th>
<th>Additions through acquisitions</th>
<th>Movements during the year</th>
<th>Balance at 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As reported DKKm</td>
<td>Adjusted DKKm</td>
<td>Adjusted DKKm</td>
<td>Adjusted DKKm</td>
<td>Adjusted DKKm</td>
<td>Adjusted DKKm</td>
</tr>
<tr>
<td></td>
<td>Reported DKKm</td>
<td>Restated DKKm</td>
<td>Adjusted DKKm</td>
<td>Adjusted DKKm</td>
<td>Adjusted DKKm</td>
<td>Adjusted DKKm</td>
</tr>
</tbody>
</table>

#### 2019

- **Intangible assets:**
  - As reported: 1,109 DKKm
  - Adjusted: 3,311 DKKm
  - Restated: 4,420 DKKm
  - Effect of foreign exchange differences: (298) DKKm
  - Adjustment of deferred tax at beginning of year: 10 DKKm
  - Additions through acquisitions: 15,274 DKKm
  - Movements during the year: (3,243) DKKm
  - Balance at 31 December: 12,852 DKKm

- **Property, plant and equipment:**
  - As reported: 283 DKKm
  - Adjusted: - 283 DKKm
  - Restated: (39) DKKm
  - Effect of foreign exchange differences: 202 DKKm
  - Adjustment of deferred tax at beginning of year: 98 DKKm
  - Additions through acquisitions: 209 DKKm
  - Movements during the year: - 209 DKKm
  - Balance at 31 December: 753 DKKm

- **Inventories:**
  - As reported: (116) DKKm
  - Adjusted: - (116) DKKm
  - Restated: (3) DKKm
  - Effect of foreign exchange differences: 22 DKKm
  - Adjustment of deferred tax at beginning of year: 668 DKKm
  - Additions through acquisitions: 26 DKKm
  - Movements during the year: - 26 DKKm
  - Balance at 31 December: 597 DKKm

- **Provisions:**
  - As reported: (1,452) DKKm
  - Adjusted: - (1,452) DKKm
  - Restated: (57) DKKm
  - Effect of foreign exchange differences: (61) DKKm
  - Adjustment of deferred tax at beginning of year: (462) DKKm
  - Additions through acquisitions: 387 DKKm
  - Movements during the year: - 387 DKKm
  - Balance at 31 December: (1,645) DKKm

- **Other items:**
  - As reported: 1,867 DKKm
  - Adjusted: - 1,867 DKKm
  - Restated: (116) DKKm
  - Effect of foreign exchange differences: (1,937) DKKm
  - Adjustment of deferred tax at beginning of year: (51) DKKm
  - Additions through acquisitions: (309) DKKm
  - Movements during the year: - (309) DKKm
  - Balance at 31 December: (546) DKKm

- **Tax loss carryforwards etc.:**
  - As reported: (4,365) DKKm
  - Adjusted: - (4,365) DKKm
  - Restated: 47 DKKm
  - Effect of foreign exchange differences: (124) DKKm
  - Adjustment of deferred tax at beginning of year: (7,229) DKKm
  - Additions through acquisitions: 4,480 DKKm
  - Movements during the year: - 4,480 DKKm
  - Balance at 31 December: (7,191) DKKm

- **Total temporary differences:**
  - As reported: (2,674) DKKm
  - Adjusted: 3,311 DKKm
  - Restated: 637 DKKm
  - Effect of foreign exchange differences: (466) DKKm
  - Adjustment of deferred tax at beginning of year: (1,888) DKKm
  - Additions through acquisitions: 8,298 DKKm
  - Movements during the year: 1,550 DKKm
  - Balance at 31 December: 4,820 DKKm

#### 2018

- **Intangible assets:**
  - As reported: 405 DKKm
  - Adjusted: 3,766 DKKm
  - Restated: 4,171 DKKm
  - Effect of foreign exchange differences: 11 DKKm
  - Adjustment of deferred tax at beginning of year: - DKKm
  - Additions through acquisitions: 693 DKKm
  - Movements during the year: (455) DKKm
  - Balance at 31 December: 238 DKKm

- **Property, plant and equipment:**
  - As reported: 294 DKKm
  - Adjusted: - 294 DKKm
  - Restated: 2 DKKm
  - Effect of foreign exchange differences: (54) DKKm
  - Adjustment of deferred tax at beginning of year: - 41 DKKm
  - Additions through acquisitions: - 41 DKKm
  - Movements during the year: - 283 DKKm
  - Balance at 31 December: - 283 DKKm

- **Inventories:**
  - As reported: (127) DKKm
  - Adjusted: - (127) DKKm
  - Restated: 12 DKKm
  - Effect of foreign exchange differences: (11) DKKm
  - Adjustment of deferred tax at beginning of year: - 10 DKKm
  - Additions through acquisitions: - 10 DKKm
  - Movements during the year: - (116) DKKm
  - Balance at 31 December: - (116) DKKm

- **Provisions:**
  - As reported: (944) DKKm
  - Adjusted: - (944) DKKm
  - Restated: 2 DKKm
  - Effect of foreign exchange differences: 56 DKKm
  - Adjustment of deferred tax at beginning of year: (566) DKKm
  - Additions through acquisitions: - (566) DKKm
  - Movements during the year: - (1,452) DKKm
  - Balance at 31 December: - (1,452) DKKm

- **Other items:**
  - As reported: 959 DKKm
  - Adjusted: - 959 DKKm
  - Restated: (34) DKKm
  - Effect of foreign exchange differences: 389 DKKm
  - Adjustment of deferred tax at beginning of year: - 553 DKKm
  - Additions through acquisitions: - 553 DKKm
  - Movements during the year: - 1,867 DKKm
  - Balance at 31 December: - 1,867 DKKm

- **Tax loss carryforwards etc.:**
  - As reported: (3,588) DKKm
  - Adjusted: - (3,588) DKKm
  - Restated: (3) DKKm
  - Effect of foreign exchange differences: 484 DKKm
  - Adjustment of deferred tax at beginning of year: (1,238) DKKm
  - Additions through acquisitions: - (1,238) DKKm
  - Movements during the year: - (4,365) DKKm
  - Balance at 31 December: - (4,365) DKKm

- **Total temporary differences:**
  - As reported: (3,001) DKKm
  - Adjusted: 3,766 DKKm
  - Restated: 765 DKKm
  - Effect of foreign exchange differences: (19) DKKm
  - Adjustment of deferred tax at beginning of year: 864 DKKm
  - Additions through acquisitions: (527) DKKm
  - Movements during the year: (455) DKKm
  - Balance at 31 December: (982) DKKm

1. Movements during the year include DKK 0 million (DKK 0 million in 2018) recognized in other comprehensive income and DKK 1 million (DKK 0 million in 2018) recognized in equity.
2. In 2019, movements during the year included an addition from the acquisition of Preston Therapeutics B.V. of DKK 39 million not recognized in the income statement. The acquisition was considered a purchase of assets.
3. In accordance with IFRIC 23 Uncertainty over Income Tax Treatments, movements in other items include a reclassification to income taxes payable of DKK 1.672 million (tax value DKK 368 million) relating to provisions for uncertain tax positions.
## NOTE 15

### 15. DEFERRED TAX - CONTINUED

#### 2019

<table>
<thead>
<tr>
<th>Deferred (tax assets)/tax liabilities</th>
<th>As reported</th>
<th>Adjustment</th>
<th>Restated</th>
<th>As reported</th>
<th>Adjustment</th>
<th>Restated</th>
<th>As reported</th>
<th>Adjustment</th>
<th>Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>(35) DKKm</td>
<td>- (35) DKKm</td>
<td>3,162 DKKm</td>
<td>628 DKKm</td>
<td>3,790 DKKm</td>
<td>3,127 DKKm</td>
<td>628 DKKm</td>
<td>3,755 DKKm</td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>(9) DKKm</td>
<td>- (9) DKKm</td>
<td>183 DKKm</td>
<td>- DKKm</td>
<td>183 DKKm</td>
<td>174 DKKm</td>
<td>- DKKm</td>
<td>174 DKKm</td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>(70) DKKm</td>
<td>- (70) DKKm</td>
<td>207 DKKm</td>
<td>- DKKm</td>
<td>207 DKKm</td>
<td>137 DKKm</td>
<td>- DKKm</td>
<td>137 DKKm</td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>(396) DKKm</td>
<td>- (396) DKKm</td>
<td>- DKKm</td>
<td>- DKKm</td>
<td>- (396) DKKm</td>
<td>- DKKm</td>
<td>- (396) DKKm</td>
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</tr>
<tr>
<td>Other items</td>
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<td>- (197) DKKm</td>
<td>53 DKKm</td>
<td>- DKKm</td>
<td>53 DKKm</td>
<td>(144) DKKm</td>
<td>- DKKm</td>
<td>(144) DKKm</td>
<td></td>
</tr>
<tr>
<td>Tax loss carryforwards etc.</td>
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<td>- (1,695) DKKm</td>
<td>- DKKm</td>
<td>- DKKm</td>
<td>- (1,695) DKKm</td>
<td>- DKKm</td>
<td>- (1,695) DKKm</td>
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<td></td>
</tr>
<tr>
<td>Research and development incentives</td>
<td>(4) DKKm</td>
<td>- (4) DKKm</td>
<td>- DKKm</td>
<td>- DKKm</td>
<td>- (4) DKKm</td>
<td>- DKKm</td>
<td>- (4) DKKm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred (tax assets)/tax liabilities</td>
<td>(2,406) DKKm</td>
<td>- (2,406) DKKm</td>
<td>3,605 DKKm</td>
<td>628 DKKm</td>
<td>4,233 DKKm</td>
<td>1,199 DKKm</td>
<td>628 DKKm</td>
<td>1,827 DKKm</td>
<td></td>
</tr>
<tr>
<td>Set off within legal tax entities and jurisdictions</td>
<td>1,921 DKKm</td>
<td>480 DKKm</td>
<td>(1,921) DKKm</td>
<td>(480) DKKm</td>
<td>(2,401) DKKm</td>
<td>- DKKm</td>
<td>- DKKm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total net deferred (tax assets)/tax liabilities</td>
<td>(485) DKKm</td>
<td>480 DKKm</td>
<td>(5) DKKm</td>
<td>1,684 DKKm</td>
<td>148 DKKm</td>
<td>1,832 DKKm</td>
<td>1,199 DKKm</td>
<td>628 DKKm</td>
<td>1,827 DKKm</td>
</tr>
</tbody>
</table>

#### 2018

<table>
<thead>
<tr>
<th>Deferred (tax assets)/tax liabilities</th>
<th>As reported</th>
<th>Adjustment</th>
<th>Restated</th>
<th>As reported</th>
<th>Adjustment</th>
<th>Restated</th>
<th>As reported</th>
<th>Adjustment</th>
<th>Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>(31) DKKm</td>
<td>- (31) DKKm</td>
<td>343 DKKm</td>
<td>729 DKKm</td>
<td>1,072 DKKm</td>
<td>312 DKKm</td>
<td>729 DKKm</td>
<td>1,041 DKKm</td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>(2) DKKm</td>
<td>- (2) DKKm</td>
<td>66 DKKm</td>
<td>- DKKm</td>
<td>66 DKKm</td>
<td>64 DKKm</td>
<td>- DKKm</td>
<td>64 DKKm</td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>(77) DKKm</td>
<td>- (77) DKKm</td>
<td>37 DKKm</td>
<td>- DKKm</td>
<td>37 DKKm</td>
<td>(40) DKKm</td>
<td>- DKKm</td>
<td>(40) DKKm</td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>(356) DKKm</td>
<td>- (356) DKKm</td>
<td>- DKKm</td>
<td>- DKKm</td>
<td>- (356) DKKm</td>
<td>- DKKm</td>
<td>- (356) DKKm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other items</td>
<td>(75) DKKm</td>
<td>- (75) DKKm</td>
<td>450 DKKm</td>
<td>- DKKm</td>
<td>450 DKKm</td>
<td>375 DKKm</td>
<td>- DKKm</td>
<td>375 DKKm</td>
<td></td>
</tr>
<tr>
<td>Tax loss carryforwards etc.</td>
<td>(975) DKKm</td>
<td>- (975) DKKm</td>
<td>- DKKm</td>
<td>- DKKm</td>
<td>- (975) DKKm</td>
<td>- DKKm</td>
<td>- (975) DKKm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development incentives</td>
<td>(73) DKKm</td>
<td>- (73) DKKm</td>
<td>- DKKm</td>
<td>- DKKm</td>
<td>- (73) DKKm</td>
<td>- DKKm</td>
<td>- (73) DKKm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred (tax assets)/tax liabilities</td>
<td>(1,589) DKKm</td>
<td>- (1,589) DKKm</td>
<td>896 DKKm</td>
<td>729 DKKm</td>
<td>1,625 DKKm</td>
<td>(693) DKKm</td>
<td>729 DKKm</td>
<td>36 DKKm</td>
<td></td>
</tr>
<tr>
<td>Set off within legal tax entities and jurisdictions</td>
<td>424 DKKm</td>
<td>729 DKKm</td>
<td>(424) DKKm</td>
<td>(729) DKKm</td>
<td>(1,153) DKKm</td>
<td>- DKKm</td>
<td>- DKKm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total net deferred (tax assets)/tax liabilities</td>
<td>(1,165) DKKm</td>
<td>729 DKKm</td>
<td>(436) DKKm</td>
<td>472 DKKm</td>
<td>- DKKm</td>
<td>(693) DKKm</td>
<td>729 DKKm</td>
<td>36 DKKm</td>
<td></td>
</tr>
</tbody>
</table>
## NOTE 15

### 15. DEFERRED TAX – CONTINUED

Of the recognized deferred tax assets, DKK 1,699 million (DKK 1,048 million in 2018) relates to tax losses and research and development incentives to be carried forward. The utilization of tax loss carryforwards is subject to Lundbeck generating future positive taxable income against which the losses may be offset. The recognition of tax losses is based on estimates of the expected taxable income in loss-making entities, supported by reports from external analysts when available.

<table>
<thead>
<tr>
<th>Unrecognized deferred tax assets</th>
<th>As reported 31 Dec 2019</th>
<th>Adjustment</th>
<th>Restated 31 Dec 2019</th>
<th>As reported 31 Dec 2018</th>
<th>Adjustment</th>
<th>Restated 31 Dec 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
</tr>
<tr>
<td>Unrecognized deferred tax assets at 1 January</td>
<td>77</td>
<td>-</td>
<td>77</td>
<td>100</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Additions through acquisitions</td>
<td>454</td>
<td>-</td>
<td>454</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prior-year adjustments</td>
<td>(24)</td>
<td>-</td>
<td>(24)</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Additions</td>
<td>3</td>
<td>-</td>
<td>3</td>
<td>24</td>
<td>-</td>
<td>24</td>
</tr>
<tr>
<td>Utilized</td>
<td>(3)</td>
<td>-</td>
<td>(3)</td>
<td>(47)</td>
<td>-</td>
<td>(47)</td>
</tr>
<tr>
<td>Unrecognized deferred tax assets at 31 December</td>
<td>507</td>
<td>-</td>
<td>507</td>
<td>77</td>
<td>-</td>
<td>77</td>
</tr>
</tbody>
</table>
NOTES 20 AND 25

20. AMORTIZATION, DEPRECIATION AND IMPAIRMENT LOSSES

<table>
<thead>
<tr>
<th>Amortization, depreciation and impairment losses</th>
<th>31 December 2019</th>
<th>31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As reported</td>
<td>Adjustment</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>1,024</td>
<td>455</td>
</tr>
<tr>
<td>Sales and distribution costs</td>
<td>89</td>
<td>-</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>26</td>
<td>-</td>
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<tr>
<td>Research and development costs</td>
<td>76</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>1,215</td>
<td>455</td>
</tr>
</tbody>
</table>

25. EARNINGS PER SHARE

<table>
<thead>
<tr>
<th>Profit for the year (DKKm)</th>
<th>31 December 2019</th>
<th>31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As reported</td>
<td>Adjustment</td>
</tr>
<tr>
<td>Profit for the year (DKKm)</td>
<td>2,667</td>
<td>(354)</td>
</tr>
</tbody>
</table>

| Average number of shares ('000 shares)       | 199,120         | -               | 199,120        | 199,066         | -               | 199,066        |
| Average number of treasury shares ('000 shares) | (427)         | -               | (427)          | (391)           | -               | (391)          |
| Average number of shares, excl. treasury shares ('000 shares) | 198,693 | -               | 198,693        | 198,675         | -               | 198,675        |
| Average number of warrants, fully diluted ('000 warrants) | 22             | -               | 22             | 61              | -               | 61             |
| Average number of shares, fully diluted ('000 shares) | 198,715         | -               | 198,715        | 198,736         | -               | 198,736        |

| Earnings per share, basic (EPS) (DKK)        | 13.42           | (1.78)          | 11.64          | 19.66           | (1.78)          | 17.88          |
| Earnings per share, diluted (DEPS) (DKK)     | 13.42           | (1.78)          | 11.64          | 19.66           | (1.78)          | 17.88          |

Warrants not in the money are not included in the calculation of earnings per share, diluted (DEPS). Longer term, the warrants may have a dilutive effect on earnings per share, basic, and on earnings per share, diluted. For additional information on incentive programs, see note 13 Incentive programs in the Annual Report 2019.
CONDENSED FINANCIAL STATEMENTS OF THE PARENT COMPANY

NOTES

8. Tax on profit for the year 31
10. Intangible assets 32
13. Impairment 33
14. Deferred tax 33
### CONDENSED INCOME STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>31 December 2019</th>
<th></th>
<th></th>
<th>31 December 2018</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As reported DKKm</td>
<td>Adjustment DKKm</td>
<td>Restated DKKm</td>
<td>As reported DKKm</td>
<td>Adjustment DKKm</td>
<td>Restated DKKm</td>
</tr>
<tr>
<td>Revenue</td>
<td>9,464</td>
<td>-</td>
<td>9,464</td>
<td>8,607</td>
<td>-</td>
<td>8,607</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>1,720</td>
<td>455</td>
<td>2,175</td>
<td>1,675</td>
<td>465</td>
<td>2,130</td>
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<tr>
<td>Gross profit</td>
<td>7,744</td>
<td>(455)</td>
<td>7,289</td>
<td>6,932</td>
<td>(455)</td>
<td>6,477</td>
</tr>
<tr>
<td>Profit from operations (EBIT)</td>
<td>1,547</td>
<td>(455)</td>
<td>1,092</td>
<td>839</td>
<td>(455)</td>
<td>384</td>
</tr>
<tr>
<td>Income for investments in subsidiaries</td>
<td>3,217</td>
<td>-</td>
<td>3,217</td>
<td>306</td>
<td>-</td>
<td>306</td>
</tr>
<tr>
<td>Financial items, net</td>
<td>(103)</td>
<td>-</td>
<td>(103)</td>
<td>(168)</td>
<td>-</td>
<td>(168)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>4,661</td>
<td>(455)</td>
<td>4,206</td>
<td>977</td>
<td>(455)</td>
<td>522</td>
</tr>
<tr>
<td>Tax on profit for the year</td>
<td>8</td>
<td>215</td>
<td>(101)</td>
<td>141</td>
<td>(101)</td>
<td>40</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>4,446</td>
<td>(354)</td>
<td>4,092</td>
<td>836</td>
<td>(354)</td>
<td>482</td>
</tr>
</tbody>
</table>
### CONDENSED BALANCE SHEET - ASSETS

<table>
<thead>
<tr>
<th></th>
<th>31 December 2019</th>
<th>31 December 2018</th>
<th>1 January 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As reported</td>
<td>Adjustment</td>
<td>Restated</td>
</tr>
<tr>
<td></td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
</tr>
<tr>
<td>Product rights</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10, 13</td>
<td>5,368</td>
<td>2,856</td>
<td>8,224</td>
</tr>
<tr>
<td>Other rights</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10, 13</td>
<td>77</td>
<td>-</td>
<td>77</td>
</tr>
<tr>
<td>Projects in progress</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>10, 13</td>
<td>90</td>
<td>-</td>
<td>90</td>
</tr>
<tr>
<td>Intangible assets</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>5,535</td>
<td>2,856</td>
<td>8,391</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>1,729</td>
<td>-</td>
<td>1,729</td>
</tr>
<tr>
<td>Investments in subsidiaries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10,769</td>
<td>-</td>
<td>10,769</td>
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<tr>
<td>Receivables from subsidiaries</td>
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</tr>
<tr>
<td></td>
<td>3,779</td>
<td>-</td>
<td>3,779</td>
</tr>
<tr>
<td>Other investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>58</td>
<td>-</td>
<td>58</td>
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<tr>
<td>Other receivables</td>
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</tr>
<tr>
<td></td>
<td>3</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>450</td>
<td>(450)</td>
<td>-</td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>15,059</td>
<td>(450)</td>
<td>14,609</td>
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<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>22,323</td>
<td>2,406</td>
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<td>Current assets</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>10,259</td>
<td>-</td>
<td>10,259</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>32,582</td>
<td>2,406</td>
<td>34,988</td>
</tr>
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</table>
# Condensed Balance Sheet – Equity and Liabilities

<table>
<thead>
<tr>
<th></th>
<th>31 December 2019</th>
<th></th>
<th>31 December 2018</th>
<th></th>
<th>1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As reported</td>
<td>Adjustment</td>
<td>Restated</td>
<td>As reported</td>
<td>Adjustment</td>
</tr>
<tr>
<td></td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
</tr>
<tr>
<td>Share capital</td>
<td>996</td>
<td>-</td>
<td>996</td>
<td>996</td>
<td>-</td>
</tr>
<tr>
<td>Proposed dividends</td>
<td>816</td>
<td>-</td>
<td>816</td>
<td>2,389</td>
<td>-</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>9,693</td>
<td>2,228</td>
<td>11,921</td>
<td>6,073</td>
<td>2,582</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td><strong>11,505</strong></td>
<td><strong>2,228</strong></td>
<td><strong>13,733</strong></td>
<td><strong>9,458</strong></td>
<td><strong>2,582</strong></td>
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<tr>
<td>Deferred tax liabilities</td>
<td>14</td>
<td>-</td>
<td>178</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Provisions</td>
<td>50</td>
<td>-</td>
<td>50</td>
<td>50</td>
<td>-</td>
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<tr>
<td>Bank debt</td>
<td>7,062</td>
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<td>7,062</td>
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<td>-</td>
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<tr>
<td>Lease liabilities</td>
<td>190</td>
<td>-</td>
<td>190</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payables to subsidiaries</td>
<td>2,064</td>
<td>-</td>
<td>2,064</td>
<td>5,709</td>
<td>-</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td><strong>9,366</strong></td>
<td><strong>178</strong></td>
<td><strong>9,544</strong></td>
<td><strong>5,759</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td><strong>11,711</strong></td>
<td><strong>11,711</strong></td>
<td><strong>4,856</strong></td>
<td><strong>4,856</strong></td>
<td><strong>3,461</strong></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td><strong>21,077</strong></td>
<td><strong>178</strong></td>
<td><strong>21,255</strong></td>
<td><strong>10,615</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Equity and liabilities</strong></td>
<td><strong>32,582</strong></td>
<td><strong>2,406</strong></td>
<td><strong>34,988</strong></td>
<td><strong>20,073</strong></td>
<td><strong>2,582</strong></td>
</tr>
</tbody>
</table>
## CONDENSED STATEMENT OF CHANGES IN EQUITY

<table>
<thead>
<tr>
<th>Notes</th>
<th>Share capital</th>
<th>Proposed dividends</th>
<th>Retained earnings</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
</tr>
<tr>
<td></td>
<td>As reported</td>
<td>Adjustment</td>
<td>Restated</td>
<td>As reported</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity at 1 January</td>
<td>996</td>
<td>2,389</td>
<td>6,073</td>
<td>2,582</td>
</tr>
<tr>
<td>Distributed dividends, gross</td>
<td>-</td>
<td>(2,389)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends received, treasury shares</td>
<td>-</td>
<td>-</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>•</td>
<td>816</td>
<td>3,630</td>
<td>(354)</td>
</tr>
<tr>
<td>Deferred exchange gains/losses, hedging</td>
<td>-</td>
<td>-</td>
<td>(354)</td>
<td>-</td>
</tr>
<tr>
<td>Exchange gains/losses, hedging (transferred to the hedged items)</td>
<td>-</td>
<td>-</td>
<td>322</td>
<td>-</td>
</tr>
<tr>
<td>Capital increase through exercise of warrants</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Buyback of treasury shares</td>
<td>-</td>
<td>-</td>
<td>(20)</td>
<td>-</td>
</tr>
<tr>
<td>Incentive programs</td>
<td>-</td>
<td>-</td>
<td>27</td>
<td>-</td>
</tr>
<tr>
<td>Tax on transactions in equity</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Equity at 31 December</td>
<td>996</td>
<td>816</td>
<td>9,693</td>
<td>2,228</td>
</tr>
</tbody>
</table>

For further details, see note 28: Share capital in the consolidated financial statements in the Annual Report 2019.
### NOTE 8

**8. TAX ON PROFIT FOR THE YEAR**

<table>
<thead>
<tr>
<th></th>
<th>As reported</th>
<th>Adjustment</th>
<th>Restated</th>
<th>As reported</th>
<th>Adjustment</th>
<th>Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current tax, joint taxation contribution</td>
<td>(81)</td>
<td>-</td>
<td>(81)</td>
<td>79</td>
<td>-</td>
<td>79</td>
</tr>
<tr>
<td>Prior-year adjustments, current tax</td>
<td>8</td>
<td>-</td>
<td>8</td>
<td>(114)</td>
<td>-</td>
<td>(114)</td>
</tr>
<tr>
<td>Prior-year adjustments, deferred tax</td>
<td>(19)</td>
<td>-</td>
<td>(19)</td>
<td>97</td>
<td>-</td>
<td>97</td>
</tr>
<tr>
<td>Change in deferred tax for the year</td>
<td>301</td>
<td>(101)</td>
<td>200</td>
<td>(44)</td>
<td>(101)</td>
<td>(145)</td>
</tr>
<tr>
<td><strong>Total tax for the year</strong></td>
<td>209</td>
<td>(101)</td>
<td>108</td>
<td>18</td>
<td>(101)</td>
<td>(83)</td>
</tr>
</tbody>
</table>

**Tax for the year is composed of:**

- **Tax on profit for the year**
  - As reported: 215
  - Adjusted: (101)
  - Restated: 114
  - As reported: 141
  - Adjusted: (101)
  - Restated: 40

- **Tax on transactions in equity**
  - As reported: 6
  - Adjusted: -
  - Restated: 6
  - As reported: (123)
  - Adjusted: -
  - Restated: (123)

- **Total tax for the year**
  - As reported: 209
  - Adjusted: (101)
  - Restated: 108
  - As reported: 18
  - Adjusted: (101)
  - Restated: (83)
### NOTE 10

#### 10. INTANGIBLE ASSETS

<table>
<thead>
<tr>
<th>Intangible assets</th>
<th>As reported</th>
<th>Adjustment</th>
<th>Restated</th>
<th>Other rights</th>
<th>Projects in progress</th>
<th>Total intangible assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
<td>DKKm</td>
</tr>
<tr>
<td>Cost at 1 January 2019</td>
<td>8,795</td>
<td>-</td>
<td>8,795</td>
<td>1,694</td>
<td>104</td>
<td>10,593</td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additions</td>
<td>4,019</td>
<td>-</td>
<td>4,019</td>
<td>10</td>
<td>46</td>
<td>4,075</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(8)</td>
<td>(17)</td>
<td>(25)</td>
</tr>
<tr>
<td>Cost at 31 December</td>
<td>12,814</td>
<td>-</td>
<td>12,814</td>
<td>1,736</td>
<td>93</td>
<td>14,643</td>
</tr>
</tbody>
</table>

Amortization and impairment losses at 1 January

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization</td>
<td>7,152</td>
<td>(3,311)</td>
<td>3,841</td>
<td>1,620</td>
<td>20</td>
<td>8,792</td>
</tr>
<tr>
<td>Disposals</td>
<td>294</td>
<td>455</td>
<td>749</td>
<td>46</td>
<td>-</td>
<td>340</td>
</tr>
<tr>
<td>Amortization and impairment losses at 31 December</td>
<td>7,446</td>
<td>(2,856)</td>
<td>4,590</td>
<td>1,659</td>
<td>3</td>
<td>9,108</td>
</tr>
</tbody>
</table>

Carrying amount at 31 December

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5,368</td>
<td>2,856</td>
<td>8,224</td>
<td>77</td>
<td>90</td>
<td>5,535</td>
</tr>
</tbody>
</table>

1) In 2019, product rights not yet commercialized amounted to DKK 4,019 million (DKK 320 million in 2018).
2) Other rights and projects in progress primarily include items such as the IT system SAP. The amounts include directly attributable internal expenses.

For details on the adjustment in intangible assets, see note 5 Intangible assets in the condensed consolidated financial statements.
13. IMPAIRMENT

Impairment of intangible assets and property, plant and equipment
For details on impairment, see note 6 Impairment in the consolidated financial statements.

14. DEFERRED TAX

<table>
<thead>
<tr>
<th>Temporary differences between assets and liabilities as stated in the financial statements and in the tax base</th>
<th>Balance at 1 January</th>
<th>Adjustment of deferred tax at beginning of year</th>
<th>Movements during the year</th>
<th>Balance at 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As reported DKKm</td>
<td>Adjustment DKKm</td>
<td>Restated DKKm</td>
<td>As reported DKKm</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>529</td>
<td>3,311</td>
<td>3,840</td>
<td>-</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>254</td>
<td>-</td>
<td>254</td>
<td>(28)</td>
</tr>
<tr>
<td>Inventories</td>
<td>195</td>
<td>-</td>
<td>195</td>
<td>-</td>
</tr>
<tr>
<td>Other items</td>
<td>(281)</td>
<td>-</td>
<td>(281)</td>
<td>24</td>
</tr>
<tr>
<td>Tax loss carryforwards etc.</td>
<td>(4,024)</td>
<td>-</td>
<td>(4,024)</td>
<td>(82)</td>
</tr>
<tr>
<td>Total temporary differences</td>
<td>(3,327)</td>
<td>3,311</td>
<td>(16)</td>
<td>(86)</td>
</tr>
</tbody>
</table>

Deferred (tax assets)/tax liabilities
(732) 729 (3) (19) 301 (101) 200 (450) 628 178

The major assumptions relating to the recognition and measurement of tax assets are described in note 2 Significant accounting estimates and judgments in the consolidated financial statements in the Annual Report 2019.

<table>
<thead>
<tr>
<th>Movements in deferred tax</th>
<th>31 Dec 2019</th>
<th>31 Dec 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As reported DKKm</td>
<td>Adjustment DKKm</td>
</tr>
<tr>
<td>Balance at 1 January</td>
<td>(732)</td>
<td>729</td>
</tr>
<tr>
<td>Movements relating to profit for the year</td>
<td>281</td>
<td>(101)</td>
</tr>
<tr>
<td>Movements relating to transactions in equity</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Balance at 31 December</td>
<td>(450)</td>
<td>628</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT ON THE ADJUSTED SUPPLEMENTARY INFORMATION TO THE ANNUAL REPORT 2019

To the shareholders of H. Lundbeck A/S

Our opinion
In our opinion, the Adjusted Supplementary Information to the Annual Report 2019 is prepared, in all material respects, in accordance with requirements in the conclusion made by the Danish Business Authority on 27 November 2020.

What we have audited
The Adjusted Supplementary Information to the Annual Report 2019 of H. Lundbeck A/S comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Cash Flow Statement, the Condensed Consolidated Statement of Changes in Equity, and the Notes (pages 8-25). Further, the Adjusted Supplementary Information to the Annual Report 2019 comprises the Condensed Income Statement, the Condensed Balance Sheet, the Condensed Statement of Changes in Equity and the Notes for the Parent Company (pages 26-33).

Collectively referred to as the “Adjusted Supplementary Information to the Annual Report 2019”.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor’s responsibilities for the audit of the Adjusted Supplementary Information to the Annual Report 2019 section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Emphasis of matter to the Adjusted Supplementary Information to Annual Report 2019 - basis for preparation
The Adjusted Supplementary Information to the Annual Report 2019 is prepared in order to fulfill the requirements in accordance with the conclusion made by the Danish Business Authority on 27 November 2020.

The Adjusted Supplementary Information to the Annual Report 2019 is to be seen in conjunction with the Annual Report 2019, which was approved by the Board of Directors and the registered Executive Management on 6 February 2020.

Our conclusion is not modified regarding this matter.

Other matter
The Consolidated Financial Statements and the Parent Company Financial Statements for 2019 is audited by Deloitte Statsautoriseret Revisionspartnerselskab, consequently we did not issue the audit opinion on the Consolidated Financial Statements and the Parent Company Financial Statements for 2019. Deloitte Statsautoriseret Revisionspartnerselskab issued the Independent Auditor’s Report on 6 February 2020. Therefore, we only conclude on the audit procedures performed on the Adjusted Supplementary Information to the Annual Report 2019 and not for the audit procedures performed on the Consolidated Financial Statements and the Parent Company Financial Statements for 2019 as a whole.
INDEPENDENT AUDITOR’S REPORT ON THE ADJUSTED SUPPLEMENTARY INFORMATION TO THE ANNUAL REPORT 2019
- continued

Management’s responsibilities for the Adjusted Supplementary Information to the Annual Report 2019
Management is responsible for the preparation of the Adjusted Supplementary Information to the Annual Report 2019 that is prepared in accordance with the requirements in the conclusion made by the Danish Business Authority on 27 November 2020, and for such internal control as Management determines is necessary to enable the preparation of the Adjusted Supplementary Information to the Annual Report that is free from material misstatement, whether due to fraud or error.

In preparing the Adjusted Supplementary Information to the Annual Report 2019, Management is responsible for assessing the Group’s and the Parent Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Adjusted Supplementary Information to the Annual Report 2019
Our objectives are to obtain reasonable assurance about whether the Adjusted Supplementary Information to the Annual Report 2019 as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Adjusted Supplementary Information to the Annual Report 2019.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Adjusted Supplementary Information to the Annual Report 2019, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Parent Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s and the Parent Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Adjusted Supplementary Information to the Annual Report 2019 or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Hellierup, 5 January 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Lars Baunegaard
State Authorised Public Accountant
Mne 23331

Torben Jensen
State Authorised Public Accountant
Mne 18651