Corporate Release
Valby, Denmark, August 18, 2021

Financial report for the period January 1 to June 30, 2021

Lundbeck continues to deliver solid growth for strategic brands and the financial guidance range has been updated

HIGHLIGHTS

Revenue reached DKK 8,233 million in the first half of 2021, a decline of 4% in local currencies because of generic erosion on Northera®. EBIT grew 58% compared to the same period in 2020 and reached DKK 1,478 million. EBIT margin reached 18.0%. EPS grew by 63% for the period, reaching DKK 5.03.

In aggregate, strategic brands grew 13% in local currencies reaching DKK 4,408 million in the first half of the year or 54% of total revenue. In the second quarter of 2021, all strategic brands have resumed double-digit growth in local currencies. Based on trends in Trintellix and Rexulti, there is a gradual uptick in new patient starts supporting growth momentum.

The newest product in the portfolio, Vyepti®, continues its strong momentum since launch in April 2020 and reached DKK 101 million in the second quarter of 2021 compared to DKK 14 million for the same period last year. Regulatory review is ongoing in 14 markets.

Strategic brand performance:

- Revenue of Abilify Maintena®: DKK 1,197 million (up 5% in local currencies, +2% reported)
- Revenue of Brintellix®/Trintellix®: DKK 1,656 million (up 12% in local currencies, +5% reported)
- Revenue of Rexulti®/Rxulti®: DKK 1,378 million (up 9% in local currencies, -1% reported)
- Revenue of Vyepti®: DKK 177 million (up 1,245% in local currencies, +1,164% reported)

Market performance:

- Revenue in North America: DKK 4,052 million (down 10% in local currencies, -17% reported)
- Revenue in International Markets: DKK 2,197 million (up 6% in local currencies, -1% reported)
- Revenue in Europe: DKK 1,729 million (up 3% in local currencies, +2% reported)

In connection with the financial report, Lundbeck's President and CEO Deborah Dunsire said:
"I am proud of our performance and our solid financial results as the strategic brand growth accelerates post pandemic. Our strategic brands are showing double-digit growth again as we begin to see more normalized interaction between physicians and patients. We expect to see a gradual improvement in growth as an increasing number of patients see health care providers for the remainder of the year as pandemic restrictions and concerns continue to lift. We are very pleased to see continued good uptake of Vyepti in the U.S. Currency headwinds have been impactful as has the more rapid than expected decline post loss of exclusivity on Northera, however, we remain confident in Lundbeck's ability to deliver on our commitments to our patients and our shareholders in 2021 and beyond."

Key figures:

DKK million	H1 2021	H1 2020	*Growth*
Core Revenue*	**8,233**	8,934	*(8%)*
Core EBIT*	**2,147**	2,483	*(14%)*
Core EPS*	**7.71**	10.30	*(25%)*
*Core EBIT margin**	***26.1%***	*27.8%*	
Reported Revenue	**8,233**	8,934	*(8%)*
Reported EBIT	**1,478**	934	*58%*
Reported EPS	**5.03**	3.09	*63%*
Reported EBIT margin	***18.0%***	*10.5%*	

*For definition of the measures "Core Revenue", "Core EBIT", "Core EBIT margin" and "Core EPS", see note 5 C*ore reporting*

The exploratory phase II PoC study using Rexulti as monotherapy in patients suffering from borderline personality disorder has finalized. The study did not show statistically significant separation from placebo on the predefined timepoint at the primary endpoint, although improvements greater than placebo were observed at other timepoints in the study. Evaluation of the complete data is still ongoing.

Core EBIT reached DKK 2,147 million and Core EBIT margin reached 26.1%. Profitability was impacted by faster Northera erosion on the revenue side. We continue to make investments in building our brands, especially Vyepti, however, lower activity levels in the wake of the COVID-19 pandemic have resulted in lower than expected SG&A expenses in the first half of 2021 mitigating some of the downdraft.

The financial guidance for 2021 is updated. Lundbeck now expects revenue to reach DKK 16.3 – 16.6 billion. Core EBIT is expected to reach DKK 3.3 – 3.6 billion and EBIT to reach DKK 2.0 – 2.3 billion.

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FINANCIAL HIGHLIGHTS AND KEY FIGURES

	H1 2021	H1 2020	Q2 2021	Q2 2020	FY 2020
Financial highlights (DKK million)					
Core revenue	**8,233**	8,934	**3,960**	4,370	17,672
Core profit from operations (core EBIT)	**2,147**	2,483	**894**	1,126	4,436
Reported revenue	**8,233**	8,934	**3,960**	4,370	17,672
Operating profit before depreciation and amortization (EBITDA)	**2,347**	2,636	**995**	1,209	4,783
Reported profit from operations (EBIT)	**1,478**	934	**596**	671	1,990
Net financials, expenses	**197**	-	**112**	(97)	84
Profit before tax	**1,281**	934	**484**	768	1,906
Tax	**282**	319	**106**	245	325
Profit for the period	**999**	615	**378**	523	1,581
Equity	**17,540**	16,602	**17,540**	16,602	16,973
Assets	**34,036**	37,200	**34,036**	37,200	36,029
Cash flows from operating and investing activities (free cash flow)	**476**	1,479	**452**	1,359	3,370
Purchase of property, plant and equipment, gross	**144**	95	**82**	48	364
Key figures					
Core EBIT margin (%)	**26.1**	27.8	**22.6**	25.8	25.1
EBIT margin (%)	**18.0**	10.5	**15.1**	15.4	11.3
Return on equity (%)	**5.8**	3.7	**2.2**	3.2	9.4
Return on equity (%) – rolling four quarters	**11.5**	8.7	**11.5**	8.7	9.4
Net debt/EBITDA (x) – rolling four quarters	**0.9**	1.3	**0.9**	1.3	0.9
Share data					
Number of shares for the calculation of EPS (millions)	**198.7**	198.8	**198.6**	198.8	198.7
Number of shares for the calculation of DEPS (millions)	**198.7**	198.8	**198.6**	198.8	198.7
Earnings per share, basic (EPS) (DKK)	**5.03**	3.09	**1.90**	2.63	7.96
Earnings per share, diluted (DEPS) (DKK)	**5.03**	3.09	**1.90**	2.63	7.96
Other					
Number of employees (FTE) – end of period	**5,603**	5,843	**5,603**	5,843	5,628

MANAGEMENT REVIEW

Financial guidance and forward-looking statements

Financial guidance

DKK	FY 2020 actual	Previous 2021 guidance	Updated 2021 guidance
Revenue	17,672 million	DKK 16.3 – 16.9 billion	**DKK 16.3 – 16.6 billion**
EBITDA	4,783 million	DKK 3.5 – 4.0 billion	**DKK 3.7 – 4.0 billion**
Core EBIT	4,436 million	DKK 3.1 – 3.6 billion	**DKK 3.3 – 3.6 billion**
Profit from operations (EBIT)	1,990 million	DKK 1.8 – 2.3 billion	**DKK 2.0 – 2.3 billion**

Lundbeck's financial guidance for 2021 has been updated. The results are still expected to be driven by the continued growth of Abilify Maintena, Brintellix/Trintellix, Rexulti/Rxulti and the expected strong growth of Vyepti. However, Northera was exposed to generic competition from February 2021 and we have seen a very aggressive erosion curve. Therefore, it is now expected to lead to a decline of around 75% of Northera revenue compared to 2020. Additionally, we see a lower level for our contract manufacturing activities.

Lundbeck's main currencies are the USD, CNY and CAD. The financial guidance for 2021 is based on the current hedging rates for our main currencies; i.e. USD/DKK (6.29), CNY/DKK (0.91) and CAD/DKK (4.79) and includes an expected hedging gain of approximately DKK 50 million.

Based on our assumptions for product and geographical mix, it is estimated that 5% change of the USD/DKK exchange rate will impact revenue by around DKK 200 million.

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.

COVID-19 impact on Lundbeck's operations

Lundbeck's priorities during the global pandemic have been and continue to be preserving the health and safety of its employees and continuing to safely supply all its medicines to the millions of patients around the world. We have successfully implemented and embraced new ways of working, including less travel activities and switching to virtual meeting solutions. We have seen gradual improvements to more normal working patterns across our operations.

Generally, our product portfolio has been very resilient especially outside the U.S. In the U.S. primary care physicians (PCPs) have been seeing fewer patients than before the pandemic and therefore products such as Brintellix/Trintellix, which have more prescriptions coming from PCPs than our other portfolio products, have been impacted by a lower number of new patient starts. While telehealth has seen a significant uptick, physicians are less likely to prescribe new treatments during a telehealth visit versus face-to-face. This has impacted our key brands which rely on treatment switches. The launch of Vyepti in April 2020 has been significantly impacted by this, but momentum on Vyepti is now strong. We are in general seeing a gradual improvement in the activity level and as a result seeing a gradual improvement in new patient starts on products such as Trintellix and Rexulti.

The COVID-19 pandemic also continues to impact clinical activities causing disruptions especially for new study starts and for our early-stage studies.

Our cash collections continue to be according to our normal trade terms, and days sales outstanding are at normal levels. Lundbeck remains well positioned to meet its ongoing financial obligations and has more than enough liquidity to support our normal business activities.

Revenue

Revenue reached DKK 8,233 million in the first half of 2021 compared to DKK 8,934 million for the same period last year. The decline in sales is a consequence of generic erosion of Northera and depreciation of main currencies. Excluding Northera, sales grew by 1% reported. The strategic brands (Abilify Maintena, Brintellix/Trintellix, Rexulti/Rxulti and Vyepti) grew 13% in local currencies and reached DKK 4,408 million or 54% of total revenue. The COVID-19 pandemic continues to impact business negatively in many parts of the world. Lundbeck's biggest markets are the U.S., China, Canada, Spain, Italy and Japan.

Hedging

Lundbeck hedges a significant part of the currency risk for a period of 12 - 18 months. Hedging had a positive impact of DKK 102 million for the first half of 2021, compared to a negative impact of DKK 118 million for the first half of 2020.

Revenue - products and regions

DKK million	H1 2021	H1 2020	*Growth*	*Growth in local currencies*	Q2 2021	Q2 2020	Growth	Growth in local currencies	Q1 2021
Abilify Maintena	**1,197**	1,176	*2%*	*5%*	**613**	564	*9%*	*11%*	584
Brintellix/Trintellix	**1,656**	1,575	*5%*	*12%*	**852**	758	*12%*	*18%*	804
Cipralex/Lexapro	**1,235**	1,327	*(7%)*	*0%*	**569**	605	*(6%)*	*(1%)*	666
Northera	**439**	1,202	*(63%)*	*(60%)*	**91**	664	*(86%)*	*(85%)*	348
Onfi	**285**	297	*(4%)*	*6%*	**139**	144	*(3%)*	*6%*	146
Rexulti	**1,378**	1,393	*(1%)*	*9%*	**706**	680	*4%*	*13%*	672
Sabril	**336**	393	*(14%)*	*(6%)*	**169**	216	*(22%)*	*(14%)*	167
Vyepti	**177**	14	*1,164%*	*1,245%*	**101**	14	*621%*	*664%*	76
Other pharmaceuticals	**1,275**	1,457	*(13%)*	*(9%)*	**614**	676	*(9%)*	*(8%)*	661
Other revenue	**153**	218	*(30%)*	*(31%)*	**72**	79	*(9%)*	*(13%)*	81
Effects from hedging	**102**	(118)			**34**	(30)			68
Total revenue	**8,233**	**8,934**	***(8%)***	***(4%)***	**3,960**	**4,370**	***(9%)***	***(5%)***	**4,273**
North America	**4,052**	4,907	*(17%)*	*(10%)*	**1,934**	2,522	*(23%)*	*(17%)*	2,118
International Markets	**2,197**	2,229	*(1%)*	*6%*	**1,035**	997	*4%*	*8%*	1,162
Europe	**1,729**	1,698	*2%*	*3%*	**885**	802	*10%*	*11%*	844

Products

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 1,197 million which represents a growth of 5% in local currencies. The regional distribution of sales was 41%, 10% and 49% in

North America, International Markets and Europe, respectively. The largest markets are the U.S., Spain, Canada, Australia and Italy.

Brintellix/Trintellix (vortioxetine) is approved for the treatment of major depressive disorder (MDD). Sales grew 12% in local currencies and reached DKK 1,656 million. The regional distribution of sales was 49%, 22% and 29% in North America, International Markets and Europe, respectively. The largest markets for the product are the U.S., Canada, Spain, Italy and Brazil. Brintellix/Trintellix has been impacted by the reduced promotional activity in many countries as a consequence of the COVID-19 pandemic and thereby impacting new patient enrollment negatively, particularly among primary care physicians.

Cipralex®/Lexapro® (escitalopram) is approved for the treatment of major depressive disorder (MDD). Sales reached DKK 1,235 million following significant impact from currency depreciations. The regional distribution of sales was 4%, 75% and 21% in North America, International Markets and Europe, respectively. The largest markets are Japan, China, Italy, South Korea and Brazil.

Rexulti/Rxulti (brexpiprazole) is approved as an adjunctive therapy for the treatment of adults with major depressive disorder and as a treatment for adults with schizophrenia in markets such as the U.S., Canada and Saudi Arabia. In Australia and Europe, the product is approved for schizophrenia. Lundbeck's share of revenue reached DKK 1,378 million for the period representing a growth in local currencies of 9%. The regional distribution of sales was 95%, 4% and 1% in North America, International Markets and Europe, respectively. Especially from the second half of 2020, Rexulti has been impacted by the reduced promotional activity as a consequence of the COVID-19 pandemic and thereby impacting new patient enrollment negatively, particularly among PCPs.

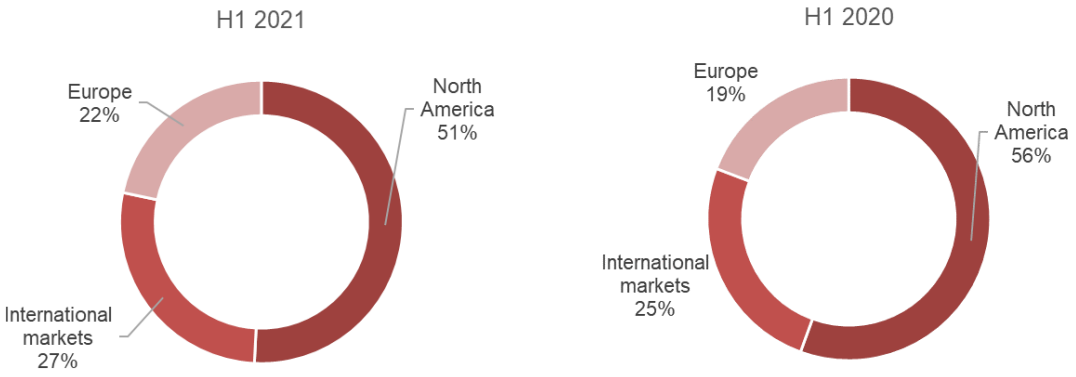
Vyepti (eptinezumab-jjmr) is approved in the U.S., Australia, Canada, Kuwait and U.A.E. for the preventive treatment of migraine in adults. The product was launched in April 2020 in the U.S. and reached sales of DKK 177 million. Around 110 million insured individuals in the U.S. have access to Vyepti without any branded step-edits. In total, more than 235 million individuals have access to Vyepti. Vyepti has recently been approved in Australia and the global launch is planned to commence later in 2021.

Northera (droxidopa) is approved for the treatment of symptomatic neurogenic orthostatic hypotension (nOH). Sales from Northera reached DKK 439 million. Northera lost exclusivity in February 2021.

Revenue from **Other pharmaceuticals**, which comprise the remainder of Lundbeck's products, reached DKK 1,275 million compared to DKK 1,457 million in the first half of 2020 following lower sales of mature products such as Azilect®, Ebixa®, Xenazine® and Selincro®. The largest markets are China, France, the U.S., South Korea and Mexico.

Other revenue, which mainly consists of contract manufacturing, reached DKK 153 million compared to DKK 218 million in the first half of 2020. The decline in revenue is due to lower volumes for one of the third-party contracts.

Figure 1 – Revenue per region H1 2021 vs H1 2020 (excluding Other revenue and Effects from hedging)



Key developments in the second quarter of 2021

In the second quarter of 2021, revenue reached DKK 3,960 million compared to DKK 4,370 million in 2020 following generic erosion of Northera. Excluding Northera, sales increased by 4% but the second quarter last year was to some extent negatively impacted by COVID-19 related destocking. The base effect is estimated to be around 5% and primarily impacting North America. The strategic brands grew by 19% in local currencies (13% reported) for the period, thereby reaching DKK 2,272 million or 58% of total revenue.

North America

Revenue reached DKK 4,052 million in the first half of 2021 compared to DKK 4,907 million in the first half of 2020. Sales were impacted by generic erosion of mature neurology products, especially Northera as well as depreciation of currencies. Excluding Northera, sales declined by 2% reported. The COVID-19 pandemic continues to impact business in the region and especially Trintellix since that product relies heavily on switches and new-to-brand prescriptions which are significantly less likely in telehealth visits. The strategic brands increased by 12% in local currencies and reached DKK 2,801 million or 69% of sales.

Revenue – North America

DKK million	H1 2021	H1 2020	*Growth*	*Growth in local currencies*	Q2 2021	Q2 2020	Growth	Growth in local currencies	Q1 2021
Abilify Maintena	**497**	523	*(5%)*	*3%*	**254**	252	*1%*	*8%*	243
Trintellix	**810**	834	*(3%)*	*5%*	**416**	427	*(2%)*	*5%*	394
Northera	**439**	1,202	*(63%)*	*(60%)*	**91**	664	*(86%)*	*(85%)*	348
Onfi	**285**	297	*(4%)*	*6%*	**139**	144	*(4%)*	*6%*	146
Rexulti	**1,317**	1,353	*(3%)*	*7%*	**671**	657	*2%*	*12%*	646
Sabril	**336**	393	*(14%)*	*(6%)*	**169**	216	*(22%)*	*(14%)*	167
Vyepti	**177**	14	*1,164%*	*1,245%*	**101**	14	*621%*	*664%*	76
Other pharmaceuticals	**191**	291	*(35%)*	*(31%)*	**93**	148	*(38%)*	*(35%)*	98
Total revenue	**4,052**	**4,907**	***(17%)***	***(10%)***	**1,934**	**2,522**	***(23%)***	***(17%)***	**2,118**

Products

Abilify Maintena revenue reached DKK 497 million, representing Lundbeck's share of total net sales. Sales are impacted by quarterly fluctuations in inventory levels. In the U.S., Abilify Maintena has a stable volume market share of around 21.1% and in Canada it reached 32.2% by April 2021 (source: IQVIA) representing a slight increase from January 2021.

Trintellix sales reached DKK 810 million in revenue for Lundbeck representing a growth in local currencies of 5%. The volume market share in the U.S. is unchanged at 0.9% by May 2021. In Canada, the volume share has increased from 1.4% of the total anti-depressant market in January to 1.55% in April 2021. The value market share of the total anti-depressant market in the U.S. has increased from 28.3% to 30.6%. In Canada, the value market share of the total anti-depressant market has increased from 7.7% in January 2021 to 8.9% in April (source: IQVIA).

Lundbeck's share of **Rexulti** revenue reached DKK 1,317 million with a growth of 7% in local currencies. In the U.S., Rexulti has a volume market share of 2.1% by April 2021 which is unchanged from January (source: IQVIA). However, the value share has increased from 14.6% to 15%. In Canada, the product has reached volume share of 2.6% representing a slight increase. Patient data suggest that more than 3/4 of prescriptions in the U.S. are prescribed for MDD.

Vyepti was approved by the U.S. FDA on 21 February 2020 and in Canada in January 2021 for the preventive treatment of migraine in adults. The product was made available in the U.S. on 6 April 2020 and reached sales of DKK 177 million in the first half of 2021 in line with expectations. Vyepti can be obtained via selected specialty distributors and specialty pharmacies. Around 110 million insured individuals have access to Vyepti without any branded step-edits. In total, more than 235 million individuals have access to Vyepti. It is still very early in the launch, and the uptake has been affected by the general decline in physician-administered medicines during the pandemic. Nonetheless, we see increasing numbers of patients being treated with Vyepti, and we are encouraged by the positive feedback from clinicians and patients, who have used the product, on the positive effects and the ease of use. Based on the current momentum and the positive feedback, we continue to expect continued strong growth for the product.

Northera sales reached DKK 439 million for the period following the launch of several generic versions in February 2021. **Sabril** revenue reached DKK 336 million. **Onfi** revenue reached DKK 285 million.

Key developments in the second quarter of 2021

In the second quarter of 2021, revenue reached DKK 1,934 million compared to DKK 2,522 million last year. Excluding Northera, sales declined by 1% reported (up 7% in local currencies). The strategic brands grew by 7% (16% in local currencies) for the period thereby reaching DKK 1,442 million or 75% of total revenue. Onfi was impacted positively by quarterly fluctuations.

International Markets

Revenue from International Markets, which comprise all Lundbeck's markets outside of Europe and North America, reached DKK 2,197 million in the first half of 2021. The growth of 6% in local currencies was driven by Rexulti and Brintellix. The biggest markets are China, Japan, South Korea, Australia and Brazil. China and Japan constitute approximately 40% of the regional revenue. The strategic brands increased by 26% in local currencies and reached DKK 530 million or 24% of sales. In local currencies, all products grew compared to same period last year and the category of Other pharmaceuticals was at the same revenue level as last year.

Revenue – International Markets

DKK million	H1 2021	H1 2020	Growth	Growth in local currencies	Q2 2021	Q2 2020	Growth	Growth in local currencies	Q1 2021
Abilify Maintena	**114**	108	*5%*	*1%*	**60**	47	*28%*	*21%*	54
Brintellix	**366**	310	*18%*	*30%*	**191**	132	*45%*	*52%*	175
Cipralex/Lexapro	**923**	1,000	*(8%)*	*1%*	**407**	451	*(10%)*	*(3%)*	516
Rexulti	**50**	32	*56%*	*68%*	**29**	19	*53%*	*58%*	21
Other pharmaceuticals	**744**	779	*(4%)*	*0%*	**348**	348	*0%*	*2%*	396
Total revenue	**2,197**	**2,229**	***(1%)***	***6%***	**1,035**	**997**	***4%***	***8%***	**1,162**

Products

Abilify Maintena reached DKK 114 million in revenue representing a growth of 5% (1% in local currencies) as a consequence of quarterly fluctuations. Sales mainly derived from Australia where Abilify Maintena shows robust sales performance and has a stable volume share of 29.7% by April 2021 compared to 28.5% by January (source: IQVIA). Countries such as Kuwait and United Arab Emirates (U.A.E.) also contributed positively.

Brintellix/Trintellix reached DKK 366 million in revenue or an increase of 30% in local currencies. Brintellix realized solid growth across several markets including China and Japan, but the growth is also impacted by quarterly fluctuations. Brazil, China, Japan, South Korea and Mexico are the largest markets for Brintellix in the region. In Japan, Trintellix is showing a very strong momentum and has reached a volume market share of 3.9% by May 2021, 19 months into the launch. Measured by volume market share, it is the highest market share globally at this point of the launch. In China, Brintellix has a value share of 1.4% (source: IQVIA).

Rexulti reached DKK 50 million in sales and grew by 68% in local currencies. In International Markets, the product has its highest sales in Australia followed by Brazil. In Australia, Rexulti has achieved a market share of 2.1% in volume in April 2021 representing a slight decline from 2.2% in January (source: IQVIA). Rexulti was recently launched in Brazil and has now reached a volume share of 1.3% compared to 0.9% in January 2021 and the majority of revenue growth during the period has come from Brazil.

Vyepti received approval in U.A.E. in December 2020 and in Kuwait in May 2021. In June 2021, The Australian Therapeutic Goods Administration (TGA) approved Vyepti for the preventive treatment of migraine in adults with a very strong label that includes; primary and secondary results from *PROMISE 1* and *PROMISE 2*, Day -1 data, the medication overuse headache (MOH) sub-analysis and data from *PREVAIL*. It's the first TGA approved intravenous (IV) treatment for migraine prevention. The official private (out-of-pocket) launch will be initiated later this year.

Cipralex/Lexapro generated revenue of DKK 923 million representing a growth of 1% in local currencies. Japan, China, South Korea, Brazil and Saudi Arabia are the largest markets for Cipralex/Lexapro in the region.

Other pharmaceuticals generated revenue of DKK 744 million. **Azilect** is promoted by Lundbeck in some countries in Asia. Azilect generated revenue of DKK 76 million following a growth of 42%. **Ebixa** generated revenue of DKK 209 million, which is 26% lower compared to the first half of 2020 following the inclusion of Ebixa into VBP (Volume-Based Procurement) in China in the fourth quarter of 2020. Azilect and Ebixa are included in Other pharmaceuticals.

Key developments in the second quarter of 2021

In the second quarter of 2021, revenue increased 4% (8% in local currencies) and reached DKK 1,035 million compared to DKK 997 million in the second quarter of 2020 which was impacted by COVID-19 related destocking. The strategic brands grew by 41% (45% in local currencies) for the period, thereby reaching DKK 280 million or 27% of total revenue.

Europe

Revenue reached DKK 1,729 million in the first half of 2021 compared to DKK 1,698 million in the same period the year before. In general, Europe sees robust underlying demand offsetting a continuous negative average price development and continued generic erosion on the mature product portfolio. The strategic brands increased by 10% in local currencies and reached DKK 1,077 million or 62% of sales. The largest markets in Europe are Spain, Italy, France, Switzerland and the United Kingdom.

Revenue – Europe

DKK million	H1 2021	H1 2020	*Growth*	*Growth in local currencies*	Q2 2021	Q2 2020	Growth	Growth in local currencies	Q1 2021
Abilify Maintena	**586**	545	*7%*	*8%*	**299**	265	*13%*	*13%*	287
Brintellix	**480**	431	*11%*	*12%*	**245**	199	*23%*	*24%*	235
Cipralex	**259**	258	*0%*	*1%*	**138**	119	*16%*	*16%*	121
Rexulti/Rxulti	**11**	8	*38%*	*50%*	**6**	4	*50%*	*57%*	5
Other pharmaceuticals	**393**	456	*(14%)*	*(13%)*	**197**	215	*(8%)*	*(8%)*	196
Total revenue	**1,729**	**1,698**	***2%***	***3%***	**885**	**802**	***10%***	***11%***	**844**

Products

Abilify Maintena is Lundbeck's largest product in the region. Sales uptake of Abilify Maintena is robust with revenue reaching DKK 586 million. In Europe, the penetration of long-acting atypical antipsychotics is generally higher than seen in the U.S. (volume). Driven by increasing demand from patients, sales of Abilify Maintena are growing across Europe and the product has achieved a 25% or more market share (volume) in most markets. In some markets, the volume market share is approaching or has exceeded 30% (source: IQVIA). Abilify Maintena is the second most prescribed long acting injectable treatment for patients with schizophrenia in many markets. Spain, Italy and France are the largest European markets for Abilify Maintena.

Brintellix revenue grew 12% in local currencies reaching DKK 480 million. Brintellix is Lundbeck's second largest product in Europe and realized solid growth across many markets. In main countries, Spain, Italy and France, the product has achieved value market shares of 10.1%, 9.5% and 11.1%, respectively by April 2021 (source: IQVIA). The volume shares are stable or slightly increasing at 3.5%, 3.7% and 3.4%, respectively (source: IQVIA). The solid growth in European markets has in some markets been dampened by a negative impact from the COVID-19 pandemic.

Rexulti/Rxulti revenue reached DKK 11 million following a growth of 50% in local currencies. The product was approved for the treatment of adults with schizophrenia in July 2018. The product was recently launched in Italy where it has a volume share of 0.4% by April 2021 (source: IQVIA) and Czech Republic thereby adding to growth. Rexulti/Rxulti is co-promoted with Otsuka Pharmaceuticals in most markets.

Cipralex generated revenue of DKK 259 million and is impacted by quarterly fluctuations.

Revenue from **Other pharmaceuticals** was DKK 393 million, a decline of 14% compared to the first half of 2020 following continued generic erosion of mature products.

Key developments in the second quarter of 2021

In the second quarter of 2021, revenue increased 10% (11% in local currencies) and reached DKK 885 million compared to DKK 802 million in 2020. The second quarter of 2020 was impacted by COVID-19 related destocking.

The strategic brands grew by 18% (18% in local currencies) for the period thereby reaching DKK 550 million or 62% of total revenue. Brintellix has shown strong growth in countries such as Spain, Finland and Czech Republic.

Expenses and profits

In the first half of 2021, total costs declined by 15% to DKK 6,755 million compared to DKK 7,954 million in the same period last year. Adjusted for non-core costs, total costs declined by 6% to DKK 6,086 million mainly as a result of pandemic related cost avoidance.

Distribution of costs

DKK million	H1 2021	H1 2020	*Growth*	Q2 2021	Q2 2020	*Growth*	Q1 2021
Cost of sales	**1,797**	1,874	*(4%)*	**851**	994	*(14%)*	946
COS-ratio	***21.8%***	*21.0%*		***21.5%***	*22.7%*		*22.1%*
Sales and distribution costs	**2,712**	2,922	*(7%)*	**1,394**	1,420	*(2%)*	1,318
S&D-ratio	***32.9%***	*32.7%*		***35.2%***	*32.5%*		*30.8%*
Administrative expenses	**425**	447	*(5%)*	**215**	229	*(6%)*	210
G&A-ratio	***5.2%***	*5.0%*		***5.4%***	*5.2%*		*4.9%*
Research & development costs	**1,821**	2,711	*(33%)*	**904**	1,040	*(13%)*	917
R&D-ratio	***22.1%***	*30.3%*		***22.8%***	*23.8%*		*21.5%*
Total costs	**6,755**	**7,954**	***(15%)***	**3,364**	**3,683**	***(9%)***	**3,391**

Cost of sales declined by 4% to DKK 1,797 million in the first half of 2021 and the **gross margin** was 78.2% compared to 79% in the same period last year. Cost of sales was impacted by the inclusion of Vyepti amortizations but also reduced royalty costs. Amortization of product rights was DKK 669 million for the period compared to DKK 711 million last year.

Sales and distribution costs were DKK 2,712 million, a decline of 7% compared to first half of 2020 mainly because of COVID-19 related cost avoidance. Sales and distribution costs corresponded to 32.9% of revenue, compared to 32.7% the year before.

Administrative expenses declined 5% to DKK 425 million, corresponding to 5.2% of total revenue.

SG&A costs for the period were DKK 3,137 million compared to DKK 3,369 million in the first half of 2020. The SG&A ratio for the period was 38.1%, compared to 37.7% the prior year.

Research & development costs was 1,821 million for the period with a R&D ratio of 22.1%. Compared to the first half of 2020 the R&D costs declined 33%, while adjusted for the impairment of foliglurax of DKK 792 million in the first half of 2020, the R&D costs declined by 5%.

Total **operational costs** (OPEX) reached DKK 4,958 million compared to DKK 6,080 million for the same period last year. Adjusted for the impairment of foliglurax product rights last year, OPEX declined by 6%.

Other operating expenses, net amounted to DKK zero for the first half of 2021 compared to DKK 46 million in the first half last year.

Key developments in the second quarter of 2021

In the second quarter of 2021, total costs amounted to DKK 3,364 million, representing decline of 9%. Adjusted for the R&D restructuring costs last year, the total costs decreased by 7%.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses, which are included in the individual expense categories, amounted to DKK 869 million in the first half of 2021 compared to DKK 1,702 million in 2020, which included the impairment of foliglurax product rights of DKK 792 million recognized in the first quarter of 2020. Amortization of product rights was DKK 669 million for the period compared to DKK 711 million last year.

Depreciation, amortization and impairment charges

DKK million	H1 2021	H1 2020	*Growth*	Q2 2021	Q2 2020	*Growth*	Q1 2021
Cost of sales	**763**	807	*(5%)*	345	487	*(29%)*	418
Sales and distribution cost	**47**	50	*(6%)*	24	26	*(8%)*	23
Administrative expenses	**11**	13	*(15%)*	6	6	*0%*	5
Research & development costs	**48**	832	*(94%)*	24	19	*26%*	24
Total depreciation, amortization and impairment charges	**869**	**1,702**	***(49%)***	**399**	**538**	***(26%)***	**470**

Profit from operations (EBIT and core EBIT)

For the first half of 2021, **Core EBIT** declined by 14% to DKK 2,147 million and the **Core EBIT margin** was 26.1%. Reported **EBIT** reached DKK 1,478 million compared to DKK 934 million in the first half of 2020 which was impacted by the impairment of the foliglurax product rights in 2020. The **EBIT margin** increased from 10.5% to 18.0%.

In the second quarter of 2021, **EBIT** reached DKK 596 million and **Core EBIT** reached DKK 894 million. The **Core EBIT margin** declined from 25.8% to 22.6%.

For definitions of the measures “Core Revenue”, “Core EBIT”, “Core EBIT margin” and “Core EPS”, see note 5 *Core reporting*.

Net financials, expenses

Lundbeck generated a net financial expense of DKK 197 million for the first half of 2021, compared to a net financial expense of DKK zero for the first half of 2020.

Financial expenses mainly consist of interest costs on the debt portfolio (including interest rate swaps), fair value adjustments on contingent considerations and banking costs. Financial income mainly consists of net currency gains.

Tax

The effective tax rate for the first half of 2021 was 22.0%. The tax rate was negatively impacted by the amortization of Northera product rights, which is not deductible for tax purposes, but this is fully offset by the increase in Danish research and development incentives. In the second quarter of 2021, there was no impact from Northera.

Profit and EPS

Profit for the first half of 2021 reached DKK 999 million compared to DKK 615 million in the first half of 2020. The reported net profit corresponded to an **EPS** of DKK 5.03 versus an EPS of DKK 3.09 last year. **Core EPS** was DKK 7.71 for the first half of 2021, compared to a Core EPS of DKK 10.30 in the first half of 2020.

In the second quarter of 2021, **profit for the period** reached DKK 378 million. **Core EPS** reached DKK 3.06.

Cash flows

Cash flows from operating activities amounted to DKK 670 million in the first half of 2021 compared to DKK 1,595 million in 2020. The development compared to last year primarily relates to reduced EBITDA due to Northera loss of exclusivity, Lonza liability settlement. and a higher cash tax payment in U.S. due to timing of instalments.

Lundbeck's **net cash flows from investing activities** were an outflow of DKK 194 million for the first half of 2021 compared to an outflow of DKK 116 million in the same period last year.

In the first half of 2021, the **net cash outflow** reached DKK 2,247 million compared to an inflow of DKK 252 million in the first half of 2020. The net cash flow is impacted by repayment of bank loans net of DKK 2,152 million.

Net debt has increased from DKK 4,106 million at year-end 2020 to DKK 4,239 million at the end of the first half of 2021. **Interest bearing debt** was DKK 5,930 million at the end of the first half of 2021.

Financial position

At 30 June 2021, Lundbeck's **total assets** amounted to DKK 34,036 million compared to DKK 36,029 million at the end of 2020.

At 30 June 2021, Lundbeck's **equity** amounted to DKK 17,540 million, corresponding to an **equity ratio** of 51.5% compared to 47.1% at the end of 2020.

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
Hormonal / neuropeptide signaling:					
Eptinezumab (anti-CGRP)[1)]	Migraine prevention				
	Episodic cluster headache				
Lu AG09222 (PACAP)[2)]	Migraine				
Circuitry / neuronal biology:					
Brexpiprazole[3)]	Agitation in Alzheimer's disease				
	PTSD				
	Borderline personality disorder				
Aripiprazole 2-months injectable	Schizophrenia/bipolar I disorder			Pivotal phase I study finalized	
Lu AG06466[4)]	PTSD				
	Fibromyalgia		1 other phase Ib study to start during 2021		
	MS spasticity[5)]				
Lu AG06479[4)]	Neurology/psychiatry				
Lu AF28996 (D_1/D_2 agonist)	Parkinson's disease				
Protein aggregation, folding and clearance:					
Lu AF82422 (alpha-synuclein mAb)	Multiple system atrophy				
Lu AF87908 (Tau mAb)	Tauopathies				

1) CGRP: Calcitonin gene-related peptide
2) PACAP: Pituitary adenylate cyclase activating peptide
3) 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.
4) Monoacylglycerol lipase inhibitor ("MAGlipase").
5) Spasticity in participants with Multiple Sclerosis

Hormonal / neuropeptide signaling:

Eptinezumab – development and regulatory status

Eptinezumab is a monoclonal antibody (mAb) that binds to calcitonin gene-related peptide (CGRP), a neuropeptide believed to play a key role in mediating and initiating migraines, with high specificity and potency. Eptinezumab is administered as a quarterly 30-minute intravenous (IV) infusion, providing immediate and complete bioavailability.

In February 2020, Vyepti (eptinezumab-jjmr) was approved by the U.S. Food and Drug Administration (FDA) as the first FDA-approved IV treatment for the treatment of migraine in adults. The recommended dose is 100 mg every 3 months; some patients may benefit from a dose of 300 mg. Eptinezumab has subsequently been approved in U.A.E., in December 2020, in Canada, in January 2021, in Kuwait, in May 2021 and in Australia, in June 2021.

In December 2020, the filing of eptinezumab was accepted by the European Medicines Agency (EMA) for marketing authorization application (MAA) review. The review for by the EMA's Committee for Medicinal Products for Human Use (CHMP) is progressing according to plan. In addition to EMA, eptinezumab has also been submitted for regulatory review in in 13 markets; Argentina, Brazil, Chile, Indonesia, Israel, Hong Kong, Philippines, Saudi Arabia, Singapore, South Africa, Switzerland, Thailand and the UK.

In June 2020, Lundbeck initiated the *DELIVER* study (NCT04418765). The purpose of this study is to evaluate eptinezumab in the prevention of migraine in patients with unsuccessful prior preventive treatments. The patient must have documented evidence of treatment failure (must be supported by medical record or by physician's confirmation specific to each treatment) in the past 10 years of 2-4 different migraine preventive medications and have a history of either previous or active use of triptans for migraine. Patients will be randomly allocated to placebo or two treatment groups: eptinezumab 100 mg or 300 mg given by IV infusion (n=840). The total study duration from the screening visit to the completion visit is 76 weeks and includes a screening period (28-30 days), a placebo-controlled treatment period (24 weeks) and a treatment extension period (48 weeks).

During the first half of 2021, Lundbeck has also started two phase III clinical trials, supporting registration in Asia, including China and Japan. The *SUNLIGHT* trial (NCT04772742) evaluates the efficacy of eptinezumab to prevent migraine and headache in patients with the combined diagnosis of chronic migraine and medication overuse headache. Patients will be randomly allocated to placebo or eptinezumab 100 mg given by IV infusion (n = 182). The total study duration is approximately 36 weeks and includes a Screening Period (28-30 days), a Placebo-controlled Period (12 weeks), an Open-Label Period (12 weeks) and a Safety Follow-up Period (8 weeks). The *SUNRISE* trial (NCT04921384) evaluates the efficacy of eptinezumab to prevent migraine and headache in patients with chronic migraine. 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 into a separate open label extension trial.

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, in a blinded manner, two infusions of either eptinezumab or placebo in a cross-over manner during the placebo-controlled period and active treatment period of the study. The total duration of the study is 24 weeks, including a safety follow up period of 8 weeks.

Lu AG09222 – phase I

Lu AG09222 (former ALD 1910) is a monoclonal antibody (mAb) designed to bind pituitary adenylate cyclase-activating polypeptide (PACAP), thereby effectively preventing PACAP from activating its receptors. PACAP has

emerged as an important signaling molecule in the pathophysiology of migraine and represents an attractive novel target for treating migraine. A phase I double-blind, placebo-controlled study of Lu AG09222 in healthy volunteers, to assess the safety, tolerability and pharmacokinetic profile at various doses, has been completed (NCT04197349). A second phase I study is ongoing, with completion expected before end of 2021 (NCT04976309).

Circuitry / neuronal biology:

Brexpiprazole – phase III in Alzheimer's agitation

In April 2021, Lundbeck and Otsuka Pharmaceutical announced the decision to continue the recruitment of patients in a third phase III clinical trial of brexpiprazole in the treatment of agitation in patients with dementia of the Alzheimer's type (NCT03548584). The decision to continue the trial is based on the results of an independent interim analysis, supporting to progress the trial to the planned full enrollment of 330 patients.

The study is designed to assess the safety, tolerability and efficacy of brexpiprazole in the treatment of patients with agitation in Alzheimer's dementia. The trial consists of a continuous 12-week double-blind treatment period with a 30-day follow-up. The trial population is planned to include 330 male and female patients, aged 55–90 years, with a diagnosis of probable Alzheimer's disease.

The continuation of the study enables Lundbeck and Otsuka to further explore the efficacy of brexpiprazole to address the high medical need in patients suffering from agitation in Alzheimer's type dementia. Completion of the trial is expected in the first half of 2022.

The primary outcome in the study is change in the Cohen-Mansfield Agitation Inventory (CMAI) Total score. The key secondary outcome measure is change in the Clinical Global Impression – Severity of Illness (CGI-S) score, as related to symptoms of agitation.

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.

Lundbeck and Otsuka Pharmaceutical reported positive phase II data for the combination treatment of brexpiprazole and sertraline for the treatment of PTSD in November 2018. On basis of these data, Lundbeck and Otsuka Pharmaceutical 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 US Food and Drug Administration (FDA) in May 2019. The execution of those two ongoing studies is challenged by the COVID-19 pandemic, primarily impacting enrollment activities.

Brexpiprazole – phase II for borderline personality disorder

Lundbeck and Otsuka Pharmaceutical initiated a proof-of-concept study investigating the use of brexpiprazole in the treatment of borderline personality disorder (BPD), subsequent to Type B meeting with the FDA in May 2019 (NCT04100096). In October 2019, the FDA designated this program as Fast Track.

The randomized, double-blind, placebo-controlled phase II study was designed to assess the efficacy, safety and tolerability of flexible doses (2-3 mg) of brexpiprazole as monotherapy in adult subjects with BPD. The study

consisted of a 12-week, double-blind treatment period and a 21-day follow-up after the last dose. A total of 324 participants were randomized to treatment in the study.

The study has recently finalized. The brexpiprazole treatment arm did not show statistically significant separation from placebo at the predefined timepoint for the primary endpoint, change from baseline in the Zanarini Rating Scale for Borderline Personality Disorder, although improvements greater than placebo were observed at other timepoints in the study. The observed safety and tolerability profile for the patients suffering from borderline personality disorder was consistent with the safety and tolerability profile observed for patients treated with brexpiprazole in other indications.

Aripiprazole – 2-Month Injectable (LAI) formulation

Dosing every second month can add important benefits in terms of convenience for the patients and may increase treatment adherence as well as minimizing risk of missing doses and it may reduce the potential need for medication monitoring by healthcare professionals, family and caregivers.

In July 2019, Lundbeck and Otsuka Pharmaceutical initiated a pivotal phase 1b 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, while being safe and tolerable, provided effective plasma concentrations of aripiprazole for two months.

No further clinical studies are expected to be required and as a next step the regulatory agencies in the U.S. and the EU will be approached. Scale-up of manufacturing capacity is progressing at Otsuka Pharmaceuticals with regulatory submission gated on completing build and validation of new manufacturing capacity at Otsuka. 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.

Lu AG06466 – phase Ib

Lu AG06466 (former ABX1431) is an inhibitor of the monoacylglycerol lipase (MAGL) and selective modulator of the endocannabinoid system, and thereby works to reduce excessive neurotransmission and neuroinflammation that are known pathophysiological hallmarks for a range of psychiatric and neurological disorders. A phase Ib study was initiated in September 2020 with the purpose to investigate the effect of Lu AG06466 after multiple doses in patients with PTSD (NCT04597450). Additional phase Ib investigational studies were initiated in fibromyalgia patients in June 2021 (NCT04974359) and in multiple sclerosis spasticity in July 2021 (NCT04990219).

Lundbeck is planning further investigational studies in other indications in neurology and psychiatry both with Lu AG06466 and with additional compounds generated by Lundbeck La Jolla Research Center. Trials across the indications will assess a variety of common and innovative biomarkers to develop tools to help guide further late-stage development.

Lu AG06479 – phase I

Lu AG06479 (former ABX1762) is an inhibitor of the monoacylglycerol lipase (MAGL) and selective modulator of the endocannabinoid system, and thereby works to reduce excessive neurotransmission and neuroinflammation that are known pathophysiological hallmarks for a range of psychiatric and neurological disorders. A phase I study on Lu AG06479 commenced in July 2020. The purpose of this study is to investigate the safety, tolerability and

pharmacokinetic of Lu AG06479 after single dose administration to healthy volunteers (NCT04473651). The distribution profile of this agent differs from Lu AG06466 in that it is only moderately brain penetrant.

Lu AF28996 – phase I

Lu AF28996 is a small molecule with agonistic properties towards D_1 and D_2 receptors. Continuous D_1 and D_2 dopamine receptor stimulation may play an important role in motor control of Parkinson's disease patients. A Phase 1b study was initiated in February 2020 on Lu AF28996 with the purpose to investigate the safety and tolerability as well as pharmacokinetics of Lu AF28996 in patients with Parkinson's disease (NCT04291859).

Protein aggregation, folding and clearance:

Lu AF82422 – phase I

Lu AF82422 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 multiple system atrophy (MSA), Parkinson's disease and other neurodegenerative disorders. 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 with a therapeutic effect on disease burden and function. A phase I program on Lu AF82422 commenced in July 2018, to investigate the safety and tolerability as well as pharmacokinetics of a single dose of Lu AF82422 in healthy subjects and patients with Parkinson's disease (NCT03611569). A phase II study investigating the safety and efficacy of Lu AF82422 in MSA is planned to start Q4 2021. Orphan drug designation for MSA was granted by EMA in April 2021.

Lu AF87908 – phase I

Lu AF87908 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 neurodegenerative disorders (primary tauopathies). Lu AF87908 binds to a specific tau epitope (pS396-tau) which is a dominating phosphorylation site in pathological tau. A Phase I program on Lu AF87908 commenced in September 2019 to investigate the safety and tolerability as well as pharmacokinetics of a single dose of Lu AF87908, in healthy subjects and patients with Alzheimer's Disease (NCT04149860).

Other projects

In August 2021, Lundbeck entered into a research collaboration with **Rgenta Therapeutics.** Rgenta Therapeutics is a Cambridge based biotechnology company that is pioneering a world class custom designed platform to identify small molecules targeting RNA of disease-causing genes in neurological disorders. Through this partnership Lundbeck's will expand our approaches to address rare and orphan, neurology indications with high unmet need.

In July 2021, Lundbeck announced the licensing of global rights for idalopirdine to **Denovo Biopharma**, including all rights to develop, manufacture and commercialize idalopirdine for all indications. Denovo Biopharma aims to bring idalopirdine forward with a biomarker platform, applying its precision medicine to develop innovative therapies. Lundbeck holds the right to re-acquire idalopirdine, while the rights in China would be shared with Denovo Biopharma. Idalopirdine, was previously developed by Lundbeck, in collaboration with Otsuka, to cognitive symptoms in Alzheimer's disease. The idalopirdine-project did not reach a successful outcome in a phase III trial in 2017.

Sustainability update

Sustainability is an imperative to Lundbeck and an integral part of our strategy and culture. Lundbeck's sustainability activities aim to mitigate risks and adverse impacts related to our business activities and contribute to solving societal challenges where we can.

Access to Brain Health

One of the pharmaceutical industries most material sustainability issues is how the industry supports good health and wellbeing for all, leaving no one behind. In the second quarter, Lundbeck took a number of new steps following our ambitions in our *2030 Access the Brain Health* strategy.

In May, we commenced our collaboration with International Health Partners (IHP) to initiate their first mental health program in the Middle East & Africa (MEA) region. Through our partnership with IHP, we will raise awareness of mental health conditions, provide vital access to underserved communities, and offer much-needed support to those living with brain diseases.

Manufactured to be donated, the medication provided by Lundbeck will enable IHP to offer a targeted program in the MEA through its network of in-country partners such as charitable clinics. Working closely with NGOs on the ground, IHP is able to facilitate and respond to the specific medical needs of some of the region's most vulnerable communities who would otherwise have no access to this kind of treatment.

In April, on Intellectual Property Day, Lundbeck together with 25 other pharmaceutical companies, announced our approach to intellectual property for advancing cures and therapies with patient and societal benefit at its core: the IP Principles for Advancing Cures and Therapies (IP PACT). We believe that IP is a key facilitator of medical progress, and we strive for patient and societal benefits as guiding principles in our IP practices. One of the principles is that we approach IP in the world's poorest countries in ways that take into account their unique socio-economic challenges

It's important to Lundbeck that patients and society understand the way we use IP and why it is essential to what we do. Therefore, together with other companies we communicated these key IP principles that guide our use of IP to advance the goals of improving and extending patients' lives.

Diversity & Inclusion in clinical trials

With a 70+-year history developing innovative treatments for brain diseases, we are keenly aware of the many obstacles that can prevent an individual from achieving brain health. Whether it be genetics, age, race, sex, ethnicity, socioeconomics or access to healthcare, understanding and fully evaluating the multitude of factors that influence a person's health are key to both the development of good medicine and equitable advances in brain health.

Building an inclusive clinical trials infrastructure, that reflects the intended treatment population, is an important step toward combatting health inequities and racial disparities in brain health.

In April, we launched the new, global *Lundbeck Clinical Trial Diversity Principles* which entails execution of a new global strategy, collaboration with patient advocacy groups and implementing integrated oversight approach with monitoring and targets for trial diversity.

To guide our efforts, the *Lundbeck Diversity Steering Team* will assess and drive efforts in this area and monitor our progress to keep us accountable for effecting long-term, positive change. Earning trust and addressing systemic issues that deter diverse communities from participating in clinical trials will not happen overnight, but we are tirelessly dedicated to restoring brain health for all.

Lundbeck is also a signatory to the *PhRMA Principles on Conduct of Clinical Trials & Communication of Clinical Trial Results*, the first-ever industry wide principles on clinical trial diversity in the U.S.

Safe and healthy in the face on a pandemic period

Since the outbreak of COVID-19, we have been taking necessary precautions to ensure that we can continue to provide treatments for the millions of people who rely on Lundbeck. Our supply chain and safety surveillance remain intact, and we have not experienced any supply disruptions due to the pandemic. We have also had increased focus on our employees' mental health in these uncertain, unusual and unsafe times. To boost resilience, Lundbeck provided a short series of specific training to address mental health challenges, which everyone was encouraged to take. Now when slowly returning to work physically, information on re-boarding the employees has been prepared to ensure a safe and healthy returning. Our annual Employee Satisfaction Survey conducted in H1 2021 showed that employees are feeling informed and safe during the pandemic.

Sustainability key performance indicators

Lundbeck is committed to climate neutrality and setting Science Based Targets. In February, we announced a new 15-year climate target approved by the Science Based Target initiative (SBTi), which includes scope 3 emission and which we will start reporting progress on from FY2021 going forward.

Energy use and carbon emission in the first half of 2021 is slightly higher compared to H1 2020, mainly due to a higher level of production activity. The relatively lower increase in carbon emissions compared to energy used is due to continued decarbonization activity.

The number of work-related accidents with absence in the first half of 2021 was 10, the same as in H1 2020. Frequency of lost time accidents is 5.6, a smaller increase compared to H1 2021. Each accident has been root cause analyzed and preventive actions have been implemented. Lundbeck does not see trends in the accidents and no common root causes are identified. The process of knowledge sharing about preventive actions on relevant near misses and accidents has been strengthen by having virtual quarterly meetings across sites in H1 2021. The target for 2021 is a frequency of lost time accident rate below five (5) for the full year and we are confident that we will meet this target.

The number of Compliance Hotline or whistle blower reports that are investigated in accordance with our global procedures where 14 in the first half of the year compared to eight (8) in the same period last year. The number of reports normally show significant variance and the higher number does therefore not indicate a trend. The substantiation rate ranges between 30% and 50%. The other Business Ethics KPI shows the number Due Diligence of Third Parties critical to Lundbeck, being assessed for conflict of interests, financial crime, promotional misconduct, human rights and environmental aspects. In H1 2021, in six (6) assessments out of the 67 risks were identified. They were subsequently managed and will be monitored.

You can read our most recent sustainability report on https://www.lundbeck.com/global/sustainability.

Category	H1 2021	H1 2020	*Change (%)*
Energy (MWh)	**55,589**	51,674	*5.8%*
Carbon emissions Scope 1 & 2* (tonnes CO_2e)	**7,871**	7,040	*4.2%*
Frequency of lost time accidents (Frequency)	**5.6**	5.4	*4%*
Work-related accidents with absence (Number)	**10**	10	-
Number of employees (FTE)	**5,603**	5,843	*(4.1%)*
Compliance Hotline reports (Number)	**14**	8	*75%*
Due diligences of supplier and third parties (Number)	**67**	27	*48%*

Note: See Lundbeck Sustainability Report 2020 for accounting principles and definitions.

* Does not include emissions from fleet of company cars which will be included in year-end results and are included in our SBTi target for Scope 1 & 2.

General corporate matters

Pending legal proceedings and regulatory

The Group is involved in a number of legal proceedings, including patent disputes, the most significant of which are described below. The outcome of these proceedings is not expected to have a material impact on the Group's financial position or cash flows beyond the amount already provided for in the financial statements, or it is too uncertain to make a reliable provision. Such proceedings will, however, develop over time, and new proceedings may occur 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. Health authorities in the UK and the Netherlands have taken formal protective steps against Lundbeck with the principal purpose of preventing potential claims from being time-barred under the applicable statutes of limitation. Lundbeck expects that these authorities will now pursue their alleged 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, the Group 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. Lundbeck's application for special leave to appeal the decision to the High Court was granted in February 2021, and the appeal will be heard in October 2021. A decision is expected within 3 – 6 months from the hearing.

Together with Takeda, Lundbeck has instituted patent infringement proceedings against 16 generic companies that have applied for marketing authorization for generic versions of Trintellix in the U.S. Two opponents have withdrawn and Lundbeck has now settled with eight opponents. The cases against the six remaining opponents continue. The trial with the six opponents was in late January 2021 and a decision is currently expected in third quarter or the beginning of the fourth quarter of 2021. Lundbeck has strong confidence in its vortioxetine patents. The generic companies cannot launch unless they receive a decision in their favor. The compound patent, including patent term extensions, will expire in the U.S. on December 17, 2026. Lundbeck has other patents relating to vortioxetine with expiry in the period until 2032.

Together with Otsuka Pharmaceutical, Lundbeck has instituted patent infringement proceedings against several generic companies that have applied for marketing authorization for generic versions of Rexulti in the U.S. Lundbeck has strong confidence in the Rexulti patents. The FDA cannot grant marketing authorization in the U.S. to the generic companies before the patents expire unless the generic companies receive decisions in their favor. Trial is scheduled to begin on July 25, 2022. The compound patent, including patent term extensions, will expire in the U.S. on June 23, 2029. A patent for the specific formulation used will expire September 12, 2032.

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 of Trintellix. Lundbeck is cooperating with the DOJ.

In the U.S., Lundbeck is involved in three product liability lawsuits relating to Lexapro (alleging Lexapro induces birth defects). The cases are in the preliminary stages. Lundbeck never marketed Lexapro in the U.S. and Lundbeck will vigorously defend against the claims raised.

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 interim report of H. Lundbeck A/S for the period January 1 - June 30, 2021. The interim report is presented in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU and additional Danish disclosure requirements for the interim reports of listed companies.

We consider the accounting policies applied to be appropriate. Accordingly, the interim report gives a true and fair view of the Group's assets, liabilities and financial position as of June 30, 2021, and of the results of the Group's operations and cash flows for the period, which ended on June 30, 2021.

In our opinion, the Management's report 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 2020.

The interim report has not been subject to audit or review.

Valby, August 18, 2021

Registered Executive Management

Deborah Dunsire President and CEO	Lars Bang Executive Vice President, Product Development & Supply	Anders Götzsche 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 Chairman of the Board	Lene Skole-Sørensen Deputy Chairman of the Board	Santiago Arroyo
Jeffrey Berkowitz	Lars Erik Holmqvist	Jeremy Max Levin
Ilse Dorothea Wenzel		
Rikke Kruse Andreasen Employee representative	Henrik Sindal Jensen Employee representative	Ludovic Tranholm Otterbein Employee representative

CONDENSED FINANCIAL STATEMENTS

Statement of profit or loss

DKK million	H1 2021	H1 2020	Q2 2021	Q2 2020	FY 2020
Revenue	8,233	8,934	3,960	4,370	17,672
Cost of sales	1,797	1,874	851	994	4,166
Gross profit	**6,436**	**7,060**	**3,109**	**3,376**	**13,506**
Sales and distribution costs	2,712	2,922	1,394	1,420	5,946
Administrative expenses	425	447	215	229	966
Research and development costs	1,821	2,711	904	1,040	4,545
Other operating expenses, net	-	46	-	16	59
Profit from operations (EBIT)	**1,478**	**934**	**596**	**671**	**1,990**
Net financials, expenses	197	-	112	(97)	84
Profit before tax	**1,281**	**934**	**484**	**768**	**1,906**
Tax on profit for the period	282	319	106	245	325
Profit for the period	**999**	**615**	**378**	**523**	**1,581**
Earnings per share, basic (EPS) (DKK)	5.03	3.09	1.90	2.63	7.96
Earnings per share, diluted (DEPS) (DKK)	5.03	3.09	1.90	2.63	7.96

Statement of comprehensive income

DKK million	H1 2021	H1 2020	Q2 2021	Q2 2020	FY 2020
Profit for the period	**999**	**615**	**378**	**523**	**1,581**
Actuarial gains/losses	-	-	-	-	(1)
Tax	-	-	-	-	1
Items that will not be reclassified subsequently to profit or loss	-	-	-	-	-
Exchange rate gains/losses on investments in foreign subsidiaries	354	(101)	(122)	(293)	(1,007)
Exchange rate gains/losses on additions to net investments in foreign subsidiaries	(85)	135	19	(2)	(21)
Hedging of net investments in foreign subsidiaries	(67)	(11)	23	120	356
Deferred exchange gains/losses, hedging	(141)	58	21	53	313
Deferred fair value of interest rate swaps	42	(131)	38	(9)	(90)
Exchange gains/losses, hedging (transferred to the hedged items)	(102)	118	(34)	30	(5)
Tax	78	(37)	32	(42)	(124)
Items that may be reclassified subsequently to profit or loss	**79**	**31**	**(23)**	**(143)**	**(578)**
Other comprehensive income	**79**	**31**	**(23)**	**(143)**	**(578)**
Comprehensive income	**1,078**	**646**	**355**	**380**	**1,003**

Condensed statement of financial position

DKK million	30.06.2021	30.06.2020	31.12.2020
Assets			
Intangible assets	22,667	24,660	22,738
Property, plant and equipment	2,752	2,637	2,733
Other financial assets	77	167	116
Other receivables	124	103	104
Deferred tax assets	271	225	233
Non-current assets	**25,891**	**27,792**	**25,924**
Inventories	2,596	2,433	2,163
Receivables	3,858	3,734	4,018
Cash and bank balances	1,691	3,241	3,924
Current assets	**8,145**	**9,408**	**10,105**
Assets	**34,036**	**37,200**	**36,029**
Equity and liabilities			
Share capital	996	996	996
Foreign currency translation reserve	370	878	134
Hedging reserve	(62)	(40)	95
Retained earnings	16,236	14,768	15,748
Equity	**17,540**	**16,602**	**16,973**
Retirement benefit obligations	288	291	288
Deferred tax liabilities	1,532	1,637	1,614
Provisions	89	219	139
Bank debt and bond debt	5,292	8,722	5,397
Lease liabilities	418	434	416
Other payables	439	1,233	1,190
Non-current liabilities	**8,058**	**12,536**	**9,044**
Retirement benefit obligations	2	-	2
Provisions	1,266	1,790	1,672
Bank debt	-	-	2,000
Trade payables	3,686	3,592	3,740
Lease liabilities	77	76	77
Income taxes payable	693	801	675
Other payables	2,714	1,803	1,846
Current liabilities	**8,438**	**8,062**	**10,012**
Liabilities	**16,496**	**20,598**	**19,056**
Equity and liabilities	**34,036**	**37,200**	**36,029**

Statement of changes in equity

DKK million	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Total equity
Equity at 1 January 2021	**996**	**134**	**95**	**15,748**	**16,973**
Profit for the period	-	-	-	999	999
Other comprehensive income	-	236	(157)	-	79
Comprehensive income	**-**	**236**	**(157)**	**999**	**1,078**
Distributed dividends, gross	-	-	-	(498)	(498)
Dividends received, treasury shares	-	-	-	1	1
Buyback of treasury shares	-	-	-	(34)	(34)
Incentive programmes	-	-	-	20	20
Tax on other transactions in equity	-	-	-	-	-
Other transactions	**-**	**-**	**-**	**(511)**	**(511)**
Equity at 30 June 2021	**996**	**370**	**(62)**	**16,236**	**17,540**

DKK million	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Total equity
Equity at 1 January 2020	**996**	**882**	**(75)**	**14,979**	**16,782**
Profit for the period	-	-	-	615	615
Other comprehensive income	-	(4)	35	-	31
Comprehensive income	**-**	**(4)**	**35**	**615**	**646**
Distribution of dividends, gross	-	-	-	(816)	(816)
Dividends received, treasury shares	-	-	-	1	1
Capital increase through exercise of warrants	-	-	-	1	1
Buyback of treasury shares	-	-	-	(29)	(29)
Incentive programmes	-	-	-	16	16
Tax on other transactions in equity	-	-	-	1	1
Other transactions	**-**	**-**	**-**	**(826)**	**(826)**
Equity at 30 June 2020	**996**	**878**	**(40)**	**14,768**	**16,602**

Condensed statement of cash flows

DKK million	H1 2021	H1 2020	Q2 2021	Q2 2020	FY 2020
Profit from operations (EBIT)	**1,478**	**934**	**596**	**671**	**1,990**
Adjustments for non-cash items	319	1,427	106	309	2,477
Change in working capital	(728)	(515)	187	537	(18)
Cash flows from operations before financial receipts and payments	**1,069**	**1,846**	**889**	**1,517**	**4,449**
Financial receipts and payments	(95)	(131)	(91)	(57)	(287)
Cash flows from ordinary activities	**974**	**1,715**	**798**	**1,460**	**4,162**
Income taxes paid	(304)	(120)	(236)	(53)	(325)
Cash flows from operating activities	**670**	**1,595**	**562**	**1,407**	**3,837**
Purchase and sale of securities and other financial assets	-	23	-	23	10
Purchase and sale of intangible assets and property, plant and equipment	(194)	(139)	(110)	(71)	(477)
Cash flows from investing activities	**(194)**	**(116)**	**(110)**	**(48)**	**(467)**
Cash flows from operating and investing activities (free cash flow)	**476**	**1,479**	**452**	**1,359**	**3,370**
Proceeds from loans and issue of bonds	400	-	-	-	3,701
Repayment of bank loans and borrowings	(2,552)	(341)	(400)	(341)	(5,169)
Capital increase through exercise of warrants	-	1	-	-	1
Dividends paid in the financial year, net	(497)	(815)	-	-	(815)
Other financing activities	(74)	(72)	(20)	(50)	(112)
Cash flows from financing activities	**(2,723)**	**(1,227)**	**(420)**	**(391)**	**(2,394)**
Net cash flow for the period	**(2,247)**	**252**	**32**	**968**	**976**
Cash and bank balances at beginning of period	3,924	3,008	1,661	2,283	3,008
Unrealized exchange gains/losses on cash and bank balances	14	(19)	(2)	(10)	(60)
Net cash flow for the period	(2,247)	252	32	968	976
Cash and bank balances at end of period	**1,691**	**3,241**	**1,691**	**3,241**	**3,924**
Interest-bearing debt, cash, bank balances and securities, net, is composed as follows:					
Cash and bank balances	1,691	3,241	1,691	3,241	3,924
Interest-bearing debt	(5,930)	(9,232)	(5,930)	(9,232)	(8,030)
Net cash/(net debt)	**(4,239)**	**(5,991)**	**(4,239)**	**(5,991)**	**(4,106)**

Statement of profit or loss – Core results reconciliation (H1)

H1 2021

DKK million	Reported result	Amortization of product rights	Impairment and inventory valuation	Major restructuring	Acquisition and integration costs	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	8,233	-	-	-	-	-	-	8,233
Cost of sales	1,797	(669)	-	-	-	-	-	1,128
Gross profit	**6,436**	**669**	**-**	**-**	**-**	**-**	**-**	**7,105**
Sales and distribution costs	2,712	-	-	-	-	-	-	2,712
Administrative expenses	425	-	-	-	-	-	-	425
Research and development costs	1,821	-	-	-	-	-	-	1,821
Other operating expenses, net	-	-	-	-	-	-	-	-
Profit from operations (EBIT)	**1,478**	**669**	**-**	**-**	**-**	**-**	**-**	**2,147**
Net financials, expenses	197	-	-	-	-	-	-	197
Profit before tax	**1,281**	**669**	**-**	**-**	**-**	**-**	**-**	**1,950**
Tax on profit for the period	282	137	-	-	-	-	-	419
Profit for the period	**999**	**532**	**-**	**-**	**-**	**-**	**-**	**1,531**
Earnings per share, basic (EPS)	5.03	2.68	-	-	-	-	-	7.71

H1 2020

DKK million	Reported result	Amortization of product rights	Impairment and inventory valuation	Major restructuring	Acquisition and integration costs	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	8,934	-	-	-	-	-	-	8,934
Cost of sales	1,874	(711)	-	-	-	-	-	1,163
Gross profit	**7,060**	**711**	**-**	**-**	**-**	**-**	**-**	**7,771**
Sales and distribution costs	2,922	-	-	-	-	-	-	2,922
Administrative expenses	447	-	-	-	-	-	-	447
Research and development costs	2,711	-	(792)	-	-	-	-	1,919
Other operating expenses, net	46	-	-	-	(46)	-	-	-
Profit from operations (EBIT)	**934**	**711**	**792**	**-**	**46**	**-**	**-**	**2,483**
Net financials, expenses	-	-	-	-	-	-	-	-
Profit before tax	**934**	**711**	**792**	**-**	**46**	**-**	**-**	**2,483**
Tax on profit for the period	319	105	-	-	11	-	-	435
Profit for the period	**615**	**606**	**792**	**-**	**35**	**-**	**-**	**2,048**
Earnings per share, basic (EPS)	3.09	3.06	3.98	-	0.17	-	-	10.30

Statement of profit or loss – Core results reconciliation (Q2)

Q2 2021

DKK million	Reported result	Amortization of product rights	Impairment and inventory valuation	Major restructuring	Acquisition and integration costs	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	3,960	-	-	-	-	-	-	3,960
Cost of sales	851	(298)	-	-	-	-	-	553
Gross profit	**3,109**	**298**	**-**	**-**	**-**	**-**	**-**	**3,407**
Sales and distribution costs	1,394	-	-	-	-	-	-	1,394
Administrative expenses	215	-	-	-	-	-	-	215
Research and development costs	904	-	-	-	-	-	-	904
Other operating expenses, net	-	-	-	-	-	-	-	-
Profit from operations (EBIT)	**596**	**298**	**-**	**-**	**-**	**-**	**-**	**894**
Net financials, expenses	112	-	-	-	-	-	-	112
Profit before tax	**484**	**298**	**-**	**-**	**-**	**-**	**-**	**782**
Tax on profit for the period	106	69	-	-	-	-	-	175
Profit for the period	**378**	**229**	**-**	**-**	**-**	**-**	**-**	**607**
Earnings per share, basic (EPS)	1.90	1.16	-	-	-	-	-	3.06

Q2 2020

DKK million	Reported result	Amortization of product rights	Impairment and inventory valuation	Major restructuring	Acquisition and integration costs	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	4,370	-	-	-	-	-	-	4,370
Cost of sales	994	(439)	-	-	-	-	-	555
Gross profit	**3,376**	**439**	**-**	**-**	**-**	**-**	**-**	**3,815**
Sales and distribution costs	1,420	-	-	-	-	-	-	1,420
Administrative expenses	229	-	-	-	-	-	-	229
Research and development costs	1,040	-	-	-	-	-	-	1,040
Other operating expenses, net	16	-	-	-	(16)	-	-	-
Profit from operations (EBIT)	**671**	**439**	**-**	**-**	**16**	**-**	**-**	**1,126**
Net financials, expenses	(97)	-	-	-	-	-	-	(97)
Profit before tax	**768**	**439**	**-**	**-**	**16**	**-**	**-**	**1,223**
Tax on profit for the period	245	73	(174)	-	4	-	-	148
Profit for the period	**523**	**366**	**174**	**-**	**12**	**-**	**-**	**1,075**
Earnings per share, basic (EPS)	2.63	1.85	0.87	-	0.06	-	-	5.41

Notes

Note 1: Accounting policies

The interim condensed consolidated financial statements for the six months ended June 30, 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for the interim reports 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 as at December 31, 2020, published February 4, 2021.

The comparative figures for the first half of 2020 are adjusted to reflect the changes related to the reversal of the impairment loss of the product rights of Rexulti in 2017 and related amortization as well as other reclassifications to better reflect the company's financial position.

A number of new amendments came into effect from January 1, 2021. None of the amendments are expected to have a material impact on the accounting policies and/or on the condensed consolidated financial statements.

Note 2: Fair value measurement

Financial assets and financial liabilities measured or disclosed at fair value	**Level 1** (DKKm)	**Level 2** (DKKm)	**Level 3** (DKKm)
2021:			
Financial assets			
Other financial assets[1]	41	-	36
Derivatives[1]	-	111	-
Total	**41**	**111**	**36**
Financial liabilities			
Contingent consideration[1]	-	-	1,480
Derivatives[1]	-	190	
Bank debt[2]	-	1,594	-
Bond debt[2]	3,771	-	-
Total	**3,771**	**1,784**	**1,480**
2020:			
Financial assets			
Other financial assets[1]	127	-	40
Derivatives[1]	-	231	-
Total	**127**	**231**	**40**
Financial liabilities			
Contingent consideration[1]	-	-	1,173
Derivatives[1]	-	247	-
Bank debt[2]	-	8,722	-
Total	**-**	**8,969**	**1,173**

1) Measured at fair value. 2) Disclosed at fair value

The fair value of 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. During Q1 2021, the fair value related to future milestones in Alder BioPharmaceuticals (subsequently changed to Lundbeck Seattle BioPharmaceuticals, Inc.) has been reassessed generating an increase in the financial liabilities of DKK 273 million against goodwill and deferred taxes.

The fair value adjustment of contingent consideration amounts to a net loss of DKK 66 million as a result of changes in the time value of the contingent value rights and sales milestones. Total contingent consideration amounted to

DKK 1,480 million at June 30, 2021 (DKK 1,108 million at December 31, 2020) and is affected by the fair value adjustment, the reassessment of future milestones and related exchange rate adjustments (amounting to DKK 32 million).The carrying amount of other receivables, trade receivables, prepayments, other debt, trade payables and other payables is believed to be equal to or close to fair value.

Note 3: Contingent assets and contingent liabilities

Pending legal proceedings

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. Health authorities in the UK and the Netherlands have taken formal protective steps against Lundbeck with the principal purpose of preventing potential claims from being time-barred under the applicable statutes of limitation. Lundbeck expects that these authorities will now pursue their alleged claims.

Note 4: EBITDA calculation

DKK million	6M 2021	6M 2020	Q2 2021	Q2 2020
EBIT	1,478	934	596	671
+ Depreciation, amortization and impairment losses	869	1,702	399	538
= EBITDA	**2,347**	**2,636**	**995**	**1,209**

Note 5: Core reporting

As a general rule, Lundbeck adjusts for amortization of product rights and for each non-recurring item that Management deems exceptional and which accumulates or is expected to accumulate to an amount exceeding a DKK 100 million threshold. Lundbeck's core reporting is a non-IFRS performance measurement. Lundbeck's core results, including core operating income (core EBIT) and core EPS, exclude:

Amortization of product rights

Impairment of intangible assets and property, plant and equipment as well as inventory valuation adjustment

Major restructuring costs

Acquisition and integration costs, including:

- Accounting adjustments relating to the consolidation of material acquisitions and disposals of associates, products and businesses
- Costs associated with the integration of newly acquired companies
- Retention costs
- Transaction costs

Legal fees and settlements, including:

- Legal costs (external), charges (net of insurance recoveries) and expenses related to settlement of litigations, government investigations and other disputes
- Income from settlements of litigations and other disputes

Divestments/milestones, including:

- Income/expenses from discontinued operations
- Gains/losses on divestments of assets
- Received or expensed upfront sales and development milestones

The adjusted core result is taxed at the underlying corporate tax rate.

FINANCIAL CALENDAR 2021

November 10, 2021: Financial statements for the first nine months of 2021

Lundbeck contacts

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About Lundbeck

H. Lundbeck A/S (LUN.CO, LUN DC, HLUYY) 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.

Millions of people worldwide live with brain diseases, and far too many suffer due to inadequate treatment, discrimination, a reduced number of working days, early retirement, and other unnecessary consequences. Every day, we strive for improved treatment and a better life for people living with brain diseases – we call this *Progress in Mind*.

Our approximately 5,600 employees in more than 50 countries are engaged in the entire value chain throughout research, development, production, marketing, and sales. Our pipeline consists of several R&D programmes, and our products are available in more than 100 countries. We have research centers in Denmark and the U.S., and our production facilities are located in Denmark, France and Italy. Lundbeck generated revenue of DKK 17.7 billion in 2020 (EUR ~2.4 billion; USD ~2.7 billion).

For additional information, we encourage you to visit our corporate site www.lundbeck.com, and connect with us on Twitter at @Lundbeck and via LinkedIn.