Annual Report 2024

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Gao Lei, living with migraine

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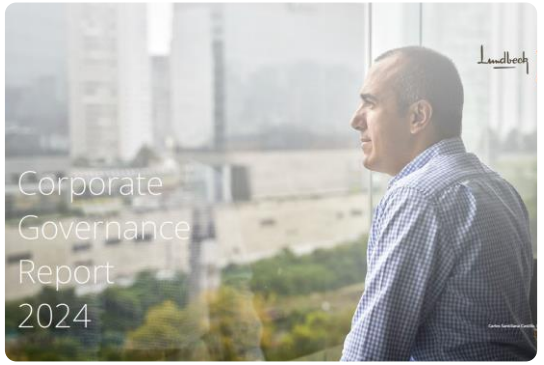
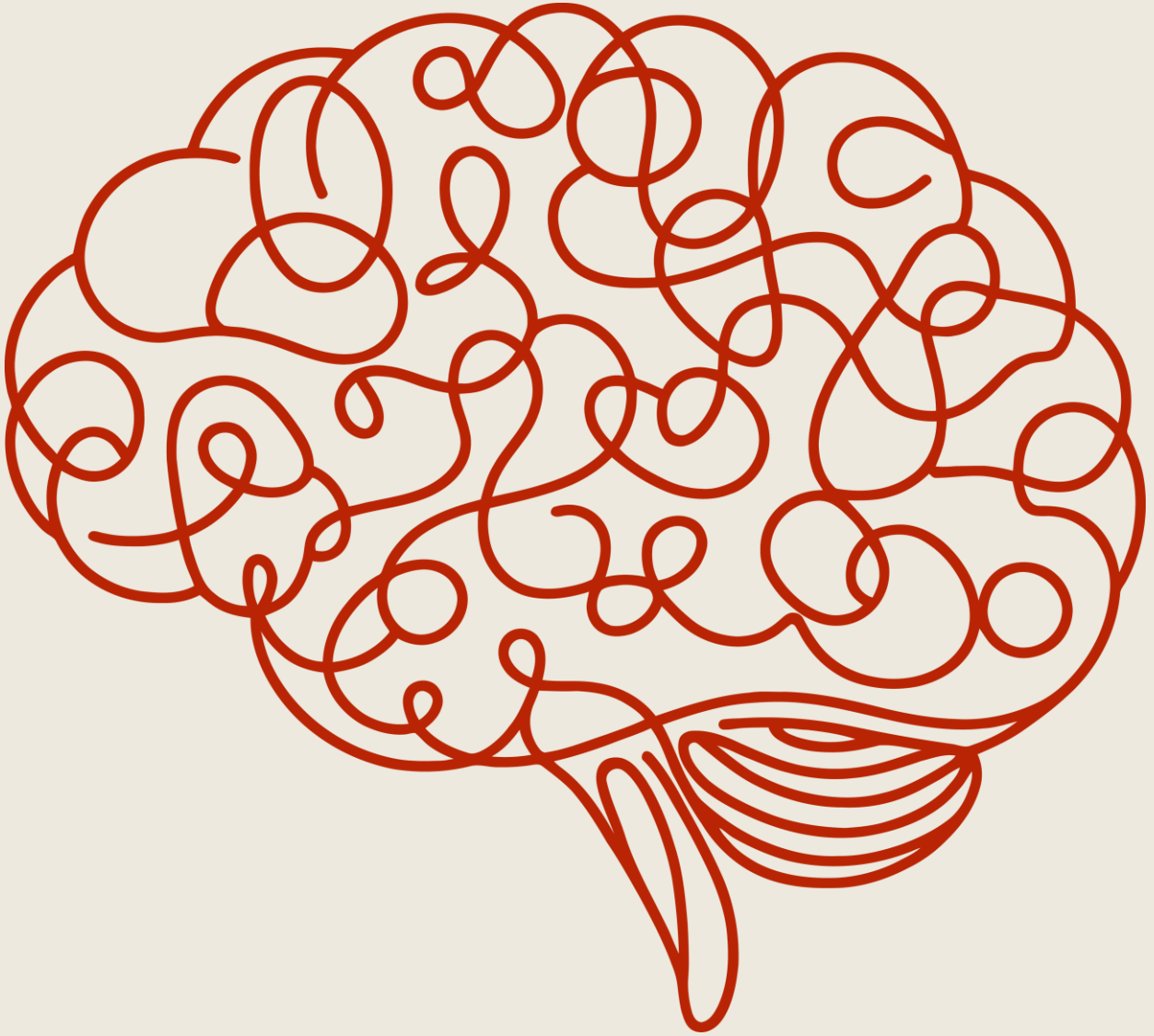


Cover page: Gao Lei, living with migraine. Read her story on page 4.

Photos: Søren Svendsen and Lundbeck

Advancing brain health. Transforming lives.



Patient perspective

20 years on painkillers

Gao Lei, living with migraine

Gao Lei, aged 42, lives in Beijing in China. She graduated in medicine and works as a brand manager at a company where she is responsible for organizing and hosting conferences. She is a mother and a migraine patient for more than 20 years.

“To my colleagues, I am known for my focus and dedication to work. However, few people know that I have been suffering from migraine for more than 20 years.”

Gao Lei recalls the very first time she was attacked by a headache. It was during her senior year of high school.

“During the intense preparation for the college entrance exams, I suddenly felt dizzy, as if the world was spinning, and it was accompanied by a particularly severe headache. At that time, I thought it was just due to the stress and fatigue from studying. After lying in bed for about 1 or 2 hours, the symptoms gradually eased, so I didn't think much of it.”

Later, as a medical student, Gao Leis studies were extremely demanding, with numerous exams to prepare for. The headaches continued to plague her, causing immense suffering during her graduate studies and later, when she started her career and settled down with a family.

A 10-year-late diagnosis

Many people attribute headaches to excessive stress or fatigue, leading to delayed treatment.

“After enduring nearly a decade of torment and gaining access to professional knowledge through my medical studies, I was finally diagnosed with migraine in a specialized hospital.”

After being diagnosed with migraine, Gao Lei explored various treatment options and tried different painkillers, but the results were less than satisfactory.

Her coping mechanism became a mix of painkillers and a quiet space to alleviate the pain. This reliance on painkillers continued for another 10 years.

Preventive migraine treatment

Two years ago, Gao Lei learned about a clinical trial of a monoclonal antibody medication for migraine and applied to join. It is a migraine preventive treatment that is injected, and she underwent this treatment for about nine months with very good outcomes.

Previously, she had frequent headache attacks and she often needed to use painkillers for more than 10 days each month. After the treatment, she had no significant attacks except for four or five days before and after her menstrual period.

The unbearable headaches were gone.

“In the past, painkillers were my life-saving medication. Now, after preventive treatment, my migraine symptoms have been greatly relieved, and I have gradually resumed normal work and life. I hope that those who suffer from migraine like me acknowledge and face the disease, and believe that with improved diagnosis and treatment, we can better live our lives.”

I hope that society can give us more understanding, tolerance, and support, and recognize the efforts we put in to transform our lives.

Read more about Gao Lei on www.lundbeck.com

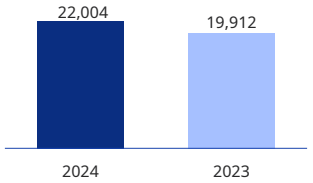
2024 in brief

In this section

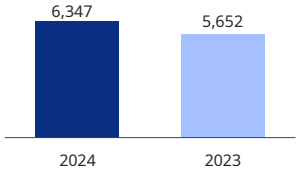
Mirza, caregiver of Alzheimer's disease patient

Financial key figures[1]

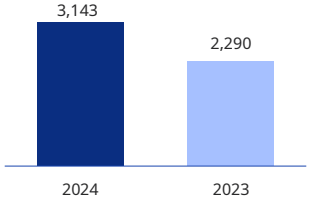
Total revenue
DKKm
22,004
↑14% CER[2] (↑11% DKK)



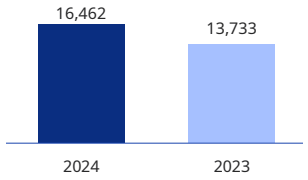
Adjusted EBITDA[3]
DKKm
6,347
↑20% CER (↑12% DKK)
Adjusted EBITDA margin 28.8%



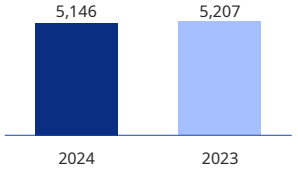
Net profit
DKKm
3,143
↑37%



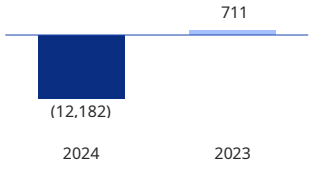
Revenue from strategic brands
DKKm
16,462
↑21% CER (↑20% DKK)



EBITDA[4]
DKKm
5,146
↑7% CER (↓ -1% DKK)
Adjusted EBITDA margin 23.4%



Net debt
DKKm
(12,182)



Debt position impacted by acquisition of Longboard Pharmaceuticals as of 2 December 2024.

1 Unless otherwise stated, information is at reported rates. **2** Change at CER (Constant Exchange Rates) does not include effects from hedging. **3** For details of the non-IFRS measure 'adjusted EBITDA', see Adjusted EBITDA Reconciliation. **4** For definition of the measure 'EBITDA', see Summary for the Group 2020-2024.

Sustainability key figures

Climate action

-38%↓

Reduction in Scope 1 & 2 GHG emissions since 2019[1].

18%↑

Increase in Scope 3 GHG emissions since 2019[2].

Patients we serve

7.2 million

Estimated full-year patients reached[3].

Business ethics compliance

100%↑

Share of employees who completed the annual e-learning on our Code of Conduct, compared to 99.9% in 2023.

Chemical recycling

62%↑

Recovery of selected organic solvents used in chemical production, compared to 59% in 2023.

Underrepresented gender

35%↓

Gender split for senior managers globally of 35% women and 65% men, compared to 36% and 64% in 2023[4].

Health and Safety

3.2↑

Frequency of lost time accidents per 1 million working hours for all employees globally, compared to 2.8 in 2023.

1 Reduction in Scope 1 & 2 greenhouse gas emissions vs. 2019 Science Based Targets Initiatives (SBTi) target baseline. **2** Increase in Scope 3 greenhouse gas emissions from purchased goods and services, upstream transportation and distribution, and business travel vs. 2019 SBTi target baseline. **3** Estimated patient years, based on 2024 sales data for Lundbeck products, excluding partner products. No comparative 2023 figure due to new accounting policy **4** Senior management is defined as Executive Vice Presidents, Senior Vice Presidents, and Vice Presidents.

Key events of 2024

February
CEO Charl van Zyl announced the composition of Lundbeck's new executive management team.

March
The potential first-in-class therapy for migraine prevention entered an advanced clinical stage with a clinical phase IIb dose-finding trial. The PROCEED trial will assess the efficacy and safety of subcutaneously administered Lu AG09222 in migraine prevention.

June
Presentation of an innovative first-in-human trial design of the monoclonal antibody Lu AG13909 for the potential treatment of congenital adrenal hyperplasia (CAH) a rare debilitating disease with excess morbidity and mortality.

The phase Ib trial using Lu AG13909 as a potential treatment for Cushing's disease was initiated. Lu AG13909 is a first-in-class monoclonal antibody (mAb) that targets the adrenocorticotropic hormone (ACTH). By binding to ACTH with high affinity, Lu AG13909 aims to reduce elevated ACTH levels, potentially providing therapeutic benefits for individuals with neurohormonal dysfunctions.

Lundbeck and Otsuka announced FDA acceptance of sNDA filing for brexpiprazole in combination with sertraline for the treatment of adults with post-traumatic stress disorder (PTSD). FDA plans to host a Psychopharmacologic Drugs Advisory Committee anticipated during the first half of 2025. If approved, the brexpiprazole and sertraline combination treatment will be the first FDA-approved pharmacological treatment for PTSD in more than 20 years.

September
Lundbeck and Iambic Therapeutics, a clinical-stage biotechnology company developing novel therapeutics using its unique AI-driven discovery platform, entered a strategic research collaboration to focus on the discovery of a small molecule therapeutic for the treatment of migraine.

October
The clinical trial for Lu AG22515 in Thyroid Eye Disease was initiated, taking one further step in developing treatments for indications in the neuroimmunology and neuroinflammatory space with the initiation of the first clinical trial of its CD40L blocker, Lu AG22515, in patients.

The proposed acquisition of Longboard Pharmaceuticals was announced. The strategic deal will enhance Lundbeck's neuroscience pipeline and represent a significant step forward in the Focused Innovator Strategy, adding a highly innovative and complementary product in late-stage development for Developmental and Epileptic Encephalopathies (DEEs) - an area of high unmet medical need.

Lundbeck announced positive results from the phase III pivotal trial (SUNRISE) of Vyepti® (eptinezumab), confirming efficacy and meeting the primary endpoint with statistically significant reductions in mean monthly migraine days compared with placebo. Vyepti® also met all key secondary efficacy endpoints in the SUNRISE trial, and the treatment was generally well-tolerated.

November
Lundbeck launched MASCOT, a phase III trial to assess the efficacy and safety of amlenetug in the treatment of Multiple System Atrophy (MSA). MASCOT is a randomized, double-blind trial, and builds on the encouraging results of the AMULET phase II trial, showing a consistent trend towards amlenetug slowing clinical progression in MSA patients.

December
Lundbeck completed the previously announced transaction to acquire Longboard Pharmaceuticals that subsequently became a wholly owned subsidiary of Lundbeck. The acquisition enhances and complements Lundbeck's capabilities and presence within neuro-rare conditions, and the lead asset, bexicaserin, holds blockbuster potential. In January 2025, Lundbeck announced positive results from the 12-month open-label extension of the PACIFIC trial evaluating bexicaserin in participants with Developmental and Epileptic Encephalopathies. The treatment with bexicaserin demonstrated favorable safety and tolerability, and bexicaserin achieved an overall median seizure reduction in countable motor seizures of 59.3 percent.

The RESOLUTION trial demonstrated the efficacy of Vyepti® in patients with a dual diagnosis of chronic migraine and medication-overuse headache. With the placebo-controlled phase IV trial, Lundbeck found that the patients rapidly benefitted from the treatment with Vyepti®.

Letter from the Chair and CEO

A transformative year for Lundbeck

As one of few pharmaceutical companies solely focusing on brain health, the world depends on Lundbeck more than ever. Neurological conditions are the leading cause of disability and second leading cause of death, globally, affecting 3.4 billion people[1] and accounting for nearly 19 million deaths per year[2].

We are proud to advance brain health, and 2024 has been a transformative year laying the foundation for a promising future for Lundbeck and for the patients we serve.

Our contribution to the fight against brain disorders is access to health for those who need our treatments. We are patient-driven in everything we do. Our research and development efforts pursue clear biology and defined patient populations to create maximum impact. We promote equitable accessibility, enhance cultural acceptability of mental disorders, and we provide efficacious medical products.

In 2024, our people excelled in generating the highest revenue ever recorded, notably while further strengthening our pipeline of innovative and promising late-stage assets. Lundbeck continues to deliver solid growth, driven by the strong performance of our strategic brands.

We see a growing neuroscience market and expect it to continue at an 8% annual growth rate. In the U.S. and Europe, neuroscience is in the top three for new drug approvals. Adding rapidly evolving science and technologies that will fuel our innovation at a new pace, and a range of new drug modalities which will expand our treatment opportunities, we see a very promising future ahead of us, patients, people and society.

Towards sustainable profitability

At the beginning of 2024, we launched our Focused Innovator Strategy which will drive long-term sustainable growth for Lundbeck.

The strategy answers three fundamental questions: How we grow with our base business, how we continue to strengthen our pipeline, and how we allocate capital to fund our growth ambitions. We are grateful to see that the choices we have made are generating very positive results and driving the future transformation of our company.

Entering 2025, we stand on a strong foundation of strategic brands that reached double-digit growth rates. We expect our strategic brands to continue to maximize growth into 2027, driven primarily by investments in our key markets and brands globally, including Vyepti® and Rexulti® in the U.S. The growth will bridge the upcoming loss of exclusivity on Brintellix®/Trintellix® by the end of 2026 in the U.S. and 2025 in Canada, and the loss of exclusivity on Rexulti® by the end of the decade.

Treatments advancing brain health

Lundbeck markets treatments that transform the lives of people living with psychiatric or neurological diseases. Globally, migraine is the third most common disease and is more prevalent than diabetes, epilepsy, and asthma combined.

Our preventive treatment of migraine in adults, Vyepti®, has already been launched in 31 markets worldwide reducing the number of migraine days. We continue the roll-out expanding into new markets, and we expect Vyepti® to triple sales in the coming years, helping people suffering from migraine around the globe.

In the field of depression, 280 million people worldwide live with this life-devastating disease[3].

1 IHME Brain Health Atlas. **2** Journal of Global Health, 2023. **3** WHO, 2023.

Two of our strategic brands, Brintellix® and Rexulti®, are indicated for the treatment of major depressive disorder (MDD) and have made a huge difference to people over the years.

Rexulti® was first marketed in 2015, indicated for adjunctive therapy for the treatment of MDD and schizophrenia. The 2023 expansion in the U.S. of indications for Rexulti® in AADAD, agitation associated with dementia due to Alzheimer's disease – presents a significant growth opportunity. We see that AADAD now contributes to 19% of demand for Rexulti® in the U.S., and we assume that this will continue with expected peak sales of USD 1 billion.

Likewise, we expect the Abilify Asimtufii® 2-month injection for the treatment of schizophrenia and bipolar I disorder in adults to be a new launch that would minimize disruption to patients suffering from these chronic diseases avoiding the monthly administration.

While building on our 70-year long experience in psychiatry and neurology, we are increasing our strategic focus on neuro-specialty and neuro-rare disease areas.

Promising pipeline

Sustainable financial growth will depend on our capacity to improve productivity in R&D. Alongside substantial investments, effective changes to our R&D processes have created enthusiasm across the R&D department as we implement an approach of 'listen-to-the-biology' and 'kill your darlings in phase I'. Now, we advance other potential molecules or indications if one does not prove itself in phase I, and we have a transformed pipeline of assets targeting new biology. 90% of our development pipeline is in neuro-rare and neuro-specialty, and it demonstrates significant potential in advancing treatments in areas with high unmet needs. Our late-stage projects are promising with emerging scientific developments, and we aim to have four phase III programs by 2026.

Subsequently, we expect to be filing a new therapy for migraine prevention and the first disease-modifying therapy in Multi System Atrophy (MSA). Adding our newly acquired bexicaserin in Developmental and Epileptic Encephalopathies (DEEs) and an upcoming new molecular entity in Cushing's disease and Congenital Adrenal Hyperplasia we are well underway establishing a neuro-rare franchise.

Looking at our early pipeline, we have de-risked our development activities through innovative ways of working, e.g., by using new biomarkers.

We would like to take this opportunity to thank our R&D colleagues for their active support in transforming and strengthening our development activities, positioning us to be best suited to deliver innovative solutions in the field of neuroscience.

We want to take this opportunity to thank Lundbeck's employees. Their hard work and dedication are transforming the lives of people living with brain disorders.

A sustainable future

At Lundbeck, sustainability refers not only to our growth as a company, but also towards our commitments to stakeholders, society, and the environment. Our most important contribution to sustainable development is easing the global burden for those living with neurological and psychiatric diseases, making access to health a core element of our sustainability strategy.

In 2024, our treatments reached 7.2 million full-year patients[1], and we have continued to donate products and fund psychosocial support to low- and middle-income countries and those affected by war and civil unrest. This year, Lundbeck also launched a global platform to provide medical education to healthcare professionals.

Lundbeck relies on attracting and retaining a skilled and diverse workforce, and we value a diverse, equitable, and inclusive workplace. To us, this includes a commitment to be a neurodiverse workplace. In 2024, we integrated this commitment into the Lundbeck behaviors that are supporting our Focused Innovator Strategy. Company-wide training is in place, aiming at ensuring that all employees feel free to share their perspectives. In the coming years, this training will expand to include initiatives on different subjects such as bias reduction.

We have also continued working towards Lundbeck's environmental goals, acting and making investments as we set out in our climate transition plan towards net-zero. A major milestone this year has been the start of construction of a new chemical recovery unit at one of our sites.

2024 also marks the first year that Lundbeck presents an integrated annual report with extensive sustainability disclosures in accordance with the European Corporate Sustainability Reporting Directive. We fully support the European Green Deal and believe that sustainability frontrunners like Lundbeck benefit from the new requirements. Despite its imperfections, the new regulations accelerate much needed transparency and comparability within ESG reporting.

Continuous business improvement

In 2024, we began the largest capital reallocation program in the company's history. It will allow us to optimize our business and fund our growth ambitions. We invest in maximizing our strategic brands in specific markets, further boosting our pipeline, and in modifying our operational models in both the commercial function and Production & Supply. We also envisage targeted divestments to source capital for investments.

While building on our 70-year long experience in psychiatry and neurology, we are increasing our strategic focus on neuro-speciality and neuro-rare disease areas.

Behind this excellent 2024 execution of our Focused Innovator Strategy lies a truly amazing team effort by our dedicated people, along with disciplined decision-making in the areas where we will engage, as much as the areas where we will not. Setting the direction and leading the way to becoming a focused innovator is a priority for the new management team.

The Executive Management team was in place by August 2024 with new colleagues heading People & Culture, Corporate Communications & Public Affairs, Commercial Operations, and Commercial & Corporate Strategy. Each individual member of the Executive Management brings vast international experience, and we join forces as a team, unified in promoting a sense of shared ownership.

We want to take this opportunity to thank Lundbeck's employees. Their hard work and dedication are transforming the lives of people living with brain disorders. We thank everyone for supporting the excellent execution of our objectives and for continuing to innovate to advance brain health.

Charl van Zyl
President and CEO

Lars Søren Rasmussen
Chair of the Board of Directors

1 Estimated number of full-year patients, based on 2024 sales data for Lundbeck products, excluding partner products.

Business and strategy

In this section

Kazuko, living with Depression

Strategy update

Impacting patients, people, and society

In 2024, we launched the Focused Innovator Strategy in support of our purpose to advance brain health and transform lives by aiming to secure mid-term growth, lead with focused innovation, and deliver on sustainable profitability. With the acquisition of Longboard Pharmaceuticals, we have significantly enhanced our neuroscience pipeline.

During 2024, we launched the Focused Innovator Strategy, which will help us win in neuro-rare and specialist-treated disease areas. The strategy addresses three main action points:

- Securing mid-term growth: We stand on a strong foundation of strategic brands that have reached double-digit growth rates.
- Leading with focused innovation: We continued our transformation of R&D building an innovative pipeline scaling our position in neuro-specialty and establishing a neuro-rare franchise.
- Delivering sustainable profitability: We have put continual efforts into reallocating finances and resources to ensure focused innovation and long-term growth.

Investing to grow

Throughout 2024, we had a disciplined focus on maximizing our existing resources through investments. This way we improved our profitability, while investing more in R&D and our key brands, i.e., the launches of Rexulti® in agitation associated with dementia in Alzheimer's disease (AADAD) and Vyepti® in migraine prevention.

We aim to establish solutions for patients that provide differentiation over the standard of care, and we constantly evaluate our strategic choices as to where to invest our capital to achieve our long-term goals.

Looking at our global presence, we have highly specialized employees in more than 50 countries. They market our strategic brands, which account for 75% of our revenue. In 2024, they delivered very strong results, with growth exceeding expectations.

To maximize growth moving forward while ensuring that we meet patients' needs, we will be focusing investments into key growth markets. We do so to offset loss of exclusivities in some psychiatry disease areas by the end of the decade.

In the U.S., we have been boosting investments in Rexulti® and Vyepti® and witnessed a very successful acceleration of these two growth engines with sales of strategic brands up by 23%. In parallel, we agreed with Takeda Pharmaceutical that by 1 January 2025 we move from a co-promotion, cost-sharing, and revenue-sharing model to a royalty-based model of the marketing of Trintellix®. This has enabled us to allocate more resources and focus on the marketing of Rexulti® and Vyepti®.

In Europe and International Operations, we have decided to modify our organizational structure to create new regional units, where individual markets are grouped according to market characteristics, size, and geography.

This way, we ensure that we have the right setup and capabilities for a more focused and specialty-oriented approach across our markets. In parallel, this focus on optimization will also be applied to the rest of our organization.

We continued to advance brain health, impacting patients, people, and society.

Building our innovative pipeline

Neuroscience is at the forefront of scientific breakthroughs with rapid technological, medical and regulatory advances driving the development of new treatments.

Lundbeck is a strong innovation- and science-led organization. Our core strengths in neurology and psychiatry have been developed over the past 70 years and are evidenced by the more than 30 treatments we have launched to date, improving the lives of millions of people living with brain disorders. As we continue to advance brain health and transform lives, we are expanding our focus to include neuro-rare and neuro-specialty conditions characterized by high unmet needs.

In October 2024, we announced the acquisition of Longboard Phamaceuticals, and we closed the deal in December 2024. The phase III bexicaserin in Developmental and Epileptic Encephalopathies (DEEs) is the anchor asset and an important addition to our amlenetug program, where Lu 82422 – a potential first disease-modifying therapy in MSA – is progressing to phase III. Longboard is a perfect strategic fit to our efforts in building a robust neuro-rare franchise, and it will leverage our global expertise in epilepsy among both our R&D scientists and colleagues in Commercial.

We have a transformed pipeline of assets targeting new biologies. We have de-risked our early development efforts, and during the last couple of years, we have progressed two programs to phase II, amlenetug and Anti-PACAP in migraine prevention. We are aiming for four phase III programs by 2026, adding amlenetug, Anti-PACAP and Anti-ACTH in Cushing's disease and Congenital Adrenal Hyperplasia to our newly acquired asset in DEEs, bexicaserin.

Advancing brain health and sustainability

In 2024, we continued to make strides in advancing brain health, impacting patients, people, and society. Our efforts are closely linked to our sustainability strategy, where access to health is core, including taking action through awareness building, advocacy, and fighting stigma.

In 2024, Lundbeck continued its 'Let the patient speak' events to integrate patients' perspectives into our development programs. We invite patients and caregivers to share their insights, aiding Lundbeck in innovation and evidence generation. We also collaborate with partners to gain deeper insight into unmet patient needs, and work to further enhance the diversity of our clinical trials.

To maximize growth moving forward while ensuring that we meet patients' needs, we will be focusing investments into key growth markets.

This year, our treatments reached more than seven million people worldwide[1]. Improving access to health holds the opportunity of making Lundbeck's medical innovations accessible to more patients who need them. We have defined long-term aspirations to make innovative treatment available through R&D, promote equitable accessibility, enhance cultural acceptability, and provide efficacious medical products.

We believe that this will enhance health outcomes and improve the quality of life for patients. It will also improve the productivity of people suffering from neurological and psychiatric conditions, addressing the UN Sustainable Development Goals (SDG) of "Good Health and Wellbeing for all".

In addition to access to health, Lundbeck also recognizes the importance of doing right by our people, minimizing impacts on the environment, and conducting our business ethically. We continuously work to maintain a culture of respect and safe working conditions for both employees, value chain partners and patients. The 100% completion rate of our annual e-learning on our Code of Conduct is a testament to this.

In 2024, Lundbeck continued to work towards our climate and circularity aspirations, including continuously expanding the collaboration with suppliers on the challenging task of lowering our collective climate footprint. This year, we have started the construction of a new chemical recovery unit at one of

1 Estimated number of full-year patients, based on 2024 sales data for Lundbeck products, excluding partner products.

our sites. This will both increase recycling rates and reduce our greenhouse gas emissions when it becomes operational following the expected completion of its construction in late 2025.

We are committed to integrating sustainable practices throughout our operations, driving both short-term actions and long-term aspirations towards a sustainable future.

Culture as an enabler of transformation

At Lundbeck, our culture is rooted in a legacy of commitment to positively impacting people, patients, and society. Globally, our employees feel a strong connection to our purpose, which enhances collaboration across our organization. Our people are our greatest asset, driving our purpose forward.

In 2024, culture, which is part of the foundation of our Focused Innovator Strategy, was identified as an important enabler of the transformation to ensure success. With that, a new people strategy was introduced aimed at cultivating a culture that attracts and retains talent while expanding our capabilities, e.g., within AI and sustainability.

For further information on our Sustainability Strategy, please see page 62.

Our strategy is built on three essential behaviors:

- Curiosity: Encouraging exploration and challenging the status quo to foster creativity and innovation.
- Adaptability: Nurturing cross-functional collaboration to embrace change and enhance problem-solving.
- Accountability: Prioritizing our patients and ensuring our actions align with our mission to make a positive societal impact.

As we embrace these behaviors, we strengthen our culture and commitment to advancing brain health and transforming lives. Together, we lead the way for a brighter future as a Focused Innovator.

Patients
Our singular purpose is to fulfil the large unmet medical need and bring hope to individuals living with brain disorders enabling them to live their best lives.

People
With better patient treatment we ease the burden on families and relatives who are often affected, not only emotionally, but also financially related to medical care, caregiving responsibilities etc.

Society
By bringing forward transformative treatments to patients, we positively impact the personal, medical and economic burden on society caused by brain disorders.

Business model and value chain

At Lundbeck, we discover, develop, and commercialize treatments that make a difference to people affected by psychiatric and neurological disorders.

We cover the full value chain

We have more than 70 years of experience in neuroscience and in improving the lives of people with brain disorders.

- We research to build a strong pipeline consisting of promising molecules and antibodies.
- We develop our drug candidates into new medicines.
- We manufacture medicines at highly advanced production sites and continue to supply our drugs to patients in need.
- We make our medicines available through healthcare systems in more than 100 countries.

We are around 5,600 highly specialized employees across +50 countries[1].*

We focus our innovation within psychiatry and neurology

We are one of the few biopharmaceutical companies in the world working exclusively within neuroscience.

- Psychiatry covers psychotic disorders like schizophrenia, mood and anxiety disorders like depression, bipolar disorder, and post-traumatic stress disorder.
- Neurology covers disorders like migraine, dementia, and movement disorders like Parkinson's disease, epilepsy, and multiple system atrophy (MSA).
- Neuroscience is an exciting growing area with large unmet medical needs. We see growth and rapidly evolving technologies and methodologies.

We work in partnerships to fight stigma and address the large unmet medical needs.

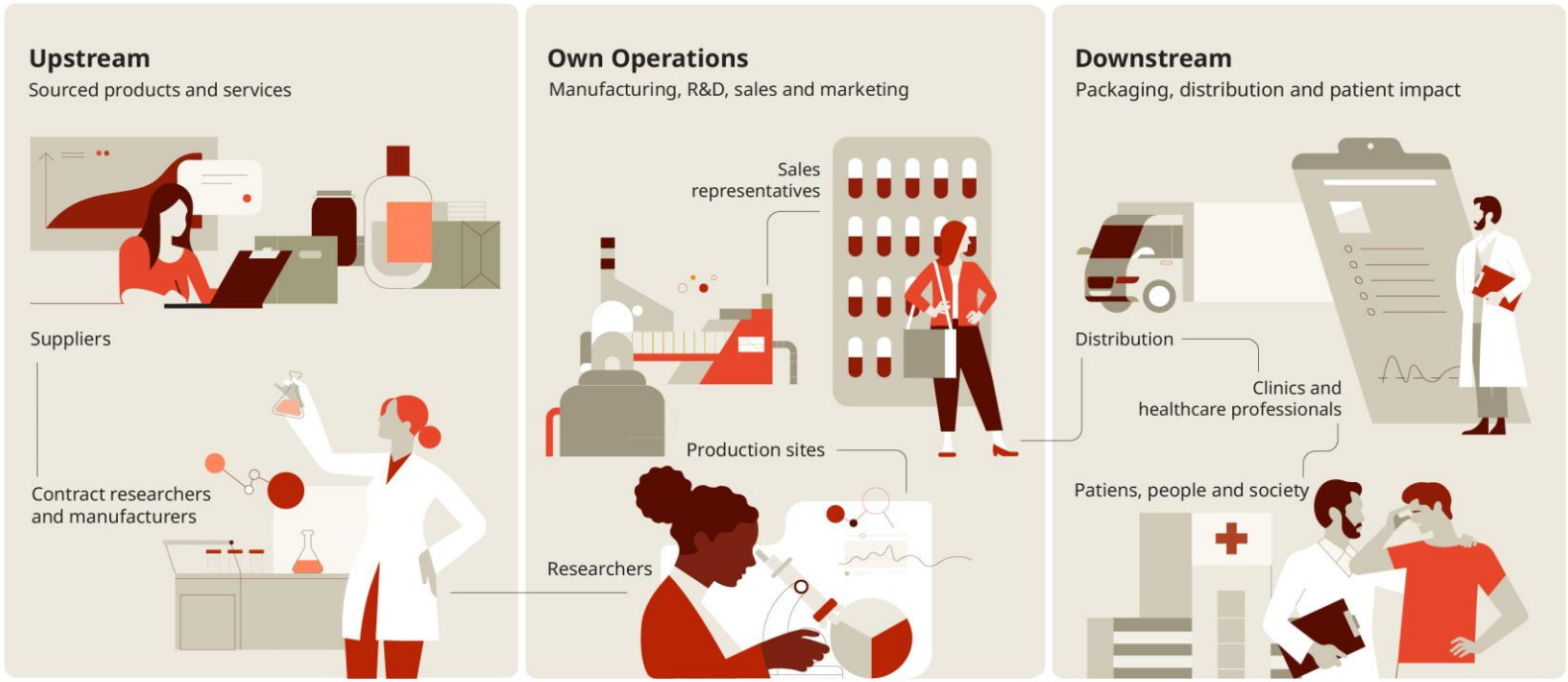
We ensure positive outcomes to people and societies

Everywhere we operate, we strive to create long-term value and make a positive contribution to people and societies.

- +7 million patients around the world are helped by our medicines daily[2].
- We reinvest around 20% of our revenue in R&D to continue our development of new, innovative drugs.
- Throughout our value chain, we incorporate patient insights by talking to and learning from those with lived experiences.
- We create shareholder value ensuring sustainable and profitable growth.

We act to improve health equity for the patients we serve and the communities we are part of.

1 ESRS 2, SBM-1 paragraph 40(a)iii (see page 111). ***Subject to limited assurance.** **2** Estimated 7.2 million full-year patients, based on 2024 sales data for Lundbeck products, excluding partner products.



Cross-cutting stakeholders

Patient advocacy groups | Healthcare professionals | Authorities | Investors | Shareholders | Partners

Input[1]
Lundbeck works with a range of different stakeholders sourcing supplies and services:

- Energy and raw materials to produce medicines.
- Research organizations to conduct clinical studies and establish evidence for new drug candidates.
- Medicines produced by contract manufacturers and partners.
- Key opinion leaders e.g., healthcare professionals.*

Transformation[1]
Lundbeck is headquartered in Denmark and operates in over 50 countries, covering:

- Research & Development.
- Production & Supply.
- Marketing & Sales.
- Business enabling functions, such as Corporate Functions, People & Culture, Corporate Communications & Public Affairs.*

Output and outcome[2]
Lundbeck's main outcome is our impact on patients, people, and society, covering:

- Value based treatment options for healthcare systems.
- Improvement of health outcomes for patients.
- Profitability to shareholders.
- Reinvestment into R&D.
- Jobs and skills development for employees.
- Tax contributions to societies we are part of.*

Our key stakeholders[3]

Patients are an integral part of Lundbeck's full value chain ecosystem and fundamental to our patient-centric go-to-market approach. Their lived experiences and ability to point to unmet medical needs enable us to drive focused innovation across all aspects of our business.*

While patients are the end-users of our pharmaceutical products, Lundbeck's customers are **healthcare professionals (HCPs),** including physicians and specialists, as well as **authorities**, such as regulatory bodies, and public and private healthcare providers. Our customers play an important role across our value chain, where HCPs are the point of contact with patients in the downstream value chain, and the authorities are regulating our access to the market.*

Operating in a highly regulated industry, Lundbeck has strong procedures and internal processes in place to ensure compliance with pharmaceutical regulations, achieve operational excellence and instill trust across our value chain.*

Leveraging our key **partnerships** across the value chain, including R&D, commercial and other types of partnerships, e.g., civil society and NGOs enables Lundbeck to drive our business, increase awareness and ensure societal impact.*

As a listed company with many **investors** and **shareholders**, Lundbeck is committed to communicating a consistent message and delivering sustainable growth.*

To pursue all these goals and serve people affected by brain disorders and society at large, Lundbeck relies on highly qualified and specialized **employees**. Furthermore, **suppliers** and the **workers in the value chain** are key to providing the fundamental inputs to produce Lundbeck's high-quality products.*

For more information on our stakeholder engagement, please refer to our Sustainability Statement (see page 72).

1 ESRS 2 SBM-1, paragraph 42(a). **2** ESRS 2 SBM-1, paragraph 42(b). **3** ESRS 2 SBM-1, paragraph 42(c). ***Subject to limited assurance.**

Markets[1]

Lundbeck's products are registered in more than 80 countries, and we have employees in more than 50 countries. Our largest markets are the U.S., China, Canada, Spain, Italy, France, Brazil, Australia, South Korea and Switzerland.*

Total revenue (DKKm)[2]*

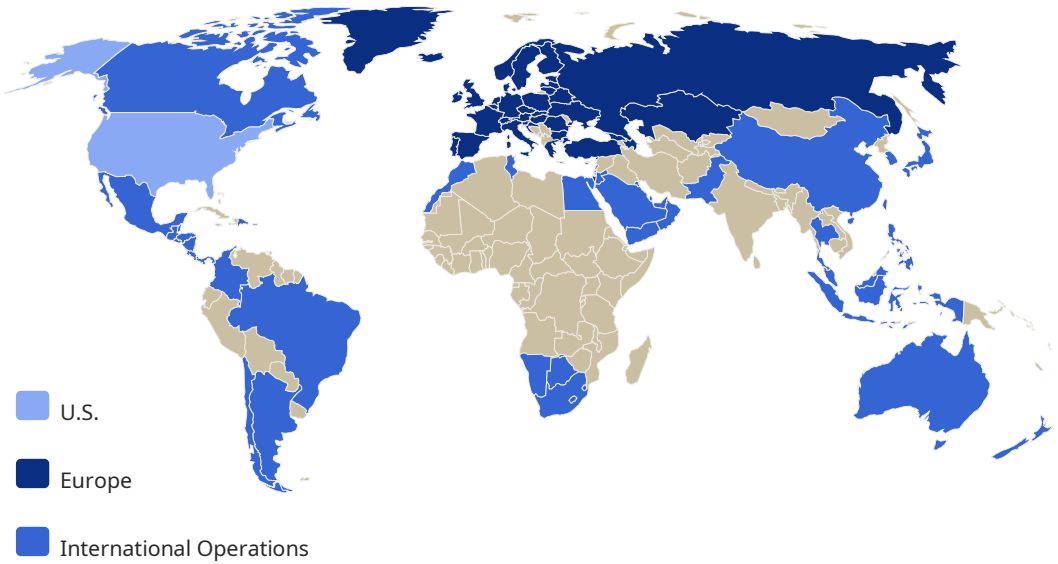
22,004

Total revenue from products (DKKm)[2]*

21,690

Other revenue and effects from hedging (DKKm)[2]*

314



U.S.

Revenue (DKKm)
11,325

Share of group revenue[3]
52%

Revenue from strategic brands (DKKm)
10,275

Strategic brands
Abilify LAI franchaise
Trintellix®
Rexulti®
Vyepti®

Europe

Revenue (DKKm)
5,146

Share of group revenue[3]
24%

Revenue from strategic brands (DKKm)
3,650

Strategic brands
Abilify LAI franchaise
Brintellix®
Rexulti®/Rxulti®
Vyepti®

International Operations

Revenue (DKKm)
5,219

Share of group revenue[3]
24%

Revenue from strategic brands (DKKm)
2,537

Strategic brands
Abilify LAI franchaise
Brintellix®/Trintellix®
Rexulti®
Vyepti®

1 ESRS 2, SBM-1 paragraph 40(a)ii. **2** ESRS 2, SBM-1, paragraph 40(b). ***Subject to limited assurance.** **3** The figures exclude other revenue of DKK 366 million and negative hedging effects of DKK 52 million.

Products

Strategic brands

Abilify LAI franchise[1,2] *

Abilify Maintena® (aripiprazole once monthly) has been marketed since 2013 as a monthly intramuscular injection indicated for the treatment of schizophrenia and bipolar I disorder in adults.
Abilify Asimtufii® (aripiprazole every two months) was launched as an intramuscular injection every two months in the U.S in 2023. In March 2024, the European Commission approved Abilify Maintena® 960mg. The product is launched either alone or in collaboration with Otsuka Pharmaceutical.

Revenue (DKKm)
3,504 ↑10% CER

% of total revenue
16%

Brintellix®/Trintellix®[1]*
(vortioxetine)

Indicated for the treatment of major depressive disorder (MDD) Lundbeck markets Brintellix®/Trintellix® in Europe and International Operations. Takeda is our co-promotion partner in the U.S. and Japan. Launched in the first markets in 2014, it is now available in approximately 60 countries.

Revenue (DKKm)
4,847 ↑14% CER

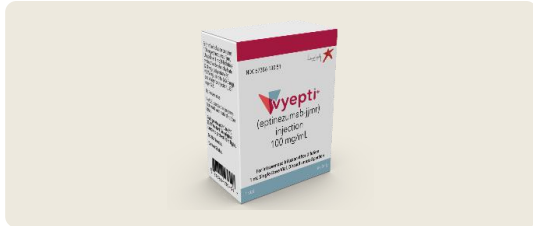
% of total revenue
22%

Rexulti®/Rxulti®[1]*
(brexpiprazole)

Indicated for adjunctive therapy for the treatment of adults with MDD and as a treatment for adults with schizophrenia. In 2023, it was further approved for the treatment of agitation associated with dementia due to Alzheimer's disease. Launched in the U.S. in 2015 in collaboration with Otsuka Pharmaceutical, and subsequently in several other countries.

Revenue (DKKm)
5,202 ↑16% CER

% of total revenue
24%



Vyepti®[1]*
(eptinezumab)

Indicated for the preventive treatment of migraine in adults. Lundbeck markets Vyepti® across all 3 regions in the U.S., EU and International Operations. Launched in the U.S. at the beginning of 2020, it is now available in 24 countries across the world.

Revenue (DKKm)
2,909 ↑72% CER

% of total revenue
13%

1 ERSR 2, SBM-1 paragraph 40(a)i. ***Subject to limited assurance**. **2** Abilify long-acting injectable (LAI) franchise comprises following products: Abilify Maintena®, Abilify Maintena® 960 mg and Abilify Asimtufii®.

Products

Mature brands

Cipralex®/Lexapro®[1]*
(escitalopram)

Indicated for the treatment of depression. First launched in 2002, and is now available in close to 100 countries around the world.

Revenue (DKKm)

2,048 ↑2% CER

% of total revenue

9%

Other pharmaceuticals[1]*

Northera® (symptomatic neurogenic orthostatic hypotension (nOH)), Onfi® (epilepsy), Sabril® (refractory complex partial seizures (rCPS) and infantile spasms (IS)), Ebixa® (dementia), Azilect® (Parkinson's disease), Xenazine® (chorea), Deanxit® (depression), Cipramil® (depression and anxiety), and Cisordinol® (psychosis) are among the biggest of our other mature brands.

Revenue (DKKm)

3,180 ↓9% CER

% of total revenue

14%

1 ESRS 2, SBM-1 paragraph 40(a)i. ***Subject to limited assurance**.

Science and innovation

Driving innovation of new treatments

In 2024, we continued to build our pipeline on rigorous development processes, combining our strong competencies and new technologies with disciplined selection and progression in our innovative programs that combine internal innovation and external partners' research.

Lundbeck is dedicated to neuroscience. We have the heritage, expertise, and passion to translate leading science into transformative treatments. Opportunities to make a difference are huge: The unmet needs of patients are enormous, and the number of affected people is rising. At the same time, neuroscience is at the forefront of scientific breakthroughs, with rapid technological, medical, and regulatory advances which drive innovation of new treatments.

With the Focused Innovator Strategy, we have further narrowed our focus. Lundbeck has a foundational strength in psychiatry and neurology, and we build upon this core. We reinforce our neuro-specialty position, and we establish a neuro-rare franchise.

We are successfully progressing our pipeline through a rigorous development process defining how we operate by letting the biology, the molecule, and the patient speak.

Our R&D organization focusses on promising biology, and we work with innovative discovery research using e.g., CLiPr and Blood Brain Barrier shuttle. All in all, this approach allows us to de-risk our early development efforts. In addition, we are de-risking the early pipeline by having an adequate number of phase I programs. Like this, we can bring promising projects quickly forward to early clinical proof of concept, and we invite patients to guide us in the late development phase on our way from unmet needs to transformative treatments.

Executing the R&D strategy

With technology expanding the target landscape and new drug modalities increasing treatment opportunities, the use of new biomarkers, and a regulatory evolution that accelerates the approvals in neuroscience, we lead with focused innovation. Over the past year, we continued to build our pipeline as the engine for sustainable growth.

In January 2024, Lundbeck's *AMULET* phase II trial with amlenetug (Lu AF82422) showed convincing trends of slowing Multiple System Atroph (MSA). Lundbeck is committed to addressing the unmet needs of MSA patients with amlenetug and has progressed the program in dialogue with health authorities.

In March 2024, Lundbeck's potential first-in-class therapy for migraine prevention, the Lu AG09222 (anti-PACAP mAb) program, entered an advanced clinical stage with a clinical phase IIb dose-finding trial. This trial will assess the efficacy and safety of subcutaneously administered Lu AG09222 in

Four biological clusters
Through pursuit of novel targets within 4 biological clusters, Lundbeck advances innovative solutions to areas of significant unmet medical needs within neuroscience.

The four biology clusters are:

Hormonal / neuropeptide signaling:
Targeting selected pathways of pain signaling, stress and other neurohormonal responses.

Circuitry / neuronal biology:
Targeting neurotransmission / synaptic dysfunction to restore brain circuits and reduce neurological, psychiatric, and pain symptoms.

Neuroinflammation / neuroimmunology:
Targeting neuronal loss due to an overactive immune system, relevant across many niche and rare neurological disorders.

Protein aggregation, folding and clearance:
Targeting neurodegenerative proteinopathies involved in a range of neurodegenerative conditions, e.g., Alzheimer's dementia and Parkinson's disease, as well as rare diseases characterized by proteinopathy, such as multiple system atrophy (MSA).

Read more on the following pages.

migraine prevention aiming to establish the optimal dose for future global pivotal trials.

In June 2024, Lundbeck initiated a first trial with Lu AG13909 in patients with Cushing's disease (CD).

In June 2024, the U.S. Food and Drug Administration, FDA, accepted a supplemental new drug application, sNDA, filing for brexpiprazole in combination with sertraline for the treatment of adults with post-traumatic stress disorder (PTSD). The FDA plans to host a Psychopharmacologic Drugs Advisory Committee meeting to seek input on issues related to the sNDA. The meeting is anticipated to occur during the first half of 2025. If the application, is approved, the brexpiprazole and sertraline combination treatment would be the first FDA-approved pharmacological treatment for PTSD in more than 20 years.

In October 2024, Lundbeck initiated the first clinical trial of its CD40L blocker, Lu AG22515, in patients. The proof-of-concept (PoC) trial will evaluate the efficacy, safety, and tolerability of Lu AG22515 as a potential treatment for Thyroid Eye Disease, an autoimmune disease causing a debilitating, disfiguring, and potentially blinding periocular condition. Blocking CD40L inhibits both B and T cell activations without direct clearance of B cell populations and holds strong promise in treating a wide range of autoimmune-related CNS disorders.

In October, Lundbeck announced positive results from the *SUNRISE* phase III pivotal trial of Vyepti® (eptinezumab) in migraine prevention. Vyepti® confirmed efficacy, meeting the primary and all key secondary endpoints. *SUNRISE* was predominantly conducted in Asia, evaluating the efficacy and safety in patients with chronic migraine. Based on the trial results, Lundbeck plans to initiate discussions with relevant regulatory authorities with the aim of making Vyepti® available for people suffering from migraine across Asia.

Epilepsy back in the pipeline

In 2024, Lundbeck acquired Longboard Pharmaceuticals with the lead asset bexicaserin which holds blockbuster potential. In September 2024, a global phase III trial was initiated by Longboard Pharmaceuticals, evaluating bexicaserin for the treatment of seizures associated with Dravet Syndrome, one of the rare epilepsies. In November, Longboard Pharmaceuticals initiated a second phase III to evaluate the efficacy of bexicaserin in Developmental and Epileptic Encephalopathies (DEEs).

Bexicaserin has shown encouraging anti-seizure effects to date in preclinical and clinical studies, with its next-generation superagonist mechanism specifically targeting 5-HT_{2C} receptors, supporting bexicaserin's potential to offer a highly differentiated and best-in-class profile. It complements perfectly our late-stage internal pipeline and our Focused Innovator ambition to build a neuro-rare franchise and reestablish Lundbeck's strong presence in the epilepsy space.

There is a strong unmet need across a broad range of epilepsy indications, including Developmental and Epileptic Encephalopathies (DEEs). Among the more than 20 known DEEs, only 4 have approved treatments so far. The innovative potential of bexicaserin, with its unique 5-HT_{2C} super-agonist mechanism of action, positions us to address significant unmet needs in severe epilepsies across DEEs including Dravet and Lennox-Gastaut syndromes.

Bexicaserin has the potential to address all DEEs, and compared to the treatments currently available, e.g., fenfluramine, bexicaserin has greater selectivity and specificity, designed to only bind 5-HT_{2C} receptors. On 30 January 2025, Lundbeck announced the headline results of the bexicaserin PACIFIC phase 1b/2a 12 months Open-Label-Extension study evaluating bexicaserin in patients with Developmental and Epileptic Encephalopathies (DEEs) demonstrating a sustained, durable response in seizure reduction and a favorable safety and tolerability profile across a broad range of DEE patients. These data provide further support to bexicaserin's potential to offer a highly differentiated and best-in-class profile.

Hormonal / neuropeptide signaling

Lu AG09222 – phase II

Lu AG09222 represents a potential new therapeutic option for the treatment of migraine, which, unlike the calcitonin gene-related peptide (CGRP) migraine treatment drug class, is a monoclonal antibody targeting pituitary adenylate cyclase-activating polypeptide (PACAP). PACAP and its receptors are broadly expressed in the nervous systems and inflammatory cells. By interfering with the PACAP signaling, there is a potential to affect multiple symptoms of headache disorders.

Lundbeck has initiated the *PROCEED* trial, a phase IIb trial with subcutaneously administered Lu AG09222 that builds on the positive results of the *HOPE* trial.

PROCEED is an interventional, randomized, double-blind, parallel-group, placebo-controlled, dose-finding phase IIb trial that will be conducted in Europe, Japan and the U.S. It assesses 4 different doses of Lu AG09222 versus placebo, administered subcutaneously once monthly for three months. The trial is intended to establish the optimal dose for future global pivotal trials designed to confirm the efficacy and safety of Lu AG09222 as a migraine preventive treatment. *PROCEED* is planned to enroll approximately 498 patients and will assess the efficacy, safety and tolerability of Lu AG09222.

The target population for this trial is defined as patients diagnosed with migraine as outlined in the International Classification of Headache Disorders Third Edition (ICHD-3), and who failed to take 2-4 different preventive migraine medications in the past 10 years. Study completion is expected in the second half of 2025.

Lu AG13909 – Phase I/II
Lu AG13909 is a first-in-class monoclonal antibody, which has the potential to offer a treatment alternative to patients suffering from conditions related to the hypothalmic-pituitary-adrenal (HPA) axis, leading to increased levels of adrenocortotropic hormone (ACTH). By binding to ACTH with high affinity, Lu AG13909B aims to reduce elevated ACTH levels, potentially providing therapeutic benefits for individuals with neurohormonal dysfunctions.

Lundbeck has initiated a first-in-human trial in patients with Congenital Adrenal Hyperplasia (CAH) in December 2022, and a trial in Cushing's disease (CD) in June 2024.

Circuitry / neuronal biology

Brexpiprazole in Post-Traumatic Stress Disorder (PTSD)
On 25 June 2024, Lundbeck announced that a supplemental new drug application (sNDA) for brexpiprazole in combination with sertraline for the treatment of adults with post-traumatic stress disorder (PTSD) was accepted and filed by the FDA.

The sNDA is based on data from three randomized clinical trials evaluating the safety and efficacy of brexpiprazole in combination with sertraline in adult patients with PTSD, namely the phase II trial 061 and the two phase III trials 071 and 072.

The primary endpoint for all three trials was the change from week 1 to week 10 in the Clinician-Administered PTSD Scale (CAPS-5) total score for brexpiprazole and sertraline combination therapy versus sertraline plus placebo in patients diagnosed with PTSD according to the Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM-5).

The trials were randomized, double blind, and active-controlled, and Trial 061 and 071 were flexible-dose trials, while Trial 072 was a fixed-dose trial. In Trial 061 and 071, brexpiprazole in combination with sertraline was associated with a statistically significant reduction ($p<0.05$) in PTSD symptoms compared to sertraline plus placebo, as measured by the change in the CAPS-5 total score from week one to week 10 (primary endpoint). In Trial 072, while the primary endpoint was not met, reductions in PTSD symptom severity with brexpiprazole in combination with sertraline were consistent with Trials 061 and 071.

Across the three randomized trials, the combination of brexpiprazole and sertraline in adult patients with PTSD was generally well-tolerated, and no new safety observations were identified.

FDA plans to host a Psychopharmacologic Drugs Advisory Committee meeting anticipated during the first half of 2025. If approved, the brexpiprazole and sertraline combination treatment will be the first FDA-approved pharmacological treatment for PTSD in more than 20 years.

Brexpiprazole – phase III in adolescent patients (13-17 years old) with schizophrenia
A Type II variation to apply for a pediatric schizophrenia indication (for adolescents aged 13 to 17 years) was successfully submitted to the European Medicines Agency (EMA) on 26 June 2024. The expected action date is in the second quarter of 2025.

The submission is based on the phase III trial 331-10-234 in adolescent patients with schizophrenia (NCT03198078), which demonstrated a significant improvement for brexpiprazole compared to placebo. In the trial, brexpiprazole was generally well tolerated, and the safety profile was similar to that observed in adult patients with schizophrenia. The trial forms part of the brexpiprazole EMA Paediatric Investigation Plan (PIP).

Aripiprazole – 2-month long-acting injectable (LAI) formulation
The new 2-month formulation is an innovative addition to the long-acting injectable (LAI) franchise and has patent protection until the early part of the next decade.

A supplemental New Drug Submission (sNDS) for the 2-month formulation has recently been approved by Health Canada (January 2025).

Based on pharmacokinetic modelling, two supplemental New Drug Applications (sNDAs) to update the Abilify Asimtufii® and Abilify Maintena® USPIs, with a 1-day initiation regimen (1-IR) in addition to the currently approved initiation regimens, were accepted and filed by the FDA in August 2024, with a target date for completion of the review of 30 March 2025 for both products. If approved, patients stabilized on oral Abilify will be able to initiate the every-2-months Abilify Asimtufii® treatment regimen in a single day by administering one injection of Abilify Asimtufii® 960 mg, one injection of Abilify Maintena® 400 mg, and a single oral dose of Abilify 20 mg. For Abilify Maintena®, the 1-IR consists of two separate injections of Abilify Maintena® 400 mg and a single oral dose of Abilify 20 mg.

MAGLi program – phase I
Following the recent completion of a mechanism of action phase I trial with Lu AG06474, emanating from the acquisition of Abide, it has been decided to write down part of the carrying amount of this asset in the Financial Statements for 2024. There is still significant potential value remaining from this acquisition, including an additional ongoing clinical program and a unique discovery platform.

Vortioxetine – Pediatric development program in Major Depressive Disorder (MDD) in Japan
Given a large unmet medical need and no medicines approved in Japan for treatment of MDD in children, Lundbeck has decided to initiate a pediatric development program in collaboration with its alliance partner Takeda.

The phase III trial is a randomized, double-blind, placebo-controlled 10-weeks study evaluating the efficacy and safety of flexible dose vortioxetine (10-20mg) in MDD in adolescents aged 12-17 years, with First-Patient-First-Visit planned for Q4 2025.

In August 2024, based on the development program, Lundbeck and Takeda received a positive opinion from the Japanese Pharmaceutical Affairs Council Committee on Drug I of the Ministry of Health, Labour and Welfare, granting vortioxetine was granted a 2-year extension until 2029 of the re-examination period for the adult indication in MDD. This means that vortioxetine's loss of exclusivity in Japan will be extended by two years. This extension is unrelated to the phase III trial outcome.

Protein aggregation, folding, and clearance

Lu AF82422 (amlenetug) – phase II
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 neurodegenerative diseases such as multiple system atrophy (MSA), Parkinson's disease (PD), and other synucleinopathies.

By targeting pathological alpha-synuclein with an antibody that will inhibit aggregation and potentially clear pathological alpha-synuclein from the brain, the project aims to demonstrate delay of disease progression and therapeutic effect on disease burden and function. A phase II randomized, double-blind, placebo-controlled exploratory proof-of-concept (PoC) trial (*AMULET*) testing Lu AF82422 in MSA patients was initiated in November 2021 (NCT05104476) in the U.S. and Japan.

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

Orphan drug designation for MSA was granted by the EMA in April 2021 and *SAKIGAKE* pioneering drug designation was granted by the Japanese Health Authorities in March 2023. In April 2024, Lundbeck also obtained orphan drug designation for the Lu AF82422 in MSA by the FDA.

Commitment to diversity in clinical trials
Lundbeck understands that brain diseases wreak havoc without bias. 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 the equitable advances in brain health. As part of our ongoing commitment to sustaining a diverse clinical trial infrastructure, we have established the below Clinical Trial Diversity Principles below and are committed to tracking and monitoring progress against them.

Develop and execute a clear strategy to achieve diversity in our trials globally
We aim for each trial to be designed with the intention of ensuring participants mirror the full diversity of the patient population in the country or region and the disease we are studying. This will require a concentrated effort to involve underrepresented populations in our marketed regions through focused patient-inclusion criteria; attention to the diversity of clinical trial sites and investigators, removal of barriers that could impede the participation of certain groups in clinical trials and use of real-world data to inform development efforts and improve understanding of diseases and products.

Collaborate with patient advocacy groups choosing to make diversity a priority
Lundbeck has a long-standing focus on community outreach, and we are committed to expanding partnerships with organizations that possess a like-minded focus on diversity. In collaboration with external partners, we strive to establish trust with diverse patient and caregiver populations, gain deeper insight into unmet patient needs, and build awareness about open clinical trials to further enhance the diversity of our clinical trials.

Implement integrated oversight approach to inform, analyze and act
We aim to continuously inform and evolve our internal thinking and processes by actively monitoring clinical trial diversity targets and utilizing real-world data to ensure we are driving the inclusion of underrepresented populations in our clinical trials.

Neuroimmunology/ Neuro-inflammation

Lu AG22515 – phase Ib

Lu AG22515 is a CD40L/human serum-albumin Fab bispecific fusion protein that blocks the CD40L/CD40 pathway through direct competition with CD40 of CD40L, thereby affecting adaptive and innate immune responses. Lu AG22515 is a promising therapeutic candidate being developed under a licensing and collaboration agreement between Lundbeck and AprilBio Co., Ltd.

Lu AG22515 exhibits high potency, an extended half-life due to its SAFA technology, and an improved safety profile compared to other immunosuppressing MoAs. By targeting the CD40L pathway, which is involved in the activation of complex T-cell mediated autoimmune responses, Lu AG22515 represents a novel approach in the treatment landscape of autoimmune and neuro-immunological diseases.

Lundbeck has initiated a phase Ib trial to assess the efficacy, safety, and tolerability of Lu AG22515 as a potential treatment for Thyroid Eye Disease, an autoimmune disease causing a debilitating, disfiguring, and potentially blinding periocular condition. The phase Ib trial is planned to enroll 19 patients.

Other projects

Lundbeck's long experience and continuous work within neuroscience have provided us with a global network in preclinical and clinical research. It is essential for us to maintain our strong internal R&D capabilities and to build external alliances to supplement our internal capabilities. 70% of Lundbeck's development portfolio is externally sourced. We combine internal and external innovation to create a strong pipeline. Internal resources provide important competitive intelligence and insights into R&D trends, and we are very inspired by external science whether we work with academia or other industry partners.

With the support from the world-renowned Michael J. Fox Foundation, Lundbeck is combining its biomarker discoveries with leading microfluidic experts at the Danish Technical University (DTU) to develop a state-of-the-art biomarker assay for Parkinson's disease (PD). With a second grant from the Michael J. Fox Foundation, Lundbeck is leading the discovery of a radioligand as a marker of neuroinflammation for PD and other brain diseases in collaboration with experts in positron emission tomography (PET) at Aarhus University.

Driving innovation with AI

At Lundbeck, AI and digitization are pivotal drivers of innovation. Several initiatives have been launched to expedite AI and digital technology adoption.

Lundbeck has partnered with Iambic Therapeutics to leverage their AI-powered drug discovery platform, focusing on developing small molecule therapeutics for migraine. Additionally, Lundbeck collaborates with Logica, integrating Valo Health's AI-powered Opal Computational Platform™ and Charles River's drug discovery expertise to complement in-house molecule discovery, applying AI to both small and large molecule discovery projects.

In biologics, an in-house competitive improvement to AlphaFold drives mAb discovery with an improved prediction rate and speed. Effective AI use requires scalable computer power, advanced analytical tools, and FAIR (Findable, Accessible, Interoperable, and Reusable) data. Lundbeck is committed to FAIR data principles and establishing data governance practices for future-proof data reuse.

Lundbeck's Science Cloud, a state-of-the-art platform on Amazon Web Services (AWS), supports the Focused Innovator Strategy by providing on-demand infrastructure for computing needs, facilitating daily innovation.

R&D has developed Knowledge Graphs that integrate external and internal data, unveiling insights for gene-level exploration, protein targeting, and drug repurposing. Lundbeck's digital ecosystem for clinical trials ensures real-time access to high-quality trial data. Decentralized elements and digital health technologies are incorporated to generate objective measures and ensure patient-centric development.

Tools like Copilot and GenAI enhance personal productivity across the organization. By 2025, Lundbeck aims to deliver on three strategic AI initiatives:

- AI in Structured Content Generation,
- AI-enabled Literature Review, and
- Chat with external documentation to support strategic planning and decision-making.

Patients share their perspectives

In 2024, Lundbeck continued its 'Let the patient speak' events focusing on innovative ways of integrating patients' perspectives into our development programs. We invite patients and caregivers to share their perspectives, ultimately helping Lundbeck to incorporate insights into innovation and integrated evidence generation efforts.

Lundbeck's development organization identified and implemented internal frameworks that help the company operationalize Patient-Focused Drug Development by bringing the patient voice closer to research and development efforts, describing how to seek patient input to trial designs, informing patient-centric outcome assessment strategies, and fostering an integrated, patient-centered approach to evidence development throughout the drug life cycle.

In partnership with the Danish Knowledge Centre for Headache, we aim to explore novel ways of generating real-world evidence directly from patients via digital applications. The purpose of this pilot project is to deliver scientific evidence to improve migraine treatment in Denmark. Such an initiative enables Lundbeck to learn and strengthen internal capabilities to lead future innovative digital engagement initiatives developing patient-centered, real-world evidence in support of our current and future portfolio.

Cooperation in neuroscience

Together with the European Health Data and Evidence Network (EHDEN), we are actively engaged in neuroscience research with European data partners and several other pharmaceutical companies.

The EHDEN network provides Lundbeck with a unique platform for collaboration with data partners across Europe specializing in specific disease areas, ensuring access to real-world data such as Electronic Health Records from healthcare systems and registries. By actively engaging in research collaborations, we can gain much deeper insight into disease progression, identify biomarkers for patient stratification and monitor treatment responses and disease outcomes, etc. The results of our first research collaboration will be published in the first half of 2025.

Unmet needs

Rigorous development process

Transformative treatments

Let the biology speak

Causal biology insights into pathophysiology with unmet need drive project initiation and indication decisions.

Let the molecule speak

Initiating trials for anti-bodies or small molecules in more than one indication allows for early understanding of potential in rare diseases and de-risks development.

Let the patient speak

Patient feedback is an integrated part of our development plans. We incorporate patient review and input into clinical trial designs to capture what matters for patients.

Pipeline

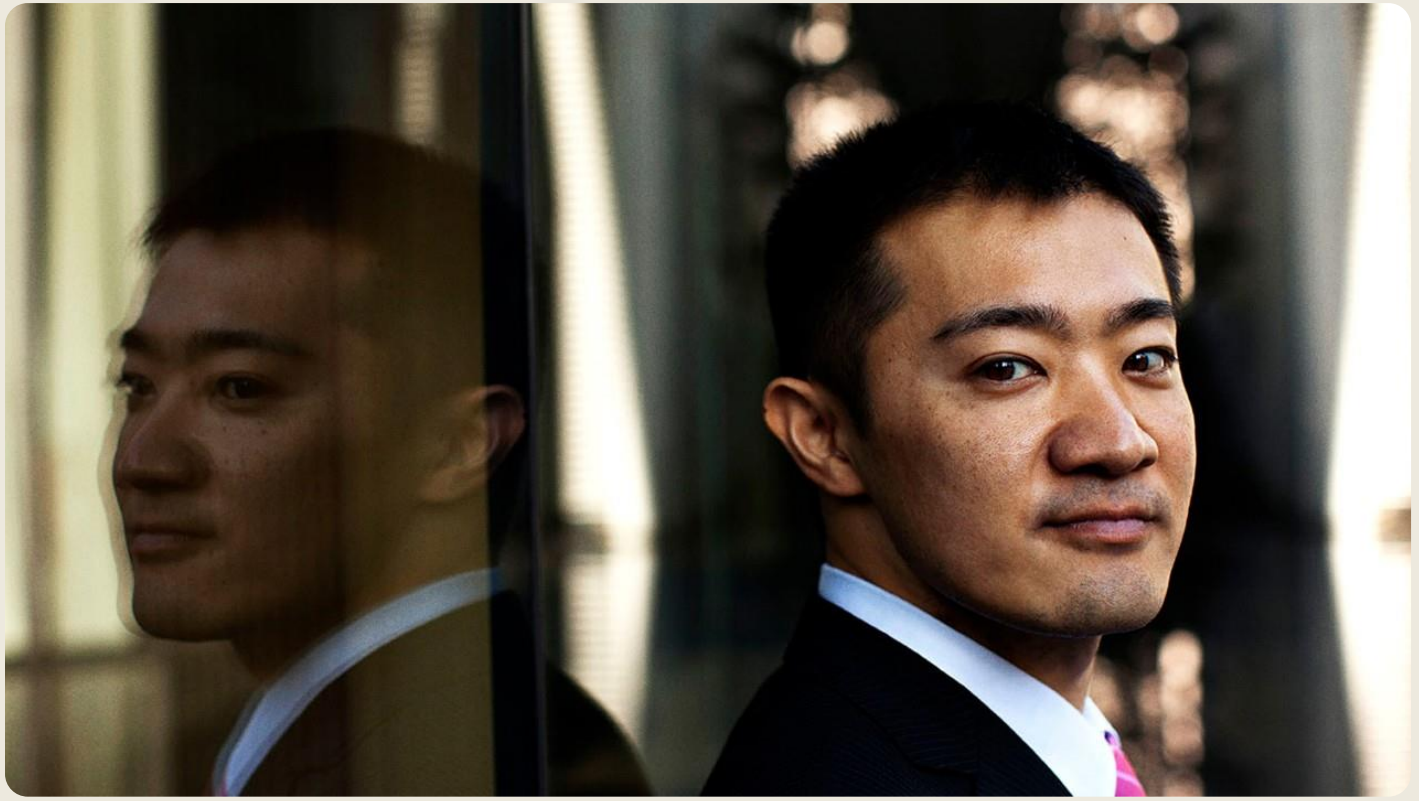
PROJECT	BIOLOGY	AREA	PHASE I	PHASE II	PHASE III	FILING / LAUNCH
Eptinezumab (anti-CGRP mAb)[1, 10]	**Hormonal/ neuropeptide signaling**	Migraine prevention[2]				
Lu AG09222 (anti-PACAP mAb)[3]		Migraine prevention				
Lu AG13909 (anti-ACTH mAb)[4]		Neurohormonal dysfunctions				
Brexpiprazole[5]	**Circuitry/ neuronal biology**	PTSD[6]				
Bexicaserin (5HT2C agonist)		Developmental and Epileptic Encephalopathies				
Lu AF28996 (D1-D2 agonist)[7]		Parkinson's disease				
MAGLi program[8]		Neurology				
Amlenetug (anti α-synuclein mAb)	**Protein aggregation, folding and clearance**	Multiple System Atrophy				
Lu AG22515 (CD40L blocker)[9]	**Neuroinflammation/neuroimmunology**	Neurology				

1 CGRP: Calcitonin gene-related peptide. **2** Two phase III clinical trials, supporting registration in Asia, including China and Japan: SUNRISE, and SUNSET trials. **3** PACAP: Pituitary adenylate cyclase activating peptide. **4** ACTH: Adrenocorticotropic hormone. Two phase Ib trials are currently ongoing in Congenital Adrenal Hyperplasia and Cushing's Disease. For technical reasons, the latter has been officially categorized as a phase II trial to adhere to local requirements in Georgia. **5** Acts as a partial agonist at 5-HT1A and dopamine D2 receptors at similar potency, and an antagonist at 5-HT2A and noradrenaline alpha1B/2C receptors. **6** Post-traumatic stress disorder. **7** Dopamine receptor D1 and D2. **8** MAGLi: Monoacylglycerol lipase ("MAGlipase") inhibitor. **9** Phase Ib trial ongoing in TED (Thyroid Eye Disease). **10** Cluster Headache not pursued.

Business performance

In this section

Masashi, living with Anxiety



Financial performance review and outlook 2025

In 2024, Lundbeck reached record revenue of DKK 22 billion with accelerated growth for strategic brands (+21% CER)

In 2024, Lundbeck delivered strong operational performance and upgraded the growth outlook for the year. The excellent performance delivered in 2024 provides us with clear momentum and we expect to deliver another year of meaningful growth in 2025.

Accelerated revenue growth

Lundbeck's total revenue grew by +14% CER (+11% DKK) to DKK 22,004 million in 2024, with all regions contributing to growth.

Strategic brands record

The revenue of Lundbeck's strategic brands increased by +21% CER (+20% DKK), reaching DKK 16,462 million, representing 75% of total revenue and with all four products showing double-digit growth rates both CER and reported.

Adjusted EBITDA

Adjusted EBITDA increased to DKK 6,347 million (+20% CER; +12% DKK) reflecting the strong revenue growth across all strategic brands. Adjusted EBITDA margin (DKK) reached 28.8% benefiting from the revenue growth offset by increased R&D investments in the maturing pipeline. EBITDA decreased to DKK 5,146 million (+7% CER; -1% DKK), impacted by the transaction and integration costs amounting to DKK 420 million of Longboard as well as an impairment loss of DKK 547 million from one of the MAGLi projects affecting R&D costs, while 2023 included a Vyepti® obsolescence provision.

Revenue per region

- **United States**: DKK 11,325 million (+16% CER; +15% DKK)
- **Europe**: DKK 5,146 million (+13% CER; +11% DKK)
- **International Operations**: DKK 5,129 million (+10% CER; +5% DKK)

Revenue strategic brands

- **Rexulti®**: DKK 5,202 million (+16% CER; +15% DKK)
- **Brintellix®/Trintellix®**: DKK 4,847 million (+14% CER; +12% DKK)
- **Abilify LAI franchise**: DKK 3,504 million (+10% CER; +10% DKK)
- **Vyepti®**: DKK 2,909 million (+72% CER; +71% DKK)

Key figures

DKKm	2024	2023	Change (CER)	Change (DKK)
Revenue	22,004	19,912	14%	11%
EBITDA	5,146	5,207	7%	(1%)
Adjusted EBITDA	6,347	5,652	20%	12%
EPS (DKK)	3.17	2.31		37%
Adjusted EPS (DKK)	5.31	4.22		26%

Business performance

Revenue reached DKK 22,004 million representing growth of +14% CER (+11% DKK). All regions contributed to the strong growth in strategic brands of +21% CER (+20% DKK) reaching DKK 16,462 million, equivalent to 75% of total revenue.

Approximately 64% of the strategic brand growth can be attributed to the strong performance of Vyepti® in the U.S. and Europe and Rexulti® in the U.S. Vyepti® sales in the U.S. and Europe grew +63% CER (+62% DKK) and +210% CER (+210% DKK), respectively. Rexulti® grew +15% CER (+14% DKK) in the U.S. The largest markets for the strategic brands are the U.S., Canada, Spain, Italy and Australia.

Strategic brands

Rexulti® (brexpiprazole) revenue reached DKK 5,202 million representing a growth of +16% CER (+15% DKK). In the U.S., revenue continues to benefit from a growing demand following the launch of Rexulti® for AADAD. Total prescriptions for Rexulti® in the U.S. reached all-time high by the end of 2024, with Rexulti® for AADAD constituting nearly 19% of total Rexulti® prescriptions. In Europe and International Operations, sales growth was primarily driven by increased demand and market share gains in countries such as Canada and Brazil, which also benefitted from overall market growth. The revenue distribution by region was 92%, 2% and 6% in the U.S., Europe and International Operations, respectively. The largest markets are the U.S., Brazil, Canada, Australia and Mexico.

Brintellix®/Trintellix® (vortioxetine) revenue reached DKK 4,847 million representing a growth of +14% CER (+12% DKK), with strong performance primarily in Europe and International Operations, mainly driven by a continued increase in market share across markets, and in particular Canada, Spain, Italy and Japan, while the U.S. executes on strategy by transitioning sales operation to Takeda as part of the agreement signed in July 2024. Additionally, Lundbeck has successfully mitigated volume erosion of Brintellix® in Brazil through the increase of sales of Virtuosa brand in 2022. The revenue distribution by region was 33%, 36% and 31% in the U.S., Europe and International Operations, respectively. The largest markets for this product are the U.S., Spain, Canada, Italy, Japan and Brazil.

Abilify LAI franchise revenue reached DKK 3,504 million and grew +10% CER (+10% DKK). In the U.S., sales growth was primarily driven by a combination of higher demand and price increase as well as increasing conversion to Abilify Asimtufii® from oral aripiprazole, reaching 13% in the U.S. in December 2024, all of which drove the 12% CER growth of the franchise. Abilify Maintena® 960 mg has been launched across some countries in Europe in 2024, driving a notable portion of the growth due to higher demand with robust contribution from Spain, the UK, Portugal and Poland. Canada and Australia contributed strongly to International Operations sales growth through continued demand uptakes owing to a stable increase in market share.

The revenue distribution by region was 37%, 45% and 18% in the U.S., Europe and International Operations, respectively. The largest markets are the U.S., Spain, Canada, Australia and Italy.

Total revenue

DKKm	2024	2023	Growth (CER)	Growth (DKK)
Rexulti®	5,202	4,525	16%	15%
Brintellix®/Trintellix®	4,847	4,324	14%	12%
Abilify LAI franchise	3,504	3,187	10%	10%
Vyepti®	2,909	1,697	72%	71%
Strategic brands	**16,462**	**13,733**	**21%**	**20%**
Cipralex®/Lexapro®	2,048	2,135	2%	(4%)
Other pharmaceuticals	3,180	3,580	(9%)	(11%)
Mature brands	**5,228**	**5,715**	**(5%)**	**(9%)**
Other revenue	366	327	12%	12%
Total revenue before hedging	**22,056**	**19,775**	**14%**	**12%**
Effects from hedging	(52)	137		
Total revenue	**22,004**	**19,912**	**14%**	**11%**

Vyepti® (eptinezumab) delivered strong growth in 2024 and revenue reached DKK 2,909 million following an increase of +72% CER (+71% DKK) maintaining strong momentum across all regions. Vyepti® sales growth was mainly driven by continued demand uptake with strong performance in the U.S., France, Canada and Germany, with notable growth contributions from other markets, such as Spain, U.A.E. and Switzerland, following the launch in 2024.

In the U.S., Vyepti® had 10.9% of the prevention market by late December, which constitutes an all-time high market share. The revenue distribution by region was 88%, 8% and 4% in the U.S., Europe and International Operations, respectively.

Mature brands

Cipralex®/Lexapro® (escitalopram) revenue reached DKK 2,048 million representing a growth of +2% CER (-4% DKK) supported by its established presence in the Gulf Region and China and price increases in Turkey and Argentina as a result of the inflation. This is offset by generic erosion, particularly in Japan, in Canada, where sales were impacted by the generics listing in Quebec, and in Switzerland, where a regulatory price cut was implemented. The revenue distribution by region was 67% and 33% in International Operations and Europe, respectively. The largest markets are China, Italy, South Korea and Brazil.

Revenue from **Other pharmaceuticals**, which comprises the remainder of Lundbeck's products, reached DKK 3,180 million representing a decline of -9% CER (-11% DKK), mainly due to the expected lower sales of mature products such as Northera®, Onfi®, Xenazine® and Deanxit®. As of 1 January 2024, Sabril® is being reported together with Other pharmaceuticals, comparative figures for 2023 have been restated accordingly. The largest markets for Other pharmaceuticals are the U.S., China, France, South Korea and Spain.

Revenue by geographical area

Lundbeck's largest markets are the U.S., China, Canada, Spain and Italy constituting 70% of the total revenue.

United States revenue reached DKK 11,325 million representing growth of +16% CER (+15% DKK). The strategic brands reached DKK 10,275 million, increasing +23% CER (+22% DKK) and representing 91% of the revenue. The revenue growth is mainly driven by the increasing market share as well as the continued demand uptake of Rexulti® following the AADAD approval and the strong performance of Vyepti®, which continues to grow in market share and its strong momentum, offset by erosion of mature brands such as Northera®, Onfi® and Xenazine®.

Europe revenue reached DKK 5,146 million representing a growth of +13% CER (+11% DKK). The strategic brands reached DKK 3,650 million, increasing +19% CER (+18% DKK) and representing 71% of revenue. The revenue growth is mainly driven by higher

Total revenue

DKKm	2024	2023	Growth (CER)	Growth
United States				
Rexulti®	4,811	4,206	15%	14%
Vyepti®	2,557	1,578	63%	62%
Trintellix®	1,596	1,432	12%	11%
Abilify LAI franchise	1,311	1,182	12%	11%
Strategic brands	**10,275**	**8,398**	**23%**	**22%**
Mature brands	1,050	1,431	(26%)	(27%)
Revenue – United States	**11,325**	**9,829**	**16%**	**15%**
Europe				
Brintellix®	1,750	1,507	17%	16%
Abilify LAI franchise	1,579	1,445	9%	9%
Vyepti®	239	77	210%	210%
Rexulti®	82	59	37%	39%
Strategic brands	**3,650**	**3,088**	**19%**	**18%**
Mature brands	1,496	1,540	0%	(3%)
Revenue – Europe	**5,146**	**4,628**	**13%**	**11%**
International Operations				
Brintellix®/Trintellix®	1,501	1,385	14%	8%
Abilify LAI franchise	614	560	11%	10%
Rexulti®	309	260	31%	19%
Vyepti®	113	42	171%	169%
Strategic brands	**2,537**	**2,247**	**18%**	**13%**
Mature brands	2,682	2,744	3%	(2%)
Revenue – International Operations	**5,219**	**4,991**	**10%**	**5%**
Other revenue	366	327	12%	12%
Total revenue before hedging	**22,056**	**19,775**	**14%**	**12%**
Effects from hedging	(52)	137		
Total revenue	**22,004**	**19,912**	**14%**	**11%**

demand for Brintellix® and Abilify Maintena® as well as continued strong performance of Vyepti® across the region mainly in France, Spain and Germany. The launch of Abilify Maintena® 960 mg in many European markets further fueled the growth. Mature brands have been impacted by ongoing erosion of certain brands such as Cipralex®, Cipramil® and Cisordinol®. The largest markets in Europe are Spain, Italy, France, Switzerland and Greece.

International Operations comprises all Lundbeck's markets outside the U.S. and Europe. Revenue reached DKK 5,219 million, representing growth of +10% CER (+5% DKK). The strategic brands reached DKK 2,537 million increasing by +18% CER (+13% DKK) and representing 49% of revenue. The revenue growth is mainly driven by higher demands across all four brands with solid contribution from all key markets, particularly Vyepti® in Canada and Brintellix® in Japan and Canada, offset by an unfavorable currency impact mainly driven by CNY, BRL and ARS. Mature brands have been impacted by ongoing erosion of certain brands such as Lexapro® in Japan following the entry of generic competition since the end of 2022 and in Canada following the generics listing in Quebec. The biggest markets are China, Canada, Brazil, Australia and South Korea. China and Canada constitute approximately 43% of the regional revenue.

Effects from hedging

Lundbeck hedges a significant part of the revenue currency risk for a period of 12-18 months. Hedging had a negative impact of DKK 52 million on revenue in 2024, compared to a positive impact of DKK 137 million in 2023.

Gross Profit

Cost of sales reached DKK 4,230 million, decreasing by -4% CER (-6% DKK), mainly driven by lower amortization costs due to fully amortized product rights of one of our products, offset by an increase in cost of goods sold associated with the higher revenue. Moreover, adjustments of DKK 327 million were made in 2023 to account predominantly for the negative effect of Vyepti® inventory obsolescence of DKK 312 million. Excluding the effect of those extraordinary items, cost of sales increased +4% CER (+2% DKK), primarily driven by the increase in cost of goods sold associated with the sales growth as well as higher raw materials and manufacturing costs due to the inflation impacting cost of sales in the first half of 2024, offset by lower amortization costs. Additionally, cost of sales was impacted by a provision for environmental matters in 2023.

Gross profit reached DKK 17,774 million, increasing by +19% CER (+15% DKK). The **gross margin** was 80.8% representing an increase of 3.3 percentage points. Gross margin has been impacted by inflation as communicated in the first half of the year, offset by lower amortization.

Adjusted gross profit is the gross profit excluding depreciation and amortization and other adjustments linked to sales and cost of sales. The **adjusted gross margin** was 88.4% representing an increase of 0.1 percentage points.

EBIT and adjusted EBITDA

Total operating expenses (OPEX) reached DKK 14,504 million, corresponding to an increase of +19% CER (+19% DKK). The OPEX ratio reached 65.9%, increasing by 4.5 percentage points. The increase of OPEX is primarily driven by the effect of the MAGLi impairment loss of DKK 547 million, as communicated in the third quarter of 2024, transaction and integration costs related to the acquisition of Longboard of DKK 420 million, as well as continued R&D investments. The increase in the OPEX ratio was also impacted by restructuring and integration costs and higher administrative expenses, mainly due to higher legal provisions in 2024. Adjusted for the MAGLi impairment loss of DKK 547 million, the transaction and integration costs, restructuring costs, as well as the legal provisions in 2023 and 2024, OPEX increased +11% CER (+10% DKK).

Sales and distribution costs reached DKK 8,146 million, corresponding to an increase of +10% CER (+9% DKK). The S&D ratio reached 37.0%, representing a decrease of 0.6 percentage points. The development reflects the strong revenue growth, offset by the continued investments in sales and promotional activities in strategic brands such as Rexulti® and Vyepti® in the U.S., including preparation for PTSD commercialization for Rexulti® pending FDA review and the global roll-out of Vyepti®. Furthermore, sales and distribution costs in 2024 were negatively impacted by the recognition of restructuring and integration costs.

Administrative expenses reached DKK 1,437 million, increasing by +11% CER (+11% DKK). The administrative expense ratio reached 6.5% and is in line with 2023. Main drivers of the increase are higher legal costs mainly due to DKK 150 million of legal provisions for ongoing litigations recognized in the second quarter of 2024.

Research and development costs reached DKK 4,501 million, with an R&D ratio of 20.5% increasing +30% CER (+30% DKK), which includes the impact of the MAGLi impairment loss of DKK 547 million. Adjusted for the impairment loss of DKK 547 million, R&D costs increased +14% CER (+14% DKK), mainly driven by the progression of the phase IIb dose finding trial for Lu AG09222 anti-PACAP, the progress of phase III preparations for amlenetug (anti-a-synuclein mAb) as well as general higher discovery and development costs across early-stage programs during 2024, offset by lower Vyepti® phase IV trial costs.

EBIT reached DKK 3,270 million, increasing by +15% CER (+2% DKK) and reflecting an improved gross profit development driven by a higher gross margin and lower sales and distribution ratio, offset by increased R&D costs due to the continued pipeline progression as well as the effect of the MAGLi impairment loss of DKK 547 million, transaction and integration costs related to the acquisition of Longboard of DKK 420 million, and higher administrative expenses mainly related to legal provisions due to ongoing litigations of DKK 150 million. Furthermore, EBIT of 2023 was negatively affected by the recognition of a provision of DKK 312 million for Vyepti® inventory obsolescence, DKK 69 million regarding legal provisions for ongoing litigations and restructuring costs of DKK 15 million due to the closure of the sterile manufacturing line in France, of which DKK 2 million was reversed during 2024.

Amortization of product rights amounted to DKK 1,432 million, corresponding to a decrease of -8% CER (-8% DKK). **Total amortization and depreciation** reached DKK 1,876 million, representing a decrease of -6% CER (-7% DKK), mainly driven by a decrease in the amortization recognized in 2024 due to fully amortized product rights of one of our products since the beginning of 2024.

Adjusted EBITDA reached DKK 6,347 million representing an increase of +20% CER (+12% DKK) reflecting the strong revenue growth driven by performance of strategic brands. The **adjusted EBITDA margin** was 28.8%, representing an increase of 0.4 percentage points primarily due to OPEX-ratio improvements of the strong revenue growth, partially offset by higher R&D costs and unfavorable net currency and hedging effects.

Net profit

Net financial (income)/expenses amounted to an income of DKK 449 million, equivalent to an increase of 322% primarily driven by the gain from a hedging transaction settled in connection with the acquisition of Longboard.

The **effective tax rate** for 2024 was 15.5% (23.5% for 2023). The tax rate is positively impacted by the reversal of an uncertain tax position related to a tax audit closed in the third quarter of 2024.

Net profit reached DKK 3,143 million, corresponding to a growth of 37%.

Adjusted net profit and EPS

Adjusted net profit is the net profit excluding depreciation and amortization and other adjustments, net of taxes. Adjusted net profit reached DKK 5,261 million, increasing +26% and reflecting the EBIT development.

Adjusted EPS was DKK 5.31, corresponding to an increase of +26%.

Cash flow

Cash flows from operating activities amounted to an inflow of DKK 3,326 million compared to an inflow of DKK 4,080 million in 2023. This decrease was driven by the settlement of liabilities related to Longboard's long-term incentive program and transaction costs associated with the acquisition as well as higher receivables, partially offset by a lower inventory build-up due to the completion of the fixed supply agreement for Vyepti® in September 2023.

Lundbeck's **net cash flows from investing activities** were an outflow of DKK 15,286 million compared to an outflow of DKK 498 million in 2023. The investing activities mainly include the acquisition of Longboard, following by capital expenditures in property, plant and equipment, offset by proceeds from sales of financial assets.

Lundbeck's **net cash flows from financing activities** were an inflow of DKK 11,629 million compared to an outflow of DKK 2,085 million in 2023 mainly related to the proceeds of the loan facility for the acquisition of Longboard, offset by the dividends paid to shareholders. In addition, the cash flow from financing activities in 2023 was impacted by a repayment of debt.

The net cash outflow reached DKK 331 million compared to an inflow of DKK 1,497 million in 2023.

Net debt decreased from a net cash position of DKK 711 million at the end of 2023 to **net debt** of DKK 12,182 million at the end of 2024 following the acquisition of Longboard. The net debt/EBITDA ratio is 2.4x at the end of 2024 compared to -0.1x at the end of 2023. **Interest-bearing debt** was DKK 16,846 million at the end of 2024 compared to DKK 4,299 million at the end of 2023. On 31 December 2024, Lundbeck's **total assets** amounted to DKK 56,976 million compared to DKK 37,407 million at the end of 2023, driven by the acquisition of Longboard.

On 31 December 2024, Lundbeck's **equity** amounted to DKK 25,010 million.

Dividend

The Board of Directors is proposing distribution of dividends for 2024 of 30% (30% in 2023) of the net profit for the year allocated to the shareholders, equivalent to DKK 0.95 per share (DKK 0.70 per share in 2023) or DKK 946 million (DKK 697 million in 2023), inclusive of dividends on treasury shares. Total dividends are based on the current share capital. The dividend pay-out is subject to approval at the Annual General Meeting on 26 March 2025.

Financial guidance 2025

Lundbeck is steadfast in its commitment to the Focused Innovator strategy, with a dedicated emphasis on accelerating substantial growth from 2024 through our strategic products, Vyepti® and Rexulti®, both of which are projected to continue their robust double-digit growth into 2025.

During 2025, Lundbeck will encounter the first significant impact from loss of exclusivity (LoE) on strategic brands. The growth of the Abilify Maintena LAI franchise is projected to be driven by the continued increased conversion to the two-month formulation, offsetting the anticipated impact of generic entries in Europe. Brintellix®/Trintellix® will be affected by the modified collaboration with Takeda in the U.S. as well as generic entry in Canada. Mature brands are expected to continue their erosion, showing a mid-single-digit revenue decline. Overall, Lundbeck's revenue growth is projected to be between 7% and 10% at CER in 2025. Given the current exchange rates against the Danish krone, sales growth reported in DKK is expected to be approximately 1 percentage points higher than at CER.

As a central component of our Focused Innovator strategy, Lundbeck remains committed to investing in research and development, advancing both our late-stage and early development pipeline. In 2025, we anticipate an acceleration of investments in R&D, including the integration of Longboard and the progression of bexicaserin and amlenetug into phase III clinical trials. Lundbeck anticipates increasing R&D investments to between DKK 5 and 5.2 billion in 2025, compared to DKK 3,954 million in 2024 (excluding the MAGLi write-down). This significant increase in R&D investments is financed by our dedicated efforts towards capital reallocation initiatives within Sales, Distribution and Production, as well as additional contributions from accelerated revenue growth. Adjusted EBITDA growth is expected to range from 5% to 11% at CER in 2025. Given the current exchange rates against the Danish krone, growth reported in DKK is now expected to be approximately 2 percentage points lower than at CER.

The 2025 guidance underscores Lundbeck's ability and focus to sustain profitability while expanding and progressing the pipeline.

DKK	FY 2025 guidance
Total revenue growth at CER	7% to 10%
Adjusted EBITDA growth at CER	5% to 11%

Effects from hedging are expected to reach a loss of DKK 425 to 450 million compared to DKK 52 million for 2024. Depreciation, amortization, and impairment losses are expected to be in the range of DKK 1.7 to 1.9 billion, compared to DKK 1,876 million in 2024. Lundbeck anticipates financial items (net) to

Other relevant financial information for FY 2025 at reported rates

Total revenue (IFRS) growth[1]	Around 1 percentage point higher than at CER
Adjusted EBITDA growth[1]	Around 2 percentage points lower than at CER
Adjusted gross margin[2]	88% to 89%
R&D costs	DKK 5.0 to 5.2 billion
Depreciation & amortization	DKK 1.7 to 1.9 billion
Net financials, (expenses)/gains	DKK -435 to -485 million
Effects from hedging, (losses)/gains	DKK -425 to -450 million
Effective tax rate	21% to 24%
Net cash/(net debt)[3]	DKK -9 to -10 billion

Revenue at CER

DKK million	2024	2023
Total revenue (IFRS)	**22,004**	**19,912**
Effects from hedging	(52)	137
Total revenue (IFRS) before hedging	**22,056**	**19,775**
Effects from exchange rate	(344)	(645)
Total revenue at CER	**22,452**	**20,420**
Increase/(decrease) in total revenue (IFRS)	11%	9%
Increase/(decrease) in total revenue at CER[4]	14%	8%

Adjusted EBITDA at CER

DKK million	2024	2023
Adjusted EBITDA	**6,347**	**5,652**
Effects from hedging	(52)	137
Adjusted EBITDA before hedging	**6,399**	**5,515**
Effects from exchange rate	(211)	(268)
Adjusted EBITDA at CER	**6,610**	**5,783**
Increase/(decrease) in adjusted EBITDA	12%	17%
Increase/(decrease) in adjusted EBITDA at CER[5]	20%	7%

1 Includes effects from hedging and exchange rate impact. **2** Adjusted gross margin is the gross margin excluding depreciation and amortization and other adjustments linked to sales. **3** Net cash/(net debt) is defined as Interest-bearing debt, cash, cash equivalents and securities, net. **4** Adjusted EBITDA at CER for the period divided by adjusted EBITDA before hedging for the comparative period.

result in a loss of approximately DKK 435 to 485 million following the acquisition of Longboard in 2024, contrasting an income of DKK 449 million in 2024. The effective tax rate for 2025 is expected to range between 21% and 24%, compared to 15.5% in 2024.

All the above expectations are based on assumptions that the global or regional macroeconomic and political environment will not significantly change business conditions for Lundbeck including impacts from major healthcare reforms and legislative changes as well as outcome of legal cases including litigations, and that the currency exchange rates, especially the US dollar, will remain at the current level versus the Danish krone. The guidance is also based on assumptions in relation to the estimation of gross-to-net developments in the U.S. gross sales. Finally, the guidance does not include the financial implications of any new significant business development transactions and significant impairments of intangible assets during 2025.

Mid-term targets

Based on organic growth, the company expects revenue to show a mid-single digit compound annual growth rate (CAGR) over the mid-term period (2023 to 2027). The company maintains its target for adjusted EBITDA-margin of more than 30% at the end of the mid-term period in 2027, to account for the impact of the Longboard acquisition and excluding any business development activities.

Lundbeck plans to ensure appropriate investments in R&D and prelaunch activities for bexicaserin following the successful closure of the acquisition of Longboard. Moreover, in accordance with the Focused Innovator strategy, Lundbeck has initiated its most significant capital reallocation program in its history to sustain the company's growth with increased focus on innovation.

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.

Summary for the group 2020-2024

Statement of profit or loss (DKKm)	2024	2023	2022	2021	2020
Revenue	22,004	19,912	18,246	16,299	17,672
Gross profit	17,774	15,427	14,295	12,651	13,506
Adjusted gross profit[1, 2]	19,453	17,580	16,133	14,173	15,101
Research and development costs	4,501	3,457	3,754	3,823	4,545
Profit from operations (EBIT)	3,270	3,195	2,852	2,010	1,990
Operating profit before depreciation and amortization (EBITDA)	5,146	5,207	4,663	3,720	4,783
Adjusted operating profit before depreciation and amortization (Adjusted EBITDA)[1, 2]	6,347	5,652	4,823	3,990	5,681
Net financials, (income)/expenses	(449)	202	378	429	84
Profit before tax	3,719	2,993	2,474	1,581	1,906
Profit for the year	3,143	2,290	1,916	1,318	1,581

Assets (DKKm)	2024	2023	2022	2021	2020
Non-current assets	43,966	24,118	26,040	26,041	25,924
Inventories	3,983	4,427	4,046	3,031	2,163
Receivables	4,363	3,852	3,818	3,302	4,018
Cash, bank balances and securities[3]	4,664	5,010	3,548	2,279	3,924
Total assets	**56,976**	**37,407**	**37,452**	**34,653**	**36,029**

Equity and liabilities (DKKm)	2024	2023	2022	2021	2020
Equity	25,010	22,045	20,779	18,279	16,973
Non-current liabilities	23,386	7,372	8,474	7,556	9,044
Current liabilities	8,580	7,990	8,199	8,818	10,012
Total equity and liabilities	**56,976**	**37,407**	**37,452**	**34,653**	**36,029**

Statement of cash flows (DKKm)	2024	2023	2022	2021	2020
Cash flows from operating activities	3,326	4,080	3,519	2,272	3,837
Cash flows from investing activities	(15,286)	(498)	(1,892)	(610)	(467)
Cash flows from operating and investing activities (free cash flow)	(11,960)	3,582	1,627	1,662	3,370
Cash flows from financing activities	11,629	(2,085)	(387)	(3,336)	(2,394)
Interest-bearing debt, cash, bank balances and securities, net, year-end[3]	(12,182)	711	(2,183)	(3,189)	(4,106)

1 For details of the non-IFRS measure 'adjusted EBITDA', see *Adjusted EBITDA Reconciliation.* **2** New key figures were introduced from 2023 and disclosed comparatively for 2022 and 2021. Pro forma calculations have been applied for 2020. **3.** In 2020-2024, securities amounted to DKK 0.

Summary for the group 2020-2024

Summary for the Group key figures	2024	2023	2022	2021	2020
Adjusted gross margin (%)[1]	88.4	88.3	88.4	87.0	85.5
EBIT margin (%)	14.9	16.0	15.6	12.3	11.3
EBITDA margin (%)	23.4	26.2	25.6	22.8	27.1
Adjusted EBITDA margin (%)[1]	28.8	28.4	26.4	24.5	32.1
Research and development ratio (%)	20.5	17.4	20.6	23.5	25.7
Return on equity (%)	13.4	10.7	9.8	7.5	9.4
Equity ratio (%)	43.9	58.9	55.5	52.7	47.1
Invested capital (DKKm)	37,192	21,334	22,962	21,468	21,079
Return on invested capital (%)	9.4	11.0	9.9	7.9	7.4
Net debt/EBITDA	2.4	(0.1)	0.5	0.9	0.9
Effective tax rate (%)	15.5	23.5	22.6	16.6	17.0
Purchase of intangible assets, gross (DKKm)	57	224	449	202	114
Purchase of property, plant and equipment, gross (DKKm)	508	277	371	410	364
Purchase of financial assets, gross (DKKm)	-	-	-	-	17
Average number of employees	5,694	5,566	5,399	5,488	5,717

Share data[2]	2024	2023	2022	2021	2020
Earnings per share, basic (EPS) (DKK)[2]	3.17	2.31	1.93	1.33	1.59
Earnings per share, diluted (DEPS) (DKK)[2]	3.17	2.31	1.93	1.33	1.59
Adjusted Earnings per share, basic (EPS) (DKK)[1]	5.31	4.22	3.74	2.88	4.76
Number of shares for the calculation of EPS (million)[2]	991.4	992.2	992.9	993.3	993.7
Cash flows from operating activities per share, diluted (DKK)[2]	3.35	4.11	3.54	2.29	3.86
Proposed dividend per share (DKK)[2]	0.95	0.70	0.58	0.40	0.50
Dividend payout ratio (%)	30	30	30	30	31
Dividend yield (%)	2.4	2.2	2.2	1.2	1.2
Net asset value per share, diluted (DKK)[2]	25.23	22.22	20.93	18.40	17.08
Market capitalization (DKKm)	39,567	31,812	25,507	33,626	41,582

1 New key figures were introduced from 2023 and disclosed comparatively for 2022 and 2021. Pro forma calculations have been applied for 2020. **2** The calculation of EPS is based on a share denomination of DKK 1 as a result of the share split completed on 8 June 2022. Comparative figures have been restated to reflect the change in trading unit from a nominal value of DKK 5 to DKK 1.

Summary for the group 2020-2024

Definitions	
Interest-bearing debt	Debt and financial instruments (including financial leases) carrying interest.
Interest-bearing net cash	Cash, bank balances and securities less interest-bearing debt.
Adjusted gross profit[3]	Adjusted gross profit is the gross profit excluding depreciation and amortization and other adjustments linked to sales.
Adjusted gross margin	Adjusted gross profit as a percentage of revenue.
EBIT margin[1]	Profit from operations as a percentage of revenue.
EBITDA	Profit before interest, tax, depreciation, amortization and gain on divestment of properties.
EBITDA margin	EBITDA as a percentage of revenue.
Adjusted EBITDA[3]	Adjusted EBITDA is defined as EBITDA adjusted by certain items.
Adjusted EBITDA margin[3]	Adjusted EBITDA as a percentage of revenue.
Research and development ratio	Research and development cost as a percentage of revenue.
Return on equity[1]	Net profit/(loss) for the year as a percentage of shareholders' equity (average).
Equity ratio[1]	Shareholders' equity, year-end, as a percentage of total assets.
Invested capital	Shareholders' equity, year-end, plus net interest-bearing debt.
Return on invested capital	Profit from operations after tax as a percentage of average invested capital.
Net debt	Interest-bearing debt less cash, bank balances and securities.
Net debt/EBITDA	Net interest-bearing debt divided by EBITDA.
Earnings per share, basic (EPS)[1,2]	Net profit/(loss) for the year divided by average number of shares, excl. treasury shares.
Earnings per share, diluted (DEPS)[1,2]	Net profit/(loss) for the year divided by average number of shares, excl. treasury shares, incl. warrants, fully diluted.
Adjusted earnings per share, basic (EPS)	Adjusted earnings per share, basic (EPS) is defined as EPS, basic adjusted by certain items.
Cash flows from operating activities per share, diluted[1]	Cash flows from operating activities divided by average number of shares, excl. treasury shares, incl. warrants, fully diluted.
Dividend payout ratio	Total dividends for the year as a percentage of net profit/(loss).
Dividend yield	Dividend per share as percentage of official price quoted on Nasdaq Copenhagen, year-end.
Net asset value per share, diluted	Shareholder's equity, year-end, divided by number of shares, year-end, excl. treasury shares, incl. warrants, fully diluted.
Market capitalization[1]	Total number of shares, year-end, multiplied by the official price quoted on Nasdaq Copenhagen, year-end.

1 Definitions according to the Danish Finance Society's *Recommendations & Financial Ratios.* **2** The calculation of EPS is based on a share denomination of DKK 1 as a result of the share split completed on 8 June 2022. Comparative figures have been restated to reflect the change in trading unit from a nominal value of DKK 5 to DKK 1. **3** For the definition of certain items, see *Adjusted EBITDA Reconciliation.*

Sustainability performance

✓ Achieved × Not achieved → On track ⊖ Not on track

Lundbeck's Sustainability Strategy comprises four pillars through which we prioritize our sustainability efforts. Each year, we set ambitious targets within each pillar, which align with our aspirations for 2030 (see page 63).

In 2024, we made progress on our sustainability objectives and achieved key milestones, even though five targets were not met and one is not entirely on track.

Lundbeck is committed to advancing its sustainability performance while maintaining transparency about challenges along the way.

- **Access to health**: Global platform for HCPs was launched and the donation of treatment target was achieved.
- **Business ethics**: Code of Conduct training and employee confidence to address ethical concerns targets were achieved.
- **Climate change & circularity**: Scopes 1 and 2 are on track. Scope 3 is not on track and both circularity targets were not achieved.
- **People and communities**: Targets for this pillar were not achieved.

Pillars		2024 sustainability targets	2025 sustainability targets	SDG Impact
Access to health	✓	Donate treatment for at least 2,500[6] patients in low- and middle-income countries through product donation partnerships.	Donate treatment for at least 3,000 patients in low- and middle-income countries through product donation partnerships.	
	✓	Launch global platform to provide access to healthcare professionals with independent medical education through Lundbeck Institute activities.	N/A	
Business ethics	✓	Annual Code of Conduct training completed by at least 98% of employees at work globally.	Annual Code of Conduct training completed by at least 98% of employees at work globally.	
	✓	Four out of five employees stating in the annual employee satisfaction survey (ESS) that they are confident in raising an ethical or compliance concern.	Four out of five employees stating in the annual employee satisfaction survey (ESS) that they are confident in raising an ethical or compliance concern.	
Climate change & circularity	→ ⊖	Reduce carbon footprint across own operations, supply, and distribution in line with our 15-year 1.5°C aligned target: • Reduce scope 1 and 2 CO_2e emissions by 65% in 2034 compared to 2019. • Reduce scope 3 CO_2e emissions by 40% in 2034 compared to 2019[1].	Reduce carbon emissions in line with our Net-Zero SBTi-approved targets: • Reduce scope 1 and 2 CO_2e emissions by 42% in 2029 compared to 2019 • Reduce scope 3 CO_2e emissions by 25% in 2029 compared to 2019[1]. • Reduce scope 1, 2 and 3 emissions by 90% in 2050.	 
	×	Recycle 64% of the organic solvents used in chemical production.	Recycle 63% of the organic solvents used in chemical production.	
	×	Recycle 75% of general waste at production sites.	Recycle 70% of general waste at all sites globally[2].	
People and communities	×	Increase in share of underrepresented gender at senior management level[4] year on year.	Maintain an even gender balance in upper management[3], closest to 40% but not exceeding 49%.	
			Reach an overall Inclusion score of 8.5[5] in the annual employee satisfaction survey (ESS).	
	×	Reduce lost time accident frequency ≤ 3.	Reduce lost time accident frequency ≤ 3.	
	×	Not more than two high consequence work-related accidents with absence.	N/A	

1 Absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, and business travel. **2** New increased scope including all office sites in addition to production sites. **3** Upper management is defined as Executive Management and their direct reports with people management responsibilities. **4** Senior management is defined as Executive Vice Presidents, Senior Vice Presidents, and Vice Presidents. **5** Top quartile Peakon benchmark. **6** The number stated in the 2023 report has been corrected from 2,000 to 2,500.

Corporate governance

Maria, living with Schizophrenia

In this section

Governance framework

Lundbeck is committed to serving all its stakeholders. Our governance framework consists of rules and principles that support sustainable financial performance and long-term value creation for our shareholders and society.

Shareholders & General Assembly

The supreme governing body of Lundbeck is the General Assembly where Lundbeck's shareholders exercise their rights. The Lundbeck Foundation is our majority shareholder with a 69% ownership share (A- and B-share holdings).

Any shareholder has the right to vote, raise questions and present suggestions at General Assembly meetings. Resolutions can generally be passed by a simple majority. However, resolutions to amend the Articles of Association require two-thirds of the votes cast and capital represented, unless other adoption requirements are imposed by the Danish Companies Act.

Some matters are always handled by the General Assembly, e.g., adoption and amending of the Company's Articles of Association, approval of the annual report, and election of members of the Board of Directors.

Lundbeck has a two-tier board structure consisting of the Board of Directors and the Executive Management. The two bodies are separated, and no person serves as a member of both.

Board of Directors[1]

Lundbeck's Board of Directors is responsible for approving the corporate strategy, setting goals for Executive Management, and ensuring that members of Executive Management and other senior managers have the right qualifications. The Board of Directors also evaluates management performance and management remuneration. Furthermore, the Board of Directors has the overall responsibility for ensuring that adequate procedures for risk management and internal controls are in place and for overseeing the management of Lundbeck's sustainability impacts, risks, and opportunities.*

Following initial analysis and proposal from Executive Management, the Board of Directors assesses Lundbeck's need for capital on an ongoing basis, and regularly reviewing Lundbeck's capital structure.

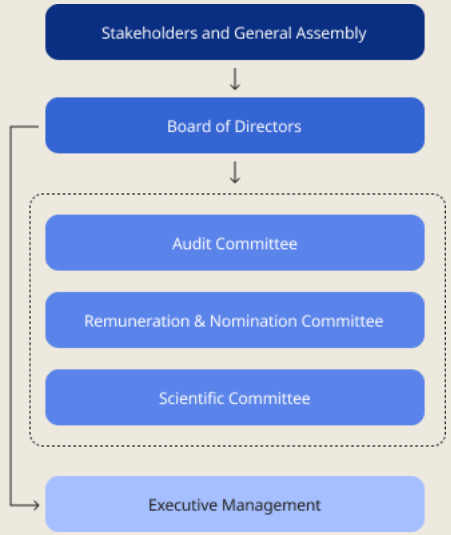
This responsibility is defined in the Danish Companies Act and stipulated in the rules of procedures for the Board of Directors.*

The Board of Directors consists of 11 members, of which seven members are elected by the General Assembly for a one-year term and four members are elected by employees for a 4-year term.*

Four out of the seven members of the Board of Directors elected by the General Assembly (57%) are considered independent while three members are not due to their close relationship with the Lundbeck Foundation. The members elected by the General

Governance[2] *

At Lundbeck, we structure corporate governance processes through a number of managerial bodies which interact, control, and depend on each other.



1 ESRS 2, GOV-1 paragraphs 21 (a), (b), (c), (d), (e). and 22 (d). **2** ESRS 2, GOV-1 paragraph 22(c) i. ***Subject to limited assurance.**

Assembly bring deep industry knowledge and solid top management experience to Lundbeck. A detailed description of the members of the Board of Directors and their competencies and experiences can be found on page 45-46.*

By 30 June 2026, Lundbeck is committed to achieving equal gender distribution[1] among all the members of the Board of Directors, comprising those elected by the General Assembly and those elected by employees. The target is set in accordance with the new Gender Balance Act. The gender composition of the board is detailed on page 112.*

Evaluation procedure
The Board of Directors has established a self-evaluation procedure covering, among other things, Board of Directors composition, contribution and results, agenda and discussions, cooperation between the Board of Directors and Executive Management, as well as committee work and structure.

Through the second half of 2024, the Board of Directors initiated the 2024 self-evaluation consisting of 36 survey questions and interviews between the Chair and each Board of Directors / Executive Management member.

Survey questions followed the baseline questions asked by an external vendor in 2022, and the survey result average is on par with previous year results (3.8 out of 5.0). Interviews between the Chair and the Board of Directors / Executive Management specify the partnership as effective, with a high level of trust, openness and transparency.

More details regarding the work performed by the Board of Directors, the evaluation procedure and results hereof can be found at www.lundbeck.com.

Committees of the Board of Directors

The Board of Directors has set up three committees: the Audit Committee, the Remuneration & Nomination Committee and the Scientific Committee.

The three committees advise the Board of Directors on financial and sustainability information and reporting, the company's nomination and remuneration strategy, including the remuneration of the Executive Management, as well as R&D strategy and pipeline evaluation, respectively.

Audit Committee[2]
The Audit Committee provides advice to the Board of Directors on internal controls in financial and sustainability reporting procedures, financial, accounting and sustainability matters, as well as on the evaluation of financial reporting, tax, treasury, insurance coverage, and risk management.

Additionally, the Audit Committee advises the Board of Directors on sustainability reporting, overseeing and monitoring processes related to internal controls, accounting policies and other sustainability disclosures. The Audit Committee is responsible for identifying and selecting Lundbeck's external financial and sustainability auditor, and for providing advice to the Board of Directors, informed by the auditors' independent advice.

These responsibilities are detailed in the Audit Committee Charter, which was updated in 2024 to reflect the new responsibility of oversight on Lundbeck's impacts, risks, and opportunities.*

The charter for the Audit Committee can be found at www.lundbeck.com.

	Board of Directors	Audit Committee	Scientific Committee	Remuneration & Nomination Committee
Lars Søren Rasmussen	11/0	4/1	-	3/0
Lene Skole-Sørensen	11/0	-	3/0	3/0
Ilse Dorothea Wenzel	11/0	5/0	-	-
Jakob Riis	11/0	-	3/0	-
Jeffrey Berkowitz	11/0	-	3/0	3/0
Lars Erik Holmqvist	9/2	4/1	-	-
Santiago Arroyo	10/1	-	3/0	-
Camilla Gram Andersson	11/0	-	-	-
Hossein Armandi	10/1	-	-	-
Dorte Clausen	11/0	-	-	-
Lasse Skibsbye	11/0	-	-	-

The numbers indicate how many meetings the member have attended/not attended respectively.

Audit Committee: In March 2024, the Board of Directors re-elected Ilse Dorothea Wenzel as Chair and re-elected Lars Søren Rasmussen and Lars Erik Holmqvist as members of the Audit Committee.

Scientific Committee: In March 2024, the Board of Directors elected Santiago Arroyo as Chair and Lene Skole-Sørensen, Jeffrey Berkowitz and Jakob Riis as members of the Scientific Committee.

Remuneration & Nomination Committee: In March 2024, the Board of Directors re-elected Lars Søren Rasmussen as Chair and Lene Skole-Sørensen and Jefferey Berkowitz as members.

1 Equal gender distribution is defined as the underrepresented gender being closest to 40% but not exceeding 49%. **2** ESRS 2, GOV-1 paragraph 22(b). ***Subject to limited assurance.**

Scientific Committee
Lundbeck's Board of Directors has a Scientific Committee, whose purpose is to advise the Board of Directors on support for strategic research and development, as well as pipeline evaluation.

The committee has a special focus on risk-balance in the pipeline, review of the R&D budget and returns on investments. A key role for the Committee is to get an in-depth understanding of R&D strategic investments, to provide a better understanding of these matters to the Board of Directors. Further, the Committee reviews the scientific and technical aspects of pipeline business development deals that will require the Board of Director's approval for execution.

The charter for the Scientific Committee can be found at www.lundbeck.com.

Remuneration & Nomination Committee
The Remuneration & Nomination Committee advises the Board of Directors on remuneration and nomination decisions regarding members of Executive Management.

The Committee also advises on the company's overall remuneration policy and prepares the remuneration report. Additionally, the Committee handles assignments related to recruitment and appointment to Lundbeck's Board of Directors and to the senior management, and it annually assesses the composition and performance of the Board of Directors, the Executive Management and the Committees.

Remuneration Policy and Report[1]
Our Remuneration Policy specifies the framework and overall principles for defining the remuneration of Lundbeck's Board of Directors and the Executive Management, as further detailed within our 2024 Remuneration Report. The Remuneration Report is published annually by the Remuneration & Nomination Committee following approval by the Board of Directors at the annual general meeting.*

The remuneration components identified in the policy and in the Remuneration Report seek to contribute towards Lundbeck's business strategy, long-term interests, and sustainability objectives.*

The terms of reference for the Remuneration & Nomination Committee can be found at www.lundbeck.com.

Executive Management[2]

Lundbeck's Executive Management is responsible for the day-to-day management of the company, the development and implementation of strategies and policies (including the Sustainability Strategy), the company's operations and organization, as well as the timely reporting to Lundbeck's stakeholders and the Board of Directors.

The Executive Management team consists of eight members, led by Charl van Zyl, President and CEO. Lundbeck's CEO has the highest responsibility for the corporate and sustainability strategies and presents any significant decisions to the Board of Directors for approval, including decisions related to the management of Lundbeck's material impacts, risks, and opportunities. Currently, three out of the eight members of Executive Management are women, equaling a female representation of 38%.*

Further information about the composition and experience of the Executive Management can be found on page 48-49.

Executive Management sustainability incentives[3]
A 10% share of the Executive Management's short-term incentive (STI) program is linked to Lundbeck's performance on our Sustainability Strategy. The STI payout is contingent on the achievement of five shared sustainability targets related to Lundbeck's Sustainability Strategy across environment, social and governance objectives. For 2024, these included the number of suppliers signing Lundbeck's climate commitment, renewable energy agreements for certain sites, the share of the underrepresented gender in management, inclusion scores in Lundbeck's 'Our voice' survey, and CSRD reporting; each making up a 2% share respectively.*

Please see more information on Lundbeck's Sustainability Strategy at page 62.*

Further information about Lundbeck's remuneration schemes can be found in our remuneration report.

Disclosure regarding change of control

The EU Takeover Bids Directive, as partially implemented in the Danish Financial Statements Act, requires listed companies to disclose information about significant agreements that may be affected in case of a completed takeover bid, particularly in relation to the disclosure of change-of-control provisions. Lundbeck discloses that the Group has a major partnership agreement in place under which an acquiring entity must divest any competing product according to an agreed process and, in the absence of such divesture, Lundbeck's partner may terminate the agreement. In case Lundbeckfond Invest A/S holds less than 50% of the share capital or voting rights in H. Lundbeck A/S (change of control), Lundbeck may be met with demands for repayment on any existing debt portfolio. In the event Lundbeck is acquired or merged, certain Executive Management members may, depending on the impact on their position, be entitled to terminate employment with Lundbeck with three months' notice and receive a compensation of up to eighteen months' remuneration. Given the ownership structure of Lundbeck the risks are considered remote. For information about the ownership structure of Lundbeck, see pages 55-56.

Read more about our governance at lundbeck.com[4]

1 ESRS 2, GOV-3 paragraph 29, 29(c), and 29(e). **2** ESRS 2, GOV-1 paragraph 20(a), 21 (a) and 22 (c). **3** ESRS 2, GOV-3 paragraph 29 (a), (b), (c) and (d), and ESRS E1 GOV-3. ***Subject to limited assurance.** **4** https://www.lundbeck.com/global/about-us/corporate-governance.

Board of Directors[1]

Lars Søren Rasmussen

Born 1959, Danish

Elected Chair 2013, considered independent.

Lundbeck Committees
Audit Committee (M).
Remuneration & Nomination Committee (C).

Experience and competences[3]*
With extensive experience in global med-tech from his most recent position as CEO of Coloplast, Lars Søren Rasmussen has driven efficiency improvements and internationalization. His experience as Chair of several diversity and corporate governance committees supports Lundbeck's sustainability strategy.

Directorships
Coloplast A/S (C); WS Audiology (C); Mabtech (C); Danish Industry Committee on Diversity (C); Danish Committee of Corporate Governance (C); Equalis (C); Life Science Council under the Danish Ministry of Industry (C); Business & Financial Affairs (C); Gyldendal A/S (M), Copenhagen University (M).

Holding of A-shares
20,000

Holding of B-shares
80,000

Lene Skole-Sørensen

Born 1959, Danish

CEO, Lundbeck Foundation.
Elected 2015, considered non-independent.

Lundbeck Committees
Remuneration & Nomination Committee (M).
Scientific Committee (M).

Experience and competences[3]*
Lene Skole-Sørensen is highly experienced in heading listed companies from her current and previous position as CFO of Coloplast. With a strong background in finance, strategy, business development and M&A, she ensures long-term value creation at Lundbeck.

Directorships
Ørsted A/S (C); ALK-Abelló A/S (DC)[2]; Falck A/S (DC)[2]; Nordea Bank Abp (DC).

Holding of A-shares
None

Holding of B-shares
61,270

Ilse Dorothea Wenzel

Born 1969, German

Elected 2021, considered independent.

Lundbeck Committees
Audit Committee (C).

Experience and competences[3]*
Ilse Dorothea Wenzel has an extensive track record in leadership across multiple industries including a long career at Merck KGaA. With strong competences in corporate finance and business development, she strengthens Lundbeck's strategic direction towards financial growth and sustainability performance.

Directorships
Dentsply Sirona Inc. (M); Servier Group (M); Gerrisheimer AG (M).

Holding of A-shares
None

Holding of B-shares
None

Jakob Riis

Born 1966, Danish

CEO, Falck A/S and Adelca ApS.
Elected 2023, considered non-independent.

Lundbeck Committees
Scientific Committee (M).

Experience and competences[3]*
With 20 years of experience working at Novo Nordisk in various positions in the commercial area, Jakob Riis' competences contributes to strategic decision-making and governance, as well as pharmaceutical value chain management and market communication.

Directorships
Danish Chamber of Commerce (M); Three directorships in Falck A/S subsidiaries.

Holding of A-shares
None

Holding of B-shares
54,138

1 Per 31 December 2024. **C** = Chair, **DC** = Deputy Chair, **M** = Member. For more information about the Board of Directors and their competences, please visit lundbeck.com. **2** Board positions included in the position as CEO of the Lundbeck Foundation. **3** ESRS 2, GOV-1, para. 21(c). ***Subject to limited assurance.**

Board of Directors[1]

Jeffrey Berkowitz

Born 1966, U.S. citizen

CEO, Real Endpoints.
Elected 2018, considered independent.

Lundbeck Committees
Scientific Committee (M).
Remuneration & Nomination Committee (M).

Experience and competences[2]*
With extensive experience in the healthcare industry, Jeffrey Berkowitz has deep knowledge of generic and branded procurement and inventory management, pricing, reimbursement, specialty pharmacy distribution, and healthcare strategies.

Directorships
Zealand Pharma A/S (M); Click Therapeutics (M);

Holding of A-shares
None

Holding of B-shares
None

Lars Erik Holmqvist

Born 1959, Swedish

Elected 2015, considered non-independent.

Lundbeck Committees
Audit Committee (M).

Experience and competences[2]*
Lars Erik Holmqvist has held management positions in multiple pharma and med-tech companies. With this extensive experience he brings robust competences in management, finance, sales, and marketing within life science companies to Lundbeck.

Directorships
Biovica International AB (C); the Lundbeck Foundation (M); ALK-Abelló A/S (M); Vitrolife AB (M); Life Healthcare (M).

Holding of A-shares
None

Holding of B-shares
75,000

Santiago Arroyo

Born 1960, U.S. citizen

Chief Development Officer, Bicycle Therapeutics.
Elected 2021, considered independent.

Lundbeck Committees
Scientific Committee (C)

Experience and competences[2]*
With extensive experience in clinical development and strategic leadership in the pharmaceutical industry, Santiago Arroyo's competences enhance Lundbeck's focus on innovative healthcare solutions and patient-centric approaches.

Directorships
GlycoEra AG (M).

Holding of A-shares
None

Holding of B-shares
None

1 Per 31 December 2024. **C** = Chair, **DC** = Deputy Chair, **M** = Member. For more information about the Board of Directors and their competences, please visit lundbeck.com.; **2** ESRS 2, GOV-1, para. 21(c). ***Subject to limited assurance.**

Board of Directors[1]

Camilla Gram Andersson

Born 1972, Danish

Senior Director, Corporate Health, Safety and Environment.
Employed at Lundbeck since 2005.
Elected by employees in 2022.

Directorships
Industrial Sectorial Board of Occupational Health and Safety (DI) (M); Specialized Committee of Chemistry (DI) (M); Environment, Health and Safety Expert Group (EFPIA) (M).

Holding of A-shares
202

Holding of B-shares
808

Hossein Armandi

Born 1962, Danish

Research Technician.
Employed at Lundbeck since 1995.
Elected by employees in 2022.

Directorships
None

Holding of A-shares
None

Holding of B-shares
None

Dorte Clausen

Born 1984, Danish

Clinical Trial Manager, Specialist, Psychiatry.
Employed at Lundbeck since 2012.
Elected by employees in 2022.

Directorships
Danish Union Pharmadanmark (M).

Holding of A-shares
220

Holding of B-shares
880

Lasse Skibsbye

Born 1983, Danish

Principle Scientist.
Employed at Lundbeck since 2016.
Elected by employees in 2022.

Directorships
Danish Heart Association (M); Danish Pharmaceutical Society, Biopharmacy (M).

Holding of A-shares
None

Holding of B-shares
2,583

1 Per 31 December 2024. **C** = Chair, **DC** = Deputy Chair, **M** = Member. For more information about the Board of Directors and their competences, please visit lundbeck.com.

Executive Management[1,3]

Charl van Zyl

Born 1967, British

President & CEO.
Joined Lundbeck in 2023.

Experience and competences[2]*
With extensive experience in commercial international management within the pharmaceutical industry, Charl van Zyl drives Lundbeck's commitment to patients, people, and planet.

Directorships
None

Holding of A-shares
None

Holding of B-shares
None

Dianne Hol

Born 1973, Dutch

Executive Vice President, People & Culture.
Joined Lundbeck in 2024.

Experience and competences[2]*
With extensive HR leadership experience from international pharmaceutical companies, Dianne Hol enhances company performance and supports Lundbeck's sustainability aspirations through a strong people strategy.

Directorships
None

Holding of A-shares
None

Holding of B-shares
None

Joerg Hornstein

Born 1977, German

CFO and Executive Vice President, Corporate Functions.
Joined Lundbeck in 2022.

Experience and competences[2]*
With extensive experience in financial roles across the pharmaceutical and biotech industries, Joerg Hornstein ensures financial and sustainability performance and transparency.

Directorships
None

Holding of A-shares
None

Holding of B-shares
22,529

Per Johan Luthman

Born 1959, Swedish

Executive Vice President, Research & Development.
Joined Lundbeck in 2019.

Experience and competences[2]*
With over 30 years of experience in pharmaceutical R&D, Per Johan Luthman supports Lundbeck's commitment to developing transformative treatments and expanding their indication space.

Directorships
Brain+ (M).

Holding of A-shares
26,049

Holding of B-shares
112,592

1 Per 31 December 2024. **C** = Chair, **DC** = Deputy Chair, **M** = Member. For more information about Executive Management and their competences, please visit lundbeck.com. **2** ESRS 2, GOV-1, para. 21(c). ***Subject to limited assurance.** **3** Dianne Hol (Executive Vice President, People & Culture), Maria Alfaiate (Executive Vice President, Commercial and Corporate Strategy), Michala Fischer-Hansen (Executive Vice President, Head of Europe and International Operations) and Thomas Gibbs (Executive Vice President, Head of Lundbeck U.S.) are part of Executive Management in their respective roles but are not members of Executive Management as registered with the Danish Business Authority.

Executive Management[1,3]

Lars Bang

Born 1962, Danish

Executive Vice President, Product Development & Supply.
Joined Lundbeck in 1988.

Experience and competences[2]*
With a long tenure at Lundbeck since 1988, holding various roles in R&D and corporate planning, Lars Bang ensures innovative product development and robust supply chain management.

Directorships
None

Holding of A-shares
75,858

Holding of B-shares
303,432

Maria Alfaiate

Born 1975, Portuguese

Executive Vice President, Commercial and Corporate Strategy.
Joined Lundbeck in 2024.

Experience and competences[2]*
With extensive experience in strategic commercial leadership from the life science and pharmaceutical sectors globally, Maria Alfaiate enhances Lundbeck's global marketing efforts and corporate strategy, leading integration of sustainability into the business strategy.

Directorships
None

Holding of A-shares
None

Holding of B-shares
None

Michala Fischer-Hansen

Born 1974, Danish

Executive Vice President, Head of Europe and International Operations.
Joined Lundbeck in 2024.

Experience and competences[2]*
With extensive experience in the biopharmaceutical sector, serving 19 years at Novo Nordisk, Michala Fischer-Hansen has a strong track record in improving business performance.

Directorships
None

Holding of A-shares
None

Holding of B-shares
None

Thomas Gibbs

Born 1971, U.S. citizen

Executive Vice President, Head of Lundbeck U.S.
Joined Lundbeck in 2023.

Experience and competences[2]*
With extensive experience in corporate and commercial leadership roles, Thomas Gibbs' competences drive business performance on the US market.

Directorships
None

Holding of A-shares
None

Holding of B-shares
None

1 Per 31 December 2024. **C** = Chair, **DC** = Deputy Chair, **M** = Member. For more information about Executive Management and their competences, please visit lundbeck.com. **2** ESRS 2, GOV-1, para. 21(c). ***Subject to limited assurance.** **3** Dianne Hol (Executive Vice President, People & Culture), Maria Alfaiate (Executive Vice President, Commercial and Corporate Strategy), Michala Fischer-Hansen (Executive Vice President, Head of Europe and International Operations) and Thomas Gibbs (Executive Vice President, Head of Lundbeck U.S.) are part of Executive Management in their respective roles but are not members of Executive Management as registered with the Danish Business Authority.

Risk management

Lundbeck's risk management processes ensure close monitoring, systematic risk assessment and the ability to identify, manage and report internal and external risks in a changing environment.

Risk management governance structure

Lundbeck is exposed to risks throughout the value chain, from the initial stages of developing innovative pharmaceuticals in our in-house facilities to the proven pharmaceuticals reaching the patients.

Lundbeck's risk management processes follow a systematic risk assessment approach, updated and adapted to respond and monitor a changing environment, as well as to match internal and external requirements, in which risks related to research development, global economic developments, geopolitics and long-term forecasts are assessed as part of Lundbeck's long-term strategic planning. With this understanding of the wider context and an accurate and complete overview of Lundbeck's activities and resources, Executive Management has a clear basis for decision-making on our overall risk exposure and mitigating actions.

The Board of Directors is overall responsible for ensuring that Lundbeck has implemented the necessary risk management procedures. The oversight of compliance within the established enterprise risk management framework has been delegated to the Audit Committee.

Risk management framework

At Lundbeck, enterprise risk management is considered an integral part of doing business, as reflected in the risk management process.

The process starts in the decentralized teams within each executive management area. The teams have detailed and extensive knowledge of the risks within their areas of responsibility. They systematically identify, quantify, respond to and monitor risks. They are ideally placed to mitigate our risk exposure in the first instance. Each area shares the risks with the central Risk Office when material updates occur, and at least on a semi-annual basis.

The central Risk Office provides the risk framework, accesses and understands the risks, and conducts interviews with management, risk contributors, and risk-responsible individuals. This represents an integral part in the alignment of risks reported to the Risk Office. In cooperation with each executive management area, the Risk Office assesses the likelihood of an event occurring and the potential impact on the Group. The key risk overview is presented to Executive Management for their assessment and approval before it is reported to the Audit Committee and approved by the Board of Directors.

The corporate risk register kept by the Risk Office provides a consolidated overview of Lundbeck's risk exposure by detailing each risk, risk category, and type. The risk descriptions provide details on the event, its current status, mitigating actions, and the likelihood and potential impact. Our reporting process defines six risk categories:

- Research and development
- Market, commercial and strategy[1]*
- Supply, quality and product safety[1]*
- IT security
- Legal and compliance[1]*
- Financial

Lundbeck has developed a concise process covering day-to-day risk identification, monitoring, mitigation and reporting within each executive management area all the way to the final reporting to Executive Management. This process enables Executive Management to control Lundbeck's risk appetite when deciding strategy and practice, and when making day-to-day decisions.

1 ESRS 2, GOV-5 paragraph 36 (b). ***Subject to limited assurance.**

Enterprise risk management and double materiality assessment

The enterprise risk management (ERM) and the double materiality assessment (DMA) under the Corporate Sustainability Reporting Directive (CSRD) are interlinked as they both focus on managing risks and opportunities impacting financial performance and sustainability. While the enterprise risk management provides a structured approach for identifying, assessing, and addressing risks that could affect an organization's objectives, including environmental, social, and governance (ESG) risks, the CSRD's DMA complements the ERM by evaluating not only how sustainability-related factors affect the financial position, but also how the company's activities impact society and the environment. Together, these approaches ensure a comprehensive understanding of risks and opportunities, integrating ESG considerations into strategic decision-making and enhancing transparency for stakeholders.

Governance of impacts, risks, and opportunities under CSRD[1]

Lundbeck's material impacts, risks, and opportunities (IROs) are identified as part of the annual DMA process. The IROs that are material for reporting in 2024 are presented on page 65-67 and the views and interests of affected stakeholders are incorporated into Lundbeck's existing governance structures and frameworks. This ensures a consistent approach between the enterprise risk management framework and the DMA.*

The company's sustainability governance is anchored with our Board of Directors and then cascaded through Lundbeck's governance structure. The Board of Directors defines and maintains oversight of the organization's strategy and sustainability matters, including sustainability-related impacts, risks and opportunities. The Board of Directors approves the annual reporting including sustainability disclosures.

Prior to 2024, Lundbeck managed sustainability-related risks within the existing risk management framework. With the adoption of the Corporate Sustainability Reporting Directive (CSRD) in 2024, Lundbeck has enhanced the governance and processes for managing ESG risks. The Audit Committee now oversees the sustainability reporting framework and supervises the sustainability risk management framework and process, including recurring risk identification, monitoring, mitigation, and reporting at all levels.*

The Executive Management approves initiatives to achieve the Sustainability Strategy and oversees progress. Progress is driven in close collaboration with other levels of Lundbeck's management, specialists' subject matters, as well as with relevant lines of business and corporate functions. Within this governance, Lundbeck has in place a cross-functional working group to ensure compliance with regulatory requirements, monitor impact, risks, and opportunities, as well as the progress of our Sustainability Strategy and targets.*

With the aim to strengthen the access to sustainability expertise to all members of the Board of Directors, the Audit Committee and Executive Management, sessions with internal subject matter functions to discuss relevant sustainability updates have been part of the planned meetings in 2024. This process enables the members of the governance bodies to have access to the sustainability expertise to oversee Lundbeck's key topics, as well as material impacts, risks, and opportunities.*

In accordance with §99 (d) of the Danish Financial Statements Act, Lundbeck has a global **Data Ethics Policy**[2]. This policy sets out the principles through which we comply with all applicable data privacy laws and regulations, while ensuring the ethical and responsible use of data. The Data Ethics Policy builds upon the control procedures in place for our data privacy requirements, covering the processing of personal data from healthcare professionals, partners and employees, as well as non-personal data. Lundbeck data privacy specialists continuously assess new technologies to address any risks and monitor compliance.

1 ESRS 2 GOV-1 paragraph 23 (a) 23 (b), GOV-2. GOV-5 paragraph 36 (a), (b) and (e), and SBM-2 paragraph 45(d). ***Subject to limited assurance. 2** https://www.lundbeck.com/content/dam/lundbeck-com/masters/global-site/pdf/sustainability/2022/02-feb/Data_Ethics_Policy.pdf.

Key risks

Risk area	Description	Potential consequences	Mitigating actions
Research and development	Exposure to delays of regulatory approval or failure in the development of new and innovative medicines. Increased regulatory requirements for clinical trials. Data requirements from production of non-clinical and clinical studies.	Delays or failure of new products could impact patients who cannot benefit from these products and decrease earnings expectations for Lundbeck and its shareholders. A delay in regulatory approval may impact the patient's access to medicines. Issues with data integrity could lead to delays in studies and production – ultimately leading to withdrawals and failure to gain approval.	Clinical trials are run and evaluated throughout the research and development phase. Ongoing evaluation of the product pipeline, regulatory requirements, and product benefit. A robust quality management system is in place to ensure consistent quality, data integrity and the compliance of clinical trials and clinical safety activities.
Market, commercial, and strategy	Price pressure, new legislation, regulation of reimbursement and healthcare reforms in key markets, etc[1].* Changes in market and economic dynamics derived from geopolitical instability[1].* Effects from mergers and acquisitions.	Market restrictions could impact patients' access to Lundbeck products. Changes in market and economic conditions and healthcare reforms could affect the pricing landscape as well as rebates and discounts. Differences in business performance and WACC[2] vs. assessment at the time of mergers and acquisitions deals can lead to impairment losses. These changes could decrease earnings for Lundbeck and its shareholders.	Understanding the price development in main markets. Working with healthcare authorities around the world to document the value of our pharmaceuticals. Monitor political developments and requirements. A robust merger and acquisitions implementation tracking processes.
Supply, quality, and product safety	Disruption of production or supply or unpredictable demand and stock-out[1].* Loss of licenses to manufacture or sell pharmaceuticals. Defects in product quality or safety.	Product shortage, not giving patients the needed access to the medicines they require.	Systems, policies, and procedures are in place to ensure product supply, quality, and safety. Dual sourcing strategy and high level of safety stock of key products. A robust pharmacovigilance system.
IT security	Cyber-attacks and cyber fraud. System down-time.	Disruption or compromise of IT security could affect all parts of Lundbeck's operations, and product supply to patients. Data loss, including patient-, employee-, proprietary business- and other sensitive data.	IT policies and procedures are in place to safeguard systems and data. Cyber defenses are tested on a regular basis. Annual testing of IT disaster recovery plan.
Legal and compliance	Non-compliance with laws, industry standards, regulations, and our Code of Conduct[1].* Exposure to legal claims or investigations[1].*	Non-compliance with laws, industry standards, regulations, or our Code of Conduct could affect our 'license to operate', result in litigations or investigations, expose Lundbeck to significant fines, and impact our reputation and earnings for Lundbeck and its shareholders.	The Code of Conduct, Compliance Program and Global Compliance organization are in place to ensure our compliance culture. Annual trainings to all employees. Third parties are committed to observing our legal and ethical standards and are subject to due diligence and audits. A global Compliance Hotline and investigation procedure are in place for reporting and addressing potential misconduct.
Financial	Fluctuations in interest rates and exchange rates incl. impact from currency devaluations.	Lundbeck's cash flow and earnings could be impacted in cases of fluctuations in key currencies.	Treasury Policy. Monitoring the financial exposure and hedging a significant part of Lundbeck's currency risk up to 18 months in advance.

1 ESRS 2, GOV-5 paragraph 36 (c). ***Subject to limited assurance.** **2** Weighted average cost of capital.

Internal controls

Internal control and risk mitigation
The risk management process and internal controls aim to effectively identify, address, and mitigate risks of errors in financial and sustainability reporting, ensuring that risks of material misstatements and errors in these processes are minimized. Additionally, they support the operations of Lundbeck's complex business by emphasizing quality, efficiency, and strong ethical principles in daily transactions and decision-making.

Internal controls oversight structure
The Board of Directors has a supervisory duty and the Executive Management the overall responsibility for Lundbeck's risk management and internal controls in relation to the financial and sustainability reporting processes, including compliance with relevant legislation and additional disclosure requirements pertaining to financial and sustainability reporting.

Control activities – overall structure
The control activities are based on a risk assessment that is continuously updated. The objective of the control activities is to ensure compliance with strategies, policies, manuals, procedures etc. established by the Board of Directors, the Executive Management, and each business area, respectively, and to comply with relevant legislation.

One key element of the control activity is the Internal Control Framework addressing the key-risks for Lundbeck's financial and sustainability reporting. The purpose of the framework is to mitigate the risks of unintentional or intentional errors and fraud. The framework is global in scope, incorporating both fraud and financial statement risks. Additionally, having a global framework standardizes controls across all entities, enhancing efficiency in reporting processes, and monitoring activities.

Once a year, and as needed, the Audit Committee reviews the accounting policies and any changes thereto, as well as critical estimates and judgments related to the financial and sustainability reporting.

The Audit Committee reports any findings of these assessments to the Board of Directors, which approves the financial and sustainability reporting processes and the findings of the assessments. In connection with the financial and sustainability reporting processes, the Executive Management provides a separate statement that the consolidated reporting is consistent with Lundbeck's guidelines and policies.

Monitoring financial reporting control activities
Risk assessment and control activities are subject to continuous monitoring. Within Group Finance, Lundbeck has established a Financial Compliance division responsible for overseeing general financial compliance matters and Enterprise Risk Management. This department conducts financial compliance audits, guided by a risk-based approach, which encompass reviews of financial processes and internal controls with a primary focus on the Internal Control Framework, along with other general financial compliance matters. The defined audit's long-form report is approved annually by the Audit Committee. Major weaknesses and non-compliance with the internal guidelines are reported to the Audit Committee, which is responsible for monitoring all issues.

In addition, as part of their audit of the Financial Statements, the external auditors appointed at the annual general meeting, report on any major weaknesses in Lundbeck's internal controls in the long-form audit and assurance report to the Board of Directors, while less significant weaknesses are addressed in a management letter to the CFO. The Board of Directors ensures that the Executive Management follows up on any outstanding issues, and the Executive Management ensures that the subsidiaries follow up on any weaknesses. Once a year, the subsidiary managers and financial controllers declare that their reporting information is consistent with Lundbeck's guidelines.

Internal controls - Sustainability reporting[1]
In 2024, as part of the implementation of CSRD, Lundbeck has adopted an internal control framework for sustainability reporting. This change has comprised an evaluation of our internal processes and the reassessment of existing internal controls

1 ESRS 2, GOV-5 paragraph 36 (b) and 36 (e). ***Subject to limited assurance.**

within these processes. As a result, Lundbeck has defined a roadmap to redesign and implement internal controls for its sustainability reporting processes over the next years, aiming to ensure accuracy and completeness of Lundbeck's sustainability disclosures.*

Lundbeck's sustainability reporting governance structure was updated to be consistent with the existing financial risk management and internal control governance structure. Through this governance, the Board of Directors has the supervisory duty and the Executive Management has the overall responsibility for Lundbeck's risk management and internal controls, including compliance with relevant legislation and additional disclosure requirements pertaining to sustainability reporting. The Audit Committee has an advisory role to the Board of Directors, supporting the monitoring and assessment of sustainability internal controls in the sustainability reporting procedures.*

The Executive Management regularly assesses the risks that Lundbeck is exposed to in relation to sustainability reporting. For any changes that could affect Lundbeck's risk environment, the Executive Management will review and consider appropriate mitigating actions together with the Board of Directors.

The Audit Committee is informed about the progress of the sustainability reporting internal control implementation and assesses whether the internal controls related to the sustainability reporting processes are effective to mitigate the risks identified.

Control activities for the Sustainability Reporting[1]

Internal controls and monitoring activities for sustainability reporting are being incorporated into the same framework as Lundbeck's financial reporting, which is in line with the established roadmap.*

The requirements for sustainability reporting have been defined and incorporated into Lundbeck's Double Materiality Assessment, ad-hoc analyses, key metrics, sustainability performance data, etc., in the sustainability information that forms the basis of internal and external sustainability reporting. Lundbeck's business areas are implementing reporting processes that are consistent with Lundbeck's overall reporting processes and control activities.*

As part of the limited assurance of the Sustainability Statement, the external auditors appointed at the annual general meeting, report on major weaknesses in Lundbeck's internal controls in the long-form audit and assurance report to the Board of Directors, while less significant weaknesses are addressed in a management letter to the CFO.*

Code of Conduct activities

Lundbeck's Code of Conduct underpins compliance efforts, ensuring adherence to international regulations, pharmaceutical industry standards, and corporate reporting requirements. Regular audits align processes and controls with recognized standards for management practices, while ongoing updates keep pace with evolving regulatory landscapes. Employees and third parties involved in product marketing are rigorously trained, ensuring accurate and compliant product information dissemination.

Our efforts in risk reporting, management, and compliance underscore our commitment to safeguarding Lundbeck's reputation and operational integrity.

Lundbeck's Code of Conduct (*link*), corporate culture and compliance governance & oversight procedures are specified in the Business Conduct section on page 131.

1 ESRS 2, GOV-5 paragraph 36 (a) and paragraph 36 (d). ESRS 2, GOV-1 paragraph (c) iii. ***Subject to limited assurance.**

The Lundbeck share

2024 was an exciting year for Lundbeck with significant achievements, strong financial performance, and solid progression in our R&D pipeline. However, it is important to acknowledge that the year also brought increased geopolitical uncertainties that significantly influenced the global financial markets, and which are outside our control.

At the outset of the year, the Lundbeck share price began at DKK 28.70 for A-shares and DKK 32.76 for B-shares, based on the closing prices at the end of 2023 (ref. Bloomberg). Throughout the year, the B-share price reached its peak at DKK 49.38 on 17 October 2024, and its lowest point was recorded at DKK 31.74 on 8 February 2024. By the close of the year, the B-share price ended at DKK 41.32 marking a 26% increase over the course of the year. In contrast, the Danish OMXC25 index experienced a decline of 3%, while MSCI World Index increased by 18%.

Turnover

Total trading in Lundbeck A-shares amounted to DKK 703 million in 2024, while the average daily turnover was DKK 2.8 million. Total trading in Lundbeck B-shares amounted to DKK 5.8 billion in 2023, while the average daily turnover was DKK 23.1 million.

Share capital

Lundbeck shares are listed on the Copenhagen Stock Exchange, Nasdaq Copenhagen. The shares are negotiable and there are no restrictions on their transferability. At the end of 2024, Lundbeck's total share capital amounted to DKK 996 million, which is equivalent to 996 million shares.

Financial calendar 2025

26 March 2025	Annual General Meeting 2025
31 March 2025	Dividends for 2024 at the disposal of shareholders (if approved)
14 May 2025	Financial statements for the first three months of 2025
20 August 2025	Financial statements for the first six months of 2025
12 November 2025	Financial statements for the first nine months of 2025

Composition of shareholders

According to the Lundbeck share register, the company had approximately 50,000 shareholders at the end of 2024, representing approximately 99% of the outstanding shares.

The Lundbeck Foundation (Lundbeckfond Invest A/S) is the Company's largest shareholder and holds approximately 80% of the A-shares and approximately 66% of the B-shares. The total share capital held by the foundation is approximately 69% and the total voting rights held by the foundation in Lundbeck is approximately 76%.

The Lundbeck Foundation is the only shareholder to report a holding in excess of 5% of the share capital. At the end of 2024, investors in North America held 27% of the free float compared to 34% in 2023; European (excl. Danish) investors held 53% compared to 46% in 2023; Danish investors held 18% compared to 18% in 2023; rest of the world held 2%, compared to 2% in 2023.

In order to fund our long-term share-based incentive programs, Lundbeck has 4,513,633 shares held as treasury shares at the end of 2024. The holding is split in 348,816 A-shares and 4,164,817 B-shares.

At the end of 2024, Lundbeck's Board of Directors and Executive Management held a total of 122,329 Lundbeck A-shares and a total of 713,232 B-shares compared to a total of 127,049 Lundbeck A-shares and a total of 700,147 B-shares at the end of 2023. The total number of shares in 2024 corresponds to 0.06% of the total A-shares outstanding and 0.09% of the total B-shares outstanding.

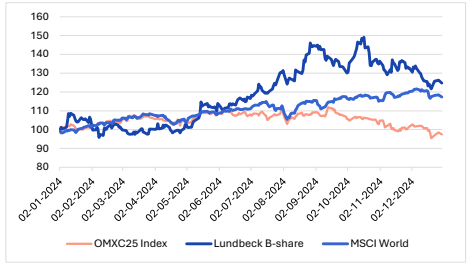
Lundbeck and the equity market

Within Lundbeck, our Investor Relations (IR) function is dedicated to maintaining transparent and accurate communication with both prospective and existing shareholders, as well as equity analysts. We achieve this through a continuous dialogue, providing in-sights into our vision, objectives, business segments and financial progress.

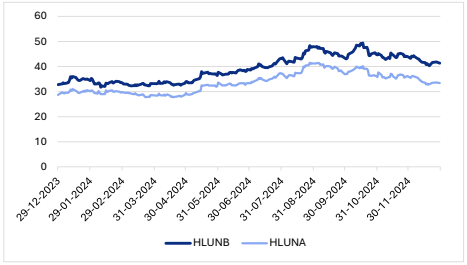
In the year 2024, Lundbeck's Investor Relations team successfully conducted over 250 meetings both in the form of face-to-face meetings and through interactions via digital platforms, including Teams and Zoom. Lundbeck also hosted a well-attended Capital Market Event in Valby/Copenhagen in October 2024 following up on the R&D Event hosted in London in November 2023. Additionally, Lundbeck actively engaged in 12 investor conferences, primarily in person.

Lundbeck is currently covered by 15 sell-side analysts, including leading global investment banks. These analysts regularly publish research reports on Lundbeck, and a comprehensive list of these analysts is accessible on our website. Following the release of our interim and full-year reports, key members of Lundbeck's Executive Management and Investor Relations team embark on roadshows to update investors and analysts on the latest developments within the company. Our investor presentations are available for download at www.lundbeck.com.

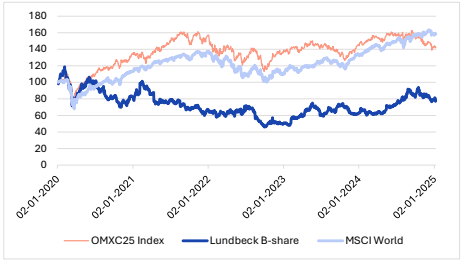
Stock performance 2024



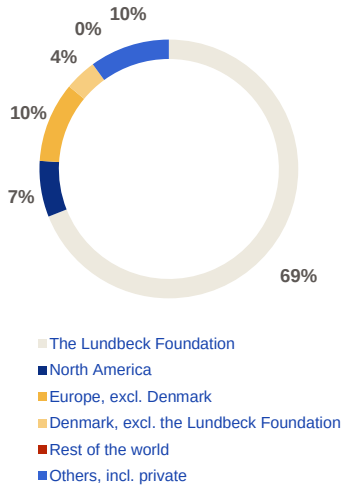
Stock performance A- and B-shares 2024



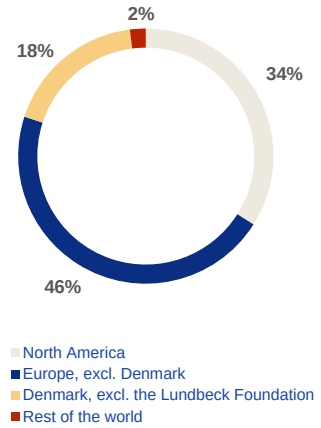
Stock performance 2020-2024



Composition of ownership, end 2024



Composition of free float, end 2024



Lundbeck's total number of voting rights and total share capital

	Number of shares (nominal value of DKK 1 each)	Nominal value (DKK)	Number of votes
A-shares	199,148,222	199,148,222	1,991,482,220
B-shares	796,592,888	796,592,888	796,592,888
Total	**995,741,110**	**995,741,110**	**2,788,075,108**

Share data

	2024	2023	2022	2021	2020
Share price (A-shares), year-end (DKK)	33.40	28.70	23.88	-	-
Share price (A-shares), high (DKK)	41.55	37.90	37.70	-	-
Share price (A-shares), low (DKK)	27.80	23.52	22.49	-	-
Share price (B-shares), year-end (DKK)	41.32	32.76	26.05	-	-
Share price (B-shares), high (DKK)	49.38	39.50	37.86	-	-
Share price (B-shares), low (DKK)	31.74	25.35	24.24	-	-
Share price (old share structure), year-end (DKK)	-	-		168.85	208.80
Share price (old share structure), high (DKK)	-	-		258.10	302.40
Share price (old share structure), low (DKK)	-	-		152.45	178.15

Share facts

Number of A-shares, year-end	199,148,222
Number of B-shares, year-end	796,592,888
Total	995,741,110
Share capital, year-end (DKK)	995,741,110
Nominal value per share (DKK)	1
Number of treasury A-shares	348,816
Number of treasury B-shares	4,164,817
Total number of treasury shares	4,513,633 (0.45%)
Free float (%)	31%
IPO	18 June 1999
Stock exchange	Nasdaq Copenhagen
ISIN code	DK0061804697 (A), DK0061804770 (B)
Ticker	HLUNa / HLUNb (Reuters), HLUNA DC / HLUNB DC (Bloomberg)

Sustainability Statement

In this section

Martha, living with Depression

General disclosures

In this section

Sheng, living with Parkinson's

Guide to the Sustainability Statement

In 2024, Lundbeck introduces its first fully Integrated Annual Report, aligning with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

The Sustainability Statement is part of the Management Review and comprises four key reporting areas:

- **General information** (ESRS 2)
- **Environmental information** (ESRS E1, E2, and E5)
- **Social information** (ESRS S1, S2, and S4)
- **Governance information** (ESRS G1)

The sustainability topics and related disclosure requirements (DRs) addressed in these sections are identified based on Lundbeck's Double Materiality Assessment (DMA), specified on pages 64-70.

As summarized in the table "*List of DRs complied with and list of DRs incorporated by reference*" and in compliance with technical requirements, our CSRD disclosures are included within the Sustainability Statement, in the appendices, and in other sections of the Management Review, by exercising the option of incorporation by reference. The disclosures placed outside of the Sustainability Statement are clearly identified with a footnote, referring to the applicable disclosure requirement of the ESRS regulation. In addition, an asterisk (*) is added after each subsection to indicate which text is covered by the Independent Auditor's Limited Assurance Report.

Lundbeck believes that this approach ensures improved coherence and readability of the report, limiting the number of repetitions when disclosing about our business model, value chain, governance framework, incentive schemes, and risk management processes.

List of DRs complied with and list of DRs incorporated by reference

	IR[1]	DR	Disclosure requirement (DR) description	Page
			General disclosures	
		BP-1	General basis for preparation of Sustainability Statement	71
		BP-2	Disclosures in relation to specific circumstances	60-61; 71
	●	**GOV-1**	The role of the administrative, management, and supervisory bodies	42-54
	●	**GOV-2**	Information provided to sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies	51
	●	**GOV-3**	Integration of sustainability-related performance in incentive schemes	44
		GOV-4	Statement on due diligence	72; 143
	●	**GOV-5**	Risk management and internal controls over sustainability reporting	50-54
	●	**SMB-1**	Strategy, business model, and value chain	17-21; 62-63
	●	**SBM-2**	Interests and views of stakeholders	51; 62-63; 72
		SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	62-67; 70; 79-80
		IRO-1	Description of the processes to identify and assess material impacts, risks, and opportunities	68-70
		IRO-2	Disclosure requirements in ESRS covered by the undertaking's Sustainability Statement	64; 68-69
E1			**Climate change**	
	●	**GOV-3**	Integration of sustainability-related performance in incentive schemes	44
		E1-1	Transition plan for climate change mitigation	75-78
		SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	63; 65; 79-80
		IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	79-80
		E1-2	Policies related to climate change mitigation and adaptation	75
		E1-3	Actions and resources in relation to climate change policies	76-77
		E1-4	Targets related to climate change mitigation and adaptation	75; 78-80; 82
		E1-5	Energy consumption and mix	81; 83
		E1-6	Gross scopes 1, 2, 3 and Total GHG emissions	82-84
		E1-7	GHG removals and GHG mitigation projects financed through carbon credits	75

1 IR = Incorporation by reference. The disclosure requirements identified with a dot [●] are incorporated in the Sustainability Statement, either entirely or partially, by reference to a different section of the Management Review.

IR[1]	DR	Disclosure requirement (DR) description	Page
E2		**Pollution**	
	IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	65; 68-70
	E2-1	Policies related to pollution	86-88
	E2-2	Actions and resources related to pollution	86-88
	E2-3	Targets related to pollution	88
	E2-4	Pollution of air, water and soil	89
	E2-5	Substances of concern and substances of very high concern	90
E5		**Resource use and circular economy**	
	IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	68-70
	E5-1	Policies related to resource use and circular economy	92
	E5-2	Actions and resources related to resource use and circular economy	92-93
	E5-3	Targets related to resource use and circular economy	93-94
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	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	66; 70
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IR[1]	DR	Disclosure requirement (DR) description	Page
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	SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	66; 70
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	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	117
S4		**Consumers and end-users**	
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ESRS **E3**, **E4**, and **S3** were deemed immaterial and are therefore not disclosed in Lundbeck's 2024 Annual Report. For more information on our materiality results, see pages 64-67.

1 IR = Incorporation by reference. The disclosure requirements identified with a dot [●] are incorporated in the Sustainability Statements, either entirely or partially, by reference to a different section of the Management Review.

Sustainability at Lundbeck

For decades, Lundbeck has emphasized sustainability as a key element in the way we run our business and strive towards a better future. Lundbeck's Sustainability Strategy aims to mitigate our most significant sustainability risks, adverse impacts, and enhance our positive impacts to society.

The Sustainability Strategy encompasses four pillars:

- **Access to Health**,
- **Business Ethics**,
- **Climate Change & Circularity**, and
- **People & Communities**.

These strategic priorities reflect Lundbeck's commitment to integrating sustainable practices throughout our operations, driving short-term actions and long-term ambitions. Each pillar of the Sustainability Strategy is supported by annual targets designed to help us achieve our 2030 aspirations.

We place high value on the United Nations' Sustainability Development Goals (SDGs) in shaping our strategy. We have identified seven SDGs which are applicable to our business, and since 2020 we have used them to guide our actions towards addressing the main challenges within each pillar of our Sustainability Strategy.

Access to brain health

Health is an integral and cross-cutting part of sustainable development, as represented by SDG 3 (Good Health and Wellbeing for All). Upholding all four pillars of Lundbeck's Sustainability Strategy is fundamental for achieving our core commitment to sustainability - ensuring access to healthcare for those who need our treatments. By upholding ethical business practices, caring for our environment and communities, and maintaining a fair, engaging, and inclusive workplace, we believe expansion of our therapeutic reach within neuroscience is possible.

Improving access to brain health also provides the opportunity to make our medical innovations accessible to more patients who need them. This will enhance health outcomes, improve patient quality of life, and improve the productivity of individuals living with neurological and psychiatric conditions.
We have defined long-term aspirations to make innovative treatment available through R&D, promote equitable access, enhance cultural acceptability, and provide quality and efficacious medical products.

Our aspirations for access to brain health are informed by our key stakeholders - patients, healthcare providers, partners, including civil society and NGOs, suppliers, including researchers and scientists, shareholders, and employees – each of whom contribute towards driving our agenda and provide unique knowledge on how to improve good health and wellbeing for all. Our understanding of their views and interests comes from continuous, actual interactions by various functions at Lundbeck.

Each day our treatments reach more than 7 million people in over 100 countries[1], and even more patients are reached in collaboration with our commercial partners. Lundbeck's Access to Health frontier relates to the lack of parity for mental health and neurology within countries rather than between countries, with current operations limited in those which are low- or middle-income.

Resilience of our business model

Overall, Lundbeck's strategy and business model are resilient regarding our capacity to address our material impacts and risks and to take advantage of our material opportunities. This is most strongly demonstrated in relation to climate change, as the management of our impact is mature, with investments having been made gradually over several decades. Regular evaluations of the resilience of our operations and supply chains in relation to climate related risks are carried out and actioned.

For our other impacts, risks, and opportunities, Lundbeck has historically addressed these through dedicated departments and processes. As science better informs us about what transitions are needed towards improved sustainability practices, we will continuously develop our approach and understanding of the resilience of our business.

Sustainability Strategy update

In 2024, Lundbeck has started a process to update our Sustainability Strategy to further strengthen and prioritize our management of impacts, risks, and opportunities as an integrated part of our new business strategy. This update is part of our recurring review process and aims to ensure adherence of our Sustainability Strategy with our business strategy as well as future requirements and principles of due diligence and responsible conduct. These are upheld by the interests and views of key stakeholders, the latest scientific knowledge, and relevant EU Directives, including CSRD and the EU Taxonomy.

1 Estimated number of full-year patients is 7.2 million, based on 2024 sales data for Lundbeck products, excluding partner products. For further information, please refer to accounting policies on page 124.

Lundbeck's sustainability priorities and correlation with DMA[1]

Materiality aspects	Access to Health S4	Business Ethics G1	Climate Change & Circularity E1 E2 E5	People & Communities S1 S2
How is this topic related to Lundbeck's business model and strategy?	Lundbeck's business model is to research, develop, produce, and market medicines for psychiatric and neurological diseases. Our long-term success depends on health parity, reduced stigma, and cultural acceptance of brain diseases. Pressure on healthcare systems could lead to reforms potentially impacting Lundbeck's business.	When Lundbeck maintains ethical business practices and respects rules and regulations, we protect patients, uphold stakeholder integrity, and minimize the risk of financial repercussions. Ethical conduct to avoid potential negative impacts throughout in our value chain is vital for our license to operate, especially in relationships with healthcare professionals, patients, and other stakeholders.	Lundbeck's business model impacts the environment negatively through greenhouse gas emissions from energy use, transportation, and supply chain activities, as well as waste generation contributing to climate change and potential pollution. If we minimize our impact on the environment in the entire value chain, we mitigate the risk of restrictions or disruptions to our production and supply to the benefit of our patients.	Our business model relies on attracting and retaining a skilled and diverse workforce. When Lundbeck is successful in maintaining a safe, inclusive culture, free of harassment and discrimination, it helps us remain a preferred employer and attract the best and most dedicated scientists and other staff, enabling us to develop innovative treatments for patients.
What topics does Lundbeck hold responsibility for managing actual and potential impacts on people and the environment based on the DMA?[2]	+ Innovation in treatment + Patient voice - Inequality in access to health - Product safety and quality - Responsible and ethical marketing	- Business ethics - Responsible sourcing - Animal welfare	- GHG emissions leading to climate change - Air pollution - Soil pollution - PFAS soil pollution - Water pollution from pharmaceutical residues - Waste and resource use	- Diversity, Equity, and Inclusion (DE&I) - Health and Safety, Mental wellbeing - Human rights and health and safety in the value chain
What are the financial risks or opportunities for our business based on the DMA? [2]	- Risk of pricing, reimbursement, and access - Risk of failure of pharmacovigilance	- Business ethics and Code of Conduct breach	- Damage to facilities from wild weather events - Increasing raw material costs	- Inability to attract and retain employees
Lundbeck's aspirations for 2030	• Leverage our specialist knowledge to address the burden of brain diseases and make medicines available. • Promote accessibility of our medicines by addressing discriminatory, physical, economic, and informational barriers. • Improve mental health parity, reduce stigma, support national suicide prevention efforts, and enhance cultural acceptability of brain diseases. • Provide medicines of good quality, preserve patient safety, and combat counterfeit medicine.	• Promote business ethics, including human and labor rights through strengthened collaboration with key business partners. • Demonstrate that the Code of Conduct compliance program and organization work sustain an ethical culture and prevent any form of corruption. • Protect the integrity of the healthcare professionals we work with and use transparency as an asset.	• Deliver on the "Business Ambition for 1.5° C" pledge. • Transition electricity supply to renewable sources. • Manage two-thirds of value chain carbon emissions equally as effectively as carbon emissions from operations. • Minimize key business partners' carbon emissions reflected in relevant agreements. • Establish manufacturing processes based on circular economy principles to limit materials use, waste, and CO_2 emissions. • Expand application of circular economy principles to key partners. • Use detailed knowledge about active pharmaceutical ingredients to minimize their environmental impact.	• Be recognized as a workplace that fosters physical and mental wellbeing. • Show leadership to promote mental health with preventive actions at our workplaces globally. • Achieve a lost time accident frequency ≤ 3. • Be recognized by employees and externally as a workplace with an inclusive culture that offers equal opportunities for all. • Influence the public debate on equality and inclusion by setting ambitious targets, enhancing data transparency, and communicating actively. • Request key business partners to promote diversity and prevent discrimination in all its forms.

1 For further details on the Double Materiality Assessment (DMA) see pages 64-77. **2** (**+**) Potential/actual positive impact / financial opportunity. (**-**) Potential/actual negative impact / financial risk.

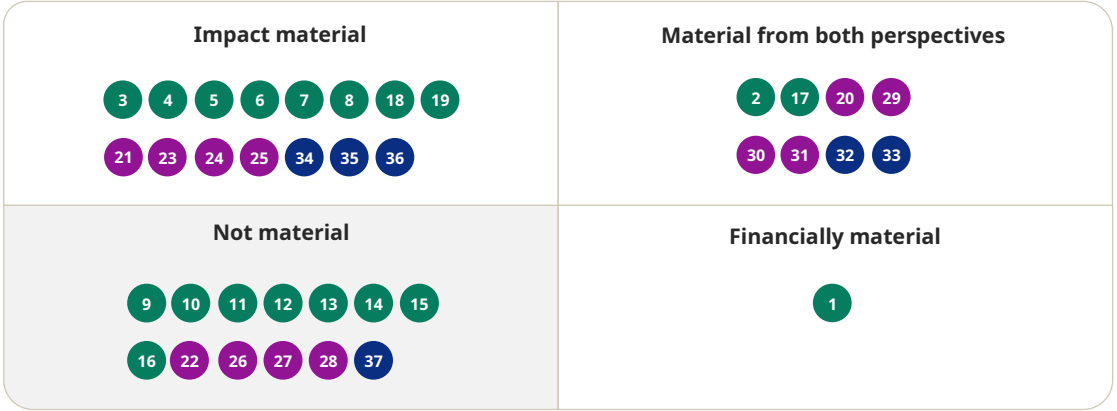
Double materiality assessment

Every year, Lundbeck conducts a Double Materiality Assessment (DMA) to identify, assess, and monitor our material impacts on people and the environment (*impact materiality*), as well as key business risks and opportunities arising from sustainability topics (*financial materiality*).

In 2024, the following sustainability topics are material for reporting in relation to our business model, operations, and business relationships across the value chain:

- E1 Climate change (*ESRS E1*)
- E2 Pollution (*ESRS E2*)
- E5 Resource use and circular economy (*ESRS E5*)
- S1 Own workforce (*ESRS S1*)
- S2 Workers in the value chain (*ESRS S2*)
- S4 Consumers and end-users (*ESRS S4)*
- G1 Business conduct (*ESRS G1*)

Within these topics, Lundbeck identified 37 sustainability sub-topics to be evaluated for materiality. These sub-topics were assessed as material (i.e., impact, financial or both) or not material for reporting, as illustrated within the matrix on this page. Each sub-topic is linked to specific impacts, risks and opportunities (IROs), and those IROs deemed material (listed and described on pages 65-67) form the basis for Lundbeck's topical disclosures. Additional details on our DMA methodology, materiality thresholds and basis for preparation are provided on pages 68-70. Although IROs related to Water and Marine Resources (ESRS E3), Biodiversity and Ecosystems (ESRS E4) and Affected Communities (ESRS S3) fell under our materiality thresholds, Lundbeck recognizes its responsibility to continue monitoring and managing these topics through our existing governance processes, policies, and actions. Our work on water and biodiversity is described on our website through our position papers, as well as disclosed as part of our Carbon Disclosure Project (CDP) reporting. In addition, Lundbeck's efforts to identify, prevent and monitor its impact on affected communities are informed by our sustainability due diligence, including site audits and engagement with stakeholders residing close to our production sites in Denmark, Italy and France.



Environment

E1 Climate Change

1 Climate change adaptation

2 Climate change mitigation

3 Energy

E2 Pollution

4 Pollution of air

5 Pollution of water

6 Pollution of soil

7 Substances of concern

8 Substances of very high concern

9 Pollution of living organisms

10 Microplastics

E3 Water and Marine Resources

11 Water

12 Marine resources

E4 Biodiversity and Ecosystems

13 Direct impact drivers of biodiversity loss

14 Impacts on the state of species

15 Impacts on the extent & condition of ecosystems

16 Impacts & dependencies on ecosystem services

E5 Resource Use and Circular Economy

17 Resource inflows, including resource use

18 Resource outflows related to products & services

19 Waste

Social

S1 Own Workforce

20 Equal treatment and opportunities for all

21 Working conditions

22 Other work-related rights

S2 Workers in the Value Chain

23 Equal treatment and opportunities for all

24 Working conditions

25 Other work-related rights

S3 Affected Communities

26 Communities' economic, social and cultural rights

27 Communities' civil and political rights

28 Rights of indigenous people

S4 Consumers and End-users

29 Information related impacts

30 Personal safety of consumers

31 Social inclusion of consumers

Governance

G1 Business Conduct

32 Corporate culture

33 Corruption and bribery

34 Protection of whistle-blowers

35 Animal welfare

36 Management of relationships with suppliers

37 Political engagement and lobbying activities

Impacts, risks and opportunities (1 of 3)[1]

IRO name	IRO type	Description	Time Horizon[2]			Business Model & Value Chain[3]		
			S	M	L	Upstream	Own Operations	Downstream
E1		**Climate change**						
Greenhouse gas emissions leading to climate change	Actual negative impact	Lundbeck's business model entails the development, production, distribution, and marketing of medicines. These activities have a greenhouse gas emissions footprint, which contributes to climate change. Until we reach our Paris-aligned, Net-Zero SBTi targets, Lundbeck has an actual negative impact on the environment.	●	●	●	Purchased goods and services, and business travel	Lundbeck's sites, purchased electricity and heat, and company cars	Distribution
Damage to facilities from wild weather events	Physical financial risk	Scientific evidence supports that climate change is making extreme weather events more likely and severe. Such events can cause physical damage to Lundbeck's facilities and those of our suppliers. This may lead to higher costs associated with restoring impacted facilities and implementing preventive measures.	●	●	●	Suppliers of raw materials and contract manufacturers	Lundbeck's sites	Distribution
E2		**Pollution**						
Air pollution	Actual negative impact	As a producer of primarily chemical pharmaceutical products, which typically require the use of organic solvents, Lundbeck's manufacturing processes and operations impact air quality through the release of air pollutants to the environment.	●	●	●	-	Lundbeck's production sites	-
Water pollution from pharmaceutical residues	Actual negative impact	Lundbeck's medicines contribute to the presence of pharmaceutical residues in the environment. The release of pharmaceutical residues by patients can lead to the contamination of water bodies and ecosystems, potentially impacting wildlife and human health.	●	●	●	-	Lundbeck's production sites	Patients' excretion of pharmaceutical residues after using Lundbeck medicines
Soil pollution	Potential negative impact	Lundbeck's manufacturing facilities and suppliers use and produce chemicals and active pharmaceutical ingredients. Incidental spillages or leaks may lead to soil quality degradation, potentially impacting terrestrial ecosystems and the broader environment.	●	●	●	Chemical waste management by suppliers	Lundbeck's production sites	-
PFAS soil pollution	Actual negative impact	Fire foam containing PFAS (per- and polyfluoroalkyl substances) was used until 2011 at one of Lundbeck's production sites in Denmark, in compliance with applicable law and following guidance from authorities at the time. In 2022, with the growing concern of the environmental harm of PFAS, Lundbeck investigated and could confirm PFAS pollution at its Lumsås site.	●	●	●	-	Lundbeck's production site	-
E5		**Resource use and circular economy**						
Waste and resource use	Actual negative impact	Circular principles have only been introduced to a limited extent regarding Lundbeck's resource inflows and outflows, with focus currently on reuse and recycling initiatives for hazardous and non-hazardous materials used at production sites. Limited circularity impacts the environment through the extraction of virgin raw materials and the production of non-recyclable waste, pollution, and carbon emissions.	●	●	●	Suppliers of raw materials, waste management services	Resources used and waste from Lundbeck's production sites	Packaging waste after product use by patients and waste management facilities
Increasing raw material costs	Financial risk	Lundbeck faces a long-term risk of limited availability of certain chemical raw materials due to the regulatory phase-out of unsustainable materials and potential increases in raw material costs.		●	●	Suppliers of raw materials	Lundbeck's production sites and procurement	-

1 This table presents Lundbeck's impacts, risks and opportunities (IROs), along with details on whether they are deemed to be actual or potential, positive or negative, over the short, mid- or long term and where in the value chain they arise. **2** S = short-term (<12 months), M= mid-term (between 1 and 5 years). L = long-term (> 5 years). **3** These columns present an overview of which level of Lundbeck's value chain, our material impacts, risks, and opportunities identified through the DMA are primarily concentrated.

Impacts, risks and opportunities (2 of 3)[1]

IRO name	IRO type	Description	Time Horizon[2]			Business Model & Value Chain[3]		
			S	M	L	Upstream	Own Operations	Downstream
S1		**Own workforce**						
Health and Safety, mental wellbeing	Systemic, potential negative impact	Lundbeck's workforce may encounter various work-related accidents, including exposure to hazardous chemicals, road accidents, and ergonomic-related illnesses, respectively affecting production workers, sales representatives, and all employees. Additionally, prioritizing employee wellbeing and effectively managing work-related stress is essential for supporting mental health.	●	●	●	-	Own workforce	-
Diversity, Equity, and Inclusion (DE&I)	Systemic, potential negative impact	If Lundbeck does not have a diverse, equitable, and inclusive work environment, employees may experience limited development and reduced wellbeing and health.	●	●	●	-	Own workforce	-
Inability to attract and retain employees	Financial risk	Failure to continuously promote DE&I across the organization and preserve a diverse workforce can negatively affect Lundbeck's reputation as an attractive workplace where everyone can thrive. This in turn can affect our ability to attract and retain a skilled workforce, representing a material financial risk.		●	●	-	Own workforce	-
S2		**Workers in the value chain**						
Human rights and Health and Safety	Systemic, potential negative im-	Lundbeck works with suppliers in over 90 countries, including some countries and supplier categories that have a systemic high risk of disrespect for human rights and inadequate health and safety measures for their workers.	●	●	●	Suppliers & Distribution	-	Suppliers & Distribution
S4		**Consumers and end-users**						
Innovation in treatment	Potential positive impact	Neurological and psychiatric conditions severely impact patients, families, and society. Neuroscience innovation is essential for breakthrough solutions, enhancing health outcomes and improving patients' quality of life.		●	●	-	R&D, production and commercial operations	-
Patient voice	Potential positive impact	Integrating the patients perspectives into R&D and drug development can lead to treatments that address unmet needs, increase quality of life, and create more personalized medicines.	●	●	●	-	R&D and clinical trials	-
Inequality in access to health	Systemic, potential negative impact	Inequality in access to health is a systemic problem among and within countries. Individuals living in areas affected by war and civil unrest are at especially high risk.	●	●	●	-	Commercial operations & supply chain department	Distribution and healthcare systems
Risk of pricing, reimbursement and access	Financial risk	Due to the global political pressure on pharmaceutical companies, potential new healthcare reforms could affect prices, reimbursement, access, and increase Gross-to-Net costs. This risk is connected to the potential negative impact that Lundbeck's pricing could have on adequate access to health.	●	●	●	-	All markets in which Lundbeck operates	Healthcare systems
Product safety and quality	Systemic, potential negative impact	Any disruptions in Lundbeck's processes to manage product safety and quality could lead to patients taking unsuitable medication or forgoing beneficial treatments. All patients are dependent on accurate information to ensure safe use of medicines.	●	●	●	-	R&D, production, quality, and pharmacovigilance functions	-
Risk of failure of pharmacovigilance	Financial risk	Pharmacovigilance is essential for monitoring the safety and effectiveness of our pharmaceutical products throughout their lifecycle. Any disruptions in this system can lead to delayed identification of adverse events, regulatory non-compliance, reputational damage, and financial losses. This risk is connected to the potential negative impact of product safety and quality.	●	●	●	-	Pharmacovigilance functions	-
Responsible and ethical marketing	Systemic, potential negative impact	Without responsible and ethical marketing practices, patients and healthcare professionals could be vulnerable to receiving misleading or unsafe information. This could lead to misuse or distrust of medicines, affect patients' economic and physical welfare, and distort healthcare priorities.	●	●	●	-	Commercial operations and marketing	Customers and healthcare professionals

1 This table presents Lundbeck's impacts, risks and opportunities (IROs), along with details on whether they are deemed to be actual or potential, positive or negative, over the short, mid- or long term and where in the value chain they arise. **2** S = short-term (<12 months), M= mid-term (between 1 and 5 years). L = long-term (> 5 years). **3** These columns present an overview of which level of Lundbeck's value chain, our material impacts, risks, and opportunities identified through the DMA are primarily concentrated.

Impacts, risks and opportunities (3 of 3)[1]

IRO name	IRO type	Description	Time Horizon[2]			Business Model & Value Chain[3]		
			S	M	L	Upstream	Own Operations	Downstream
G1		**Business conduct**						
Business ethics	Potential negative impact	Failure to prevent corruption and bribery can, in the worst cases, lead to improper prescriptions for patients and distrust in the overall healthcare system. Any potential failures in the protection of whistleblowers could result in them facing retaliation, adverse impacts, or litigation.	●	●	●	Suppliers	Commercial operations and marketing in particular	Distribution, customers and healthcare professionals
Business ethics and Code of Conduct breach	Financial risk	Interactions with healthcare professionals (HCPs) and public officials pose corruption and bribery risks, potentially resulting in fines, disgorgement, debarment, contract breaches, or reputational harm. Additionally, potential breaches of competition laws can lead to substantial fines and reputational damage.	●	●	●	Partners, third parties acting on Lundbeck's behalf	Commercial operations and marketing in particular	-
Responsible sourcing	Potential negative impact	Inadequate responsible sourcing practices can contribute to negative impacts on people and the environment in Lundbeck's value chain and across Lundbeck's categories of goods purchased globally. The most significant potential impact is related to parties who act on Lundbeck's behalf and can negatively impact patients' rights and access to treatment.	●	●	●	Suppliers, third parties acting on Lundbeck's behalf	Corporate functions at Lundbeck headquarters and subsidiaries	-
Animal welfare	Actual negative impact	As part of the development of new treatments, Lundbeck is obliged to conduct tests on animals before use in humans. Neglecting proper care to minimize adverse impacts that animals may experience during pharmaceutical research can affect their welfare.	●	●	●	Contract research organizations conducting trials on behalf of Lundbeck	R&D	-

1 This table presents Lundbeck's impacts, risks and opportunities (IROs), along with details on whether they are deemed to be actual or potential, positive or negative, over the short, mid- or long term and where in the value chain they arise. **2** S = short-term (<12 months), M= mid-term (between 1 and 5 years). L = long-term (> 5 years). **3** These columns present an overview of which level of Lundbeck's value chain, our material impacts, risks, and opportunities identified through the DMA are primarily concentrated.

DMA methodology

DMA key assumptions

Scope and value chain
Lundbeck's DMA reflects the value chain perspective, through the assessment of impacts, risks, and opportunities (IROs) arising from own operations, suppliers in the upstream value chain, as well as customers, patients and communities in the downstream value chain. Further details on Lundbeck's value chain can be found in the Business and Strategy section (see page 18).

Sustainability due diligence and stakeholder engagement
The perspective of our affected stakeholders and readers of the Sustainability Statement is incorporated into the assessment by proxy through the knowledge of our internal subject matter experts. These experts span across the organization and are responsible for engaging with affected external stakeholders as part of their daily functions. In addition, their role encompasses gathering and understanding the latest scientific evidence and research from proxy stakeholders such as environmental or social organizations, as well as capturing relevant industry trends and developments within their sustainability areas (i.e., Environment, Social and Governance).

Lundbeck's DMA is continuously informed by its Sustainability Due Diligence processes (page 63) and the Enterprise Risk Management framework (pages 50-52). In addition, existing communication channels with external stakeholders enhance the inclusion of the value chain perspectives into our assessment of impacts, risks, and opportunities.

DMA step-by-step process

Lundbeck's DMA is a cross-functional and dynamic process which requires a deep understanding of our business model, value chain, and business relationships. Every year, Lundbeck's DMA process consists of the following five steps:

1) Identify key stakeholders and create a longlist of sustainability matters and related IROs
Lundbeck annually revises its understanding of our business model and value chain. This entails the mapping of internal stakeholders and key external stakeholders in the upstream and downstream value chain.

To develop the list of relevant sustainability matters to be assessed in our DMA process, Lundbeck considers several internal and external sources, including the list of sustainability matters contained within ESRS 2 Application Requirement (AR) 16, industry-specific ESG benchmarks (i.e., SASB and MSCI), as well as internal analyses, such as Lundbeck's legacy materiality assessment.

The final list of sustainability matters is developed and validated by internal subject matter experts, who are responsible for identifying any related impacts, risks, and opportunities, to be assessed from an impact and financial materiality perspective.

2) Impact materiality assessment
The impact materiality assessment entails the evaluation of any actual or potential, positive or negative impacts on people or the environment over the short, mid, and long term. Lundbeck's internal subject matter experts are responsible for assessing the identified impacts related to their sustainability area of expertise. In practice, this takes place through a combination of workshops, research, analyses, and engagements with external consultants. As the subject matter experts are responsible for gaining knowledge about stakeholder views in their area of expertise as part of their everyday operations, they are able to incorporate these views into the impact assessment.

Impact methodology
Lundbeck's impact scoring methodology is developed in accordance with ESRS 1 (section 3.4). Our impact scoring ranges from one to five, where one corresponds to the lowest impact. Any actual impacts are assessed based on their severity, while potential impacts are based on severity and likelihood of occurrence. In line with the OECD Due Diligence Guidance for Responsible Business Conduct and ESRS 2, severity is given higher weight over likelihood for potential human rights impacts. Severity is derived from the assessment of the intensity of the impact (i.e., scale) and its outreach (i.e., scope) for positive impacts, whereas negative impacts are assessed based on scale, scope and the ability to remediate the adverse effect (i.e., irremediable character).

Sustainability matters are deemed material for reporting whenever a related impact scores greater than or equal to four out of five. As an internal control procedure, any sustainability matters whose final score falls at three out of five are further investigated with internal subject matter experts to confirm the validity of the result. The final conclusions from the impact assessment are consolidated and used as a basis for the financial materiality assessment to reflect relevant connections and dependencies.

3) Financial materiality assessment
The financial materiality assessment takes an outside-in perspective, thereby focusing on any risks and opportunities related to sustainability matters which could affect Lundbeck's financial position, performance, or cash flows, over the short, mid, and long term.

Using the insights from the impact materiality assessment as the starting point, Lundbeck's financial and ESG reporting experts provide guidance to the internal subject matters experts to identify and assess sustainability-related risks and opportunities. Moreover, through the periodic review of the enterprise risk management (ERM) register (see top risks on page 52) and the inclusion of relevant DMA risks therein, Lundbeck ensures consistency across our risk management processes.

Financial assessment methodology
Lundbeck's financial materiality methodology is designed in accordance with ESRS 1 (section 3.5). Our financial scoring ranges from one to five, where one corresponds to the lowest effect. The first step to our financial materiality assessment is the evaluation of external factors which can give rise to a risk or opportunity. These can include any adverse or positive external events such as upcoming regulations or changes in customer demand.

After identifying a risk or opportunity related to a sustainability matter, Lundbeck assesses its financial magnitude and related likelihood of occurrence. The former is assessed in terms of EBIT impact (DKKm) (ranging from one to five), consistent with Lundbeck's ERM, and considering financial effects on Lundbeck's financial position, financial performance, cash flows, access to finance or cost of capital over the short, mid, or long term. The latter is assessed in terms of frequency of occurrence.

Sustainability matters are deemed material from a financial perspective whenever a risk or opportunity scores above one in financial magnitude. This threshold is defined based on the financial materiality amount used in Lundbeck's Financial Statements.

4) Consolidation
The results from the impact and financial materiality assessment are consolidated to obtain an overview of Lundbeck's impacts, risks and opportunities. The materiality conclusions are dynamically mapped against the longlist of sustainability matters identified in step one to identify the material topics for reporting. Any sustainability matter is deemed material for reporting whenever it is material from an impact materiality perspective, a financial materiality perspective, or both.

5) Stakeholder and management validation
For Lundbeck, continuous stakeholder engagement is key to ensure the accuracy, completeness, and relevance of our DMA results. Accordingly, as an internal control procedure, additional resources are dedicated to check the materiality conclusions, including ad-hoc research, benchmark analyses, as well as follow-up discussions between topical subject matter experts and ESG reporting experts.

The validated results are presented to the leadership team for final endorsement, as the culmination of the close engagement and discussions throughout the DMA process. At Lundbeck, all key decisions related to the DMA approach and results are periodically approved by the Executive Management, the Audit Committee and the Board of Directors, as further described in the Governance Framework section (see page 51).

Deep-dive into topical DMA approach

In line with the general DMA approach, the following sections provide additional detail on the specific scope, methodologies, and sources used to identify and assess material impacts, risks, and opportunities for environmental, social, and governance topics.

Environment

Lundbeck's environmental subject matter experts consider business activities across own operations as well as the upstream and downstream value chain. This is done by screening locations where impacts, risks, or opportunities are most concentrated or likely to arise.

A systematic approach for the assessment of environmental impacts is implemented through the use of scoring keys based on topic-specific thresholds derived from relevant tools, frameworks, and regulations. These scoring keys were developed by Lundbeck's subject matter experts in collaboration with external consultants and are annually revised.

The use of tools and external resources ensures a consistent and data-driven screening approach. These tools and resources include the 'World Resource Institute Aqueduct Water Risk Atlas' tool, and the 'Water Impact Index' by CDP to assess water-related impacts (i.e., ESRS E3) and the 'WWF Risk Filter Suite' tool to assess biodiversity-related impacts, dependencies, and physical and systemic risks (i.e., ESRS E4). Where relevant, external frameworks and environmental regulatory requirements are used to guide the assessment such as the 'EU Waste Hierarchy' and the 'EU Critical Raw Materials list' for resource-use and circular economy (i.e., ESRS E5), as well as locally mandated legal pollution limits at production sites (i.e., ESRS E2).

In line with the DMA results, no substantial negative impact was identified in relation to water, affected communities, ecosystem services, or biodiversity sensitive areas. Lundbeck continues to closely monitor any impacts on water, affected communities and biodiversity and cooperate with authorities where applicable. For climate change (i.e., ESRS E1), a climate risk assessment and scenario analysis are conducted, as further specified on pages 79-80.

Social

To identify any impacts, risks and opportunities related to employees, communities and patients, Lundbeck's social subject matter experts conduct desktop analyses, informed by people data, policies, Corporate Social Responsibility (CSR) databases, literature, and regulations. The potential impacts on people deriving from Lundbeck's activities, business relationships and products are assessed for all workers in own operations (i.e., ESRS S1) and across the value chain (i.e., ESRS S2), affected communities (i.e., ESRS S3), as well as consumers and end-users (i.e., ESRS S4).

Governance

Lundbeck's corporate subject matter experts assess business conduct matters (i.e., ESRS G1) through desktop analyses, guided by our Code of Conduct, existing policies and channels for handling concerns, as well as applicable regulations. Due to their global scope, business conduct issues were assessed across Lundbeck's value chain, with a focus on high-risk locations, business activities and interactions.

Basis for preparation

Lundbeck's Sustainability Statement is prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). The Sustainability Statement was approved by the Board of Directors and authorized for issue on the 5 February 2025.

The metrics disclosed in the Sustainability Statement include consolidated data from the parent company, H. Lundbeck A/S, and the subsidiaries. The Sustainability Statement is consolidated following the Group's accounting policies disclosed in its consolidated Financial Statements, unless otherwise specified in the accounting policies within each topical ESRS disclosure. Lundbeck has defined its operational control in accordance with the ESRS, encompassing the parent company and its subsidiaries. In the event of acquisitions or divestments, the Sustainability Statement is following the same principles as the Financial Statements. In addition to complying with the Danish Financial Statements Disclosure Act (sections 99a, 99d, and 107d) and the EU Taxonomy Regulation (article 8), Lundbeck reports under various sustainability frameworks, including the United Nations Global Compact (UNGC), the Science Based Targets Initiative (SBTi), the Carbon Disclosure Project (CDP), the UN Sustainable Development Goals (SDGs), and the UK Modern Slavery Act. All material information presented in this report is identified based on the outcome of Lundbeck's 2024 Double Materiality Assessment (DMA), covering own operations as well as the upstream and downstream value chain. Detailed information on our DMA results and methodology can be found on pages 64-70.

Changes in preparation

Comparative figures for the metrics '*Energy Consumption and Mix*', '*Gross scopes 1, 2, and 3, Total GHG Emissions*', '*Waste*', as well as the '*OPEX EU Taxonomy*' have been restated compared to 2023 to reflect the update of the accounting policies with the implementation of the CSRD and ESRS requirements, as described in the footnote for the respective metrics.

Comparative figures

As this is the first year of preparing the Sustainability Statement in accordance with the ESRS, Lundbeck has not included comparative figures, except for specific metrics that were previously reported in Lundbeck's 2023 Sustainability Report. These metrics include: *Energy consumption and mix, Gross scopes 1, 2, 3 and total GHG emissions, Waste, Gender distribution at top management, Donated Treatments in LMICs, Compliance Hotline Reports, Code of Conduct, Business Ethics Due diligence, and Internal and external audits*.

Key estimates and assumptions

In preparing the Sustainability Statement, Management has made estimates and judgement that affect the application of the accounting policies and the reported figures for the sustainability metrics. The actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Lundbeck's Management believes that the following estimates, assumptions and judgements are significant for the Sustainability Statements.

Principal accounting policy	Key estimates, assumptions and judgements	Value chain estimation	Page
Scope 3 GHG emissions: Cat.1: Purchased goods and services	Estimating of emissions where supplier data is unavailable is based on emission factors for financial expenditures and purchased products. Lundbeck includes value chain estimations from indirect sources in the accounting of Gross indirect (Scope 3) GHG emissions, as specified in the accounting policy. Lundbeck is continuously working to enhance the quality of value chain data.	Yes	82-84
Patients reached	Estimating the number of patients potentially exposed to a specific Lundbeck drug or treatment over a one-year period, as specified in the accounting policy.	No	124
Donated treatment in low, middle income countries	Estimating the number of patients potentially reached through Lundbeck's medicine donation program over a one-year period, as specified in the accounting policy.	No	124
CEO pay ratio	The median employee is identified based on base salary, after which their total remuneration is used to calculate the CEO pay ratio, as specified in the accounting policy.	No	112; 114
Gender pay gap	Annual base pay levels are used in this calculation due to limited data availability for hourly pay levels, as specified in the accounting policy.	No	112-113

Sustainability due diligence

How our key stakeholders inform Lundbeck's strategy and business model

Key stakeholders	Engagement approach and purpose	Outcome from engagement
Patients	• Patient feedback sessions. • 'Let the patient speak' events to gather insights for innovation and awareness. • Surveys and collections of patient experience data.	• Patient perspectives included in R&D, trial designs, and evaluation strategies. • Improved treatments.
Healthcare professionals	• Education for healthcare professionals. • Compliance with global procedures, laws, and industry regulations. • Documentation of the value of our medicines.	• Improved patient outcomes. • Operational excellence and compliance with regulations.
Partners	• Commercial partnerships with other companies to develop and market medicines, e.g. contract research organizations conducting research studies and establishing evidence for new drug candidates. • Engagements to improve health equity including long-term partnerships with global organizations such as NGOs, academia, and patient advocacy groups.	• Increased access to treatment. • Promotion of equitable accessibility. • Climate considerations integrated into clinical trials.
Investors and shareholders	• Ongoing communication via roadshows, meetings, and conferences. • Webcasting of general meetings and access to reports. • General Assembly.	• Improved alignment of strategy with shareholders views and feedback.
Employees	• Regular surveys (i.e., The Our Voice). • Dialogues on wellbeing and personal development. • Work councils. • Employee-elected board members. • Compliance Hotline. • Ombudsmen.	• Action plans for improvement. • Implementation of new processes. • Addressing concerns raised about potential breach of Code of Conduct.
Workers in the value chain	• On-site supplier audits and assessments. • Compliance Hotline.	• Action plans with corrective actions for suppliers and third parties. • Addressing concerns raised about potential labour or human rights impacts.

Lundbeck's sustainability due diligence processes[1]

As a global pharmaceutical company, Lundbeck operates in highly monitored and regulated environments. This entails compliance with pharmaceutical regulations, which mandate certain due diligence procedures, including how to manage the potential negative impacts on patients, people, and the environment. These processes encompass the Health, Safety, and Environment Management System, the Product Quality Management, and Product and Patient Safety processes and numerous other 'Good Practice' (GxP) processes. Engagement to understand the interests and views of key stakeholders is part of many of these processes, which we use to inform our strategy and business model.

While multiple operational due diligence processes are embedded in the work of key business functions, as specified in our topical ESRS disclosures, Lundbeck has identified the actions needed to advance other aspects of sustainability due diligence in the coming years in preparation for compliance with the Corporate Sustainability Due Diligence Directive (CSDDD).

1 An overview of the core elements of our due diligence processes can be found in appendix " Statement on due diligence" (page 143) .

Environment

In this section

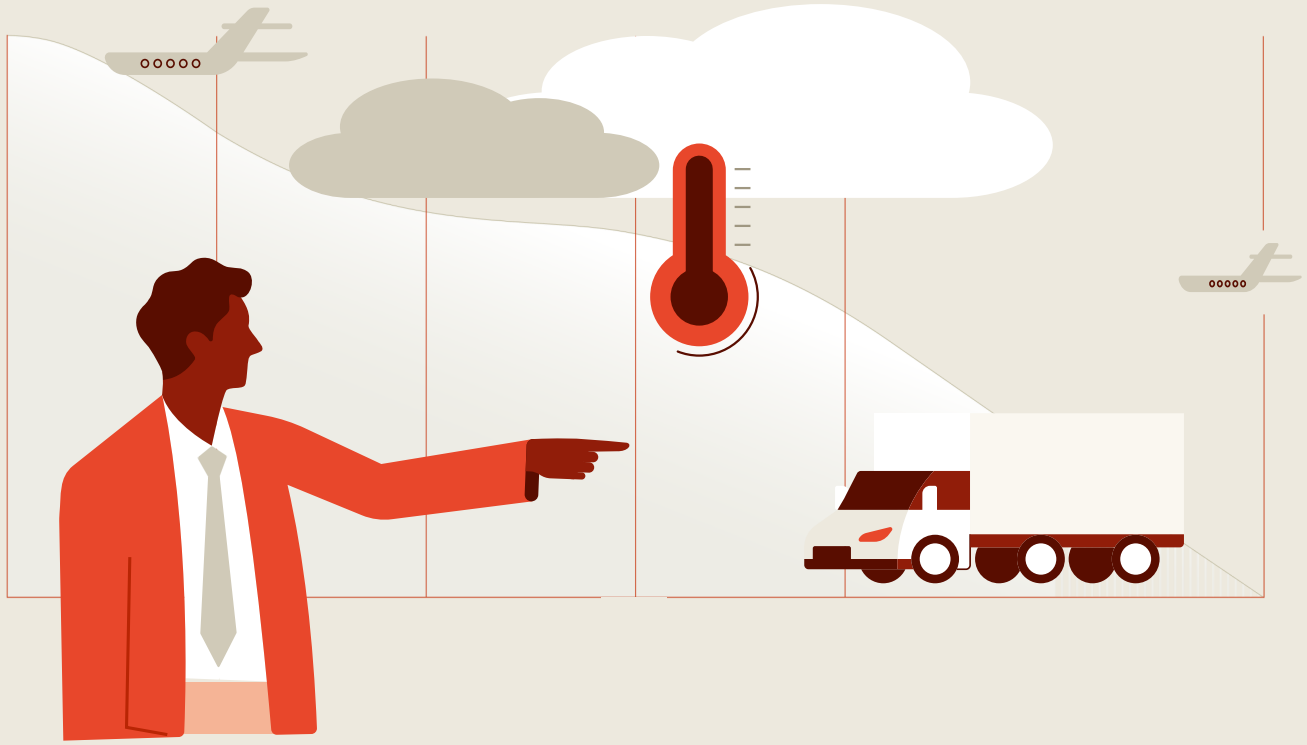
Samantha, living with Migraine

Climate change

Lundbeck aims for net-zero emissions by 2050 to mitigate our carbon footprint and the related risks to our business.

IRO name	IRO type	Value chain		
		Upstream	Own operations	Downstream
Greenhouse gas emissions leading to climate change	Actual negative impact	●	●	●
Damage to facilities from wild weather events	Physical financial risk	●	●	●

See further details at page 65.



Lundbeck's Transition Plan

Lundbeck is committed to making the necessary reductions in emissions across the entire value chain to mitigate the negative impacts of climate change and to achieve climate neutrality by 2050. This commitment is supported by our Transition Plan (*link*).

Launched in 2023, the Transition Plan outlines Lundbeck's GHG emission reduction targets (see page 76), which are approved by the Science Based Targets initiative (SBTi) and are compatible with limiting global warming to 1.5°C.

Decarbonization levers

Lundbeck has identified five main decarbonization levers to achieve climate neutrality, namely:


Energy in own operations


Sustainable sourcing


Optimization and circularity


Greening logistics


Cleaner travel

In the Transition Plan, each lever is described in detail, including the actions that Lundbeck plans to take in each area to achieve 90% reduction of emissions by 2050, with the remaining 10% of emissions to be neutralized through carbon removals. Carbon credits will be used exclusively for neutralizing residual emissions or financing additional climate mitigation efforts beyond Lundbeck's science-based targets. These will not count as emission reductions towards Lundbeck's near- or long-term targets and will be recorded separately in the carbon inventory to avoid double counting. Only carbon credits certified to recognized quality standards will be utilized, with valid certifications disclosed in our reporting.

The Transition Plan is available at www.lundbeck.com, and the planned actions it entails are further detailed on page 76.

Transition Plan embedded in our strategy

With the endorsement of Lundbeck's Climate Steering Committee and the Executive Management, along with the Board of Directors' oversight on progress, the Transition Plan drives decisions on investments related to achieving Lundbeck's climate targets. To ensure the alignment of the Transition Plan with Lundbeck's overall business strategy, the status of the targets and actions is reported to the Climate Steering Committee three times a year and quarterly to Executive Management. As part of the annual budget planning process, each initiative in the Transition Plan is presented and, where relevant, approved by the Climate Steering Committee.

Our approach (policies)

Lundbeck's Position on Climate Change (*link*) and the Health, Safety and Environment (HSE) Policy (*link*) constitute Lundbeck's corporate climate policy. The Position on Climate covers Lundbeck's commitment to climate action, detailing the future climate-related challenges and opportunities Lundbeck intends to address, while the HSE Policy includes, among other topics, the actions Lundbeck takes to protect the environment (further details on the HSE Policy can be found on page 86). Both documents address Lundbeck's global operations and cover its activities to address climate issues in the value chain.

Lundbeck's climate policy addresses:

- Ambitions for reducing scope 1, 2, and 3 GHG emissions.
- Implementation of Transition Plan towards net zero emissions, addressing climate change mitigation.
- Increasing the use of renewable energy, especially through power purchase agreements.
- Application of energy efficient technology, particularly in chemical and pharmaceutical production.

Through the implementation of its climate policy, Lundbeck supports the intentions of the European Federation of Pharmaceutical Industries and Associations' white paper on climate and the UN Sustainable Development Goal (SDG) 13 (Climate Action). In addition, Lundbeck follows the GHG Protocol when preparing GHG inventory and calculations, and SBTi guidance when developing targets.

Lundbeck's Executive Management has the overall responsibility for the climate policy, supported by the Climate Steering Committee. The Corporate Health, Safety and Environment department is responsible for reviewing and updating Lundbeck's climate policy, thereby including the latest scientific knowledge and expectations from relevant external stakeholders such as the EU, SBTi, and other climate NGOs, investors, and local authorities.

The climate policy documents are accessible on Lundbeck's website and on the global intranet. Lundbeck is not excluded from the EU Paris-aligned Benchmarks. In 2024, Lundbeck has not conducted a qualitative assessment of the potential locked-in GHG emissions nor has Lundbeck pursued plans for EU Taxonomy alignment. These areas will be subject to further investigation in the future.

Actions

To meet the objectives of Lundbeck's climate policy and Transition Plan, Lundbeck acts in line with five identified decarbonization levers:

Energy in own operations (Scope 1 & 2)

Since 2006, Lundbeck has minimized energy consumption by optimizing its procedures and modernizing its equipment. In Denmark, this has included using 100% renewable electricity since January 2022 as well as progressively switching from fossil to renewable fuels[1]. In the beginning of 2025, Lundbeck will sign a power purchase agreement securing renewable electricity at our production site in Italy. For the remaining European sites, including sales subsidiaries, Lundbeck guarantees of origin have secured 100% use of renewable electricity as of January 2025. Gradually, all Lundbeck sites worldwide, including subsidiaries, will be supplied by renewable energy sources, thus reducing emissions by 99% in 2050 compared to 2019.

Sustainability sourcing (Scope 3)

Scope 3 emissions from purchased goods and services (e.g., clinical trials, consultancies, marketing, and machinery) are the largest contributors to Lundbeck's carbon footprint. Therefore, collaboration with suppliers around carbon reductions is crucial to achieve Lundbeck's climate targets. Through contractual commitments to use renewable electricity in operations or to establish science-based targets, Lundbeck encourages its suppliers to reduce their emissions and to deliver emission data to Lundbeck annually, which will improve emissions calculations and reporting process. As of 2024, Lundbeck has signed agreements with 51 suppliers to use renewable electricity. It is estimated that, when all Lundbeck's suppliers of purchased goods and services have made and fulfilled contractual commitments to use renewable energy, indirect emissions will be reduced by 66% in 2050.

Optimization and circularity (Scope 3)

Lundbeck procures raw materials and components from around the world for use in production at its facilities. To reduce the indirect emissions (scope 3) that result from this product input, Lundbeck follows green chemistry principles when designing and optimizing new chemical synthesis and acts to reduce raw material consumption, optimize yield, and substitute to less hazardous chemicals. Accordingly, Lundbeck recycles solvents used in chemical production, thus reducing the amount of new procured solvents and their related indirect carbon emissions. In 2024, Lundbeck recycled 62% of organic solvents used in chemical production that were suited for recovery. In 2023, Lundbeck also approved an investment in a new recycling unit that will increase the solvent recycling percentage, to support our ambition to recycle approximately 85% of solvents used in chemical production by 2030. Further, when developing new products, Lundbeck explores possibilities within eco-design and circularity. In addition, the supplier engagement initiative as specified under "Sustainable sourcing" will contribute to further reductions. By implementing all these initiatives, scope 3 GHG emissions from purchase of raw materials to production are expected to be reduced by 75% by 2050.

Greening logistics (Scope 3)

Lundbeck is in the process of reducing scope 3 emissions from the upstream transportation of goods and services and from the downstream distribution of products. This is mainly accomplished by transitioning from airborne to seaborne transportation. Further, as suppliers gradually shift to greener transportation solutions powered by electricity or sustainable fuels, Lundbeck is committed to choosing these less carbon-intensive options. From 2019 to 2024, Lundbeck has managed to reduce emissions from distribution by 33% and expects to reach a reduction of at least 36% by 2050.

Cleaner travel (Scope 1 & scope 3)

Emissions reductions related to Lundbeck's car fleet and business travel are targeted by gradually transitioning to more energy efficient-cars, including Electrical Vehicles (EVs), and by developing travel policies that support greener travel. For instance, Lundbeck has initiated a travel policy that encourages its employees to minimize travel by leveraging digital solutions to stay connected, as well as to move towards less carbon-intensive options when traveling. Additionally, Lundbeck promotes climate awareness regarding travel by setting targets and monitoring travel data where possible. From 2019 to 2024, emissions from Lundbeck's car fleet and business travel have been reduced by 37% and 12%, respectively. By 2050, the identified initiatives are expected to reduce related emissions by at least 75%.

1 The renewable electricity share for the four production sites in Valby and Lumsås (Denmark), Padova (Italy), and Valbonne (France), as well as in Krakow (Poland), La Jolla, Deerfield, and Seattle (USA), is 75% in 2024.

Towards zero emissions

Energy in own operations | Sustainable sourcing | Optimization and circularity | Greening logistics | Cleaner travel

By 2025

- 100% renewable electricity used in the EU
- Emissions from business travel reduced by 25%
- Air logistics moved to sea logistics on longest routes
- Sustainable fuel used in 50% of air logistics
- Renewable electricity used by top 50 suppliers

By 2030

- 100% renewable electricity used in the US
- Electric vehicles exclusively used in DK fleet and min. 50% used in the EU and the US
- Sustainable fuel used in all air logistics
- Renewable electricity used by top 300 suppliers
- 85% of solvents recycled in chemical production

By 2035

- 100% renewable energy in scope 1 at all production sites
- Electric vehicles exclusively used in the EU and the US fleets and min. 30% in rest of world
- Sustainable fuel used in 50% of sea logistics
- Emissions from packaging and finished goods reduced by 60%

By 2040

- Renewable electricity implemented worldwide
- Emissions from business travel reduced by 40%
- Sustainable fuel used in all sea logistics
- Renewable electricity used by all suppliers

By 2050

- Renewable energy implemented worldwide
- Sustainable fuel used in all air, sea, and road logistics
- Renewable energy used by all suppliers
- Upscale known activities and explore new initiatives

Offset residual emissions by carbon removals

OUR AMBITION

Net Zero

No later than 2050

Baseline 2019

Targets

In the beginning of 2024, Lundbeck had two 1.5°C aligned targets[1] deriving from our Sustainability Strategy.

During the year, in line with the 1.5°C business ambition pledge guidance, Lundbeck received SBTi approval for a new set of Net-Zero targets - see table below. Furthermore, with the implementation of the ESRS requirements[2], an additional set of target values covering the period 2019-2030 was defined (see E1-6 table, page 82).

In 2024, scope 1 & 2 emissions have decreased by 38% compared to 2019. This means that Lundbeck remains on track to meet its scope 1 & 2 Net-Zero SBTi-approved target. Conversely, our scope 3 emissions have increased by 18% compared to 2019. Additional initiatives on supplier engagement and business travel are being evaluated to reduce scope 3 emissions.

Lundbeck's targets are updated at least every five years in line with the SBTi guidance. Progress against our targets is tracked quarterly and is presented to the Climate Steering Committee three times per year.

Net-Zero SBTi-approved targets

Target	Baseline year	Baseline emissions (tCO_2e)	Target year	Target emissions (tCO_2e) & reduction (%) from 2019	Progress against target to date (%)
Net Zero Near-Term Target, **scope 1 & 2**	2019	**43,992**	2029	**25,516** (42%)	**27,497** ↓ (38%)
Net Zero Near-Term Target, **scope 3**	2019	**113,761**	2029	**85,320** (25%)	**134,154** ↑ 18%
Net Zero Long-Term Target	2019	**157,753**	2050	**15,775** (90%)	**161,651** ↑ 3%

Transition Plan milestones

Progress is consistently being made towards the milestones outlined in our Transition Plan. Lundbeck remains on track to meet the majority of its 2025 milestones.

For scope 1 & 2 emissions, Lundbeck anticipates achieving the expected emission reductions. While most milestones related to scope 3 emissions are expected to be met, the overall reduction of these emissions is not progressing as quickly as anticipated.

Lundbeck expects to meet its 2025 milestone of 100% renewable electricity used in the EU (energy in own operations). Emissions from business travel are reduced by 12% compared to baseline, corresponding to a slight delay in expected progress (cleaner travel). All possible logistic routes have been moved to sea and the use of sustainable fuel is being investigated (greening logistics). Additionally, with 51 top suppliers signing agreements for renewable electricity use out of 115 suppliers in total, Lundbeck has achieved its expected Sustainable Sourcing milestone. This initiative has successfully decoupled emissions from spending. However, the decoupling has not been sufficient to offset the growth in Lundbeck's business so far.

			Expected reduction from 2019 baseline					
Decarbonization lever	**Scope**	**2025**	**2030**	**2035**	**2040**	**2050**	**Achieved FY24 GHG reduction (%)**
Energy in own operations	Scope 1 & 2	41%	69%	82%	95%	99%	(33%)
Optimization and circularity	Scope 3	0%	8%	22%	22%	75%	0%
Greening logistics	Scope 3	11%	26%	28%	33%	36%	(33%)
Sustainable sourcing	Scope 3	22%	39%	-	56%	66%	30%
Cleaner travel:							
· Business travel	Scope 3	25%	-	-	40%	-	(12%)
· Transition of fleet to EVs	Scope 1	-	23%	28%	-	-	(37%)

1 Reduce carbon footprint across own operations, supply, and distribution in line with our 15-year 1.5℃ aligned target: scope 1 and 2 CO_2e emissions by 65% in 2034 compared to 2019 and scope 3 CO_2e emissions by 40% in 2034 compared to 2019. **2** ESRS E1-4 paragraph 34 (d). **3** The 2030 targets account for an additional 4,2% reductions for scope 1 an 2 and 2,5% for scope 3, corresponding to the required SBTI-targets.

Basis for target setting

Lundbeck's targets have been verified and approved by SBTi and follow an absolute contraction method, in accordance with the SBTi guidance**.** A sectoral decarbonization pathway for the pharmaceutical industry is not followed, as there is not yet one defined by SBTi. Furthermore, the targets cover seven greenhouse gases included in the Kyoto Protocol (carbon dioxide [CO_2], methane [CH_4], nitrous oxide [N_2O], hydrofluorocarbons [HFCs], perfluorocarbons [PFCs], sulfur hexafluoride [SF_6], and nitrogen trifluoride [NF_3]).

Every year, Lundbeck revises the carbon footprint model used for calculating emissions to improve the validity and quality of our carbon calculations, which are used for tracking progress towards targets. This enables the incorporation of relevant updates in emissions calculations, emission factors, supplier data, and baseline recalculation. According to the SBTi guidelines, all targets are set against the baseline year 2019, as the financial year preceding the period in which the targets were developed.

Further details on the contributions of the decarbonization levers towards Lundbeck's GHG emissions reduction targets are specified on page 76.

Assessing climate risks

Process to identify and assess impacts, risks, and opportunities

At Lundbeck, several internal processes enable the identification of actual and potential climate-related impacts, risks, and opportunities. This includes the ongoing assessment of emissions and potential emissions sources in own operations and across the value chain, the climate scenario analysis, the annual Business Impact Analysis (BIA) report (see page 80) for identifying physical climate-related risks, and continuous internal evaluation and identification of opportunities by subject matter experts.

Scenario analysis

A scenario analysis is performed for two climate scenarios to identify transitional and physical risks. The scenarios take into consideration a diverse range of factors such as carbon pricing, fuel availability, policy regulation, technology, reputation, production and supply chain disruptions, physical damage to assets, as well as changes in product demand. The analysis is based on guidance from the Task Force on Climate-Related Financial Disclosures (TCFD) and the Carbon Disclosure Project (CDP).

The time horizons of the scenario analysis for both physical and transition risks span 1-10 years, thereby including short, mid, and long terms. By covering both a net-zero (i.e., NZE 2050) and 'business as usual' (i.e., Representative Concentration Pathway (RCP8.5) scenarios, plausible risks and uncertainties are covered. The time horizons align with Lundbeck's climate targets and the financial planning horizon, and support the climate-related assumptions made in the Financial Statements.

Resilience analysis

A resilience analysis was conducted in 2024 based on the scenario analysis. The scope of the resilience analysis includes Lundbeck's own operations and value chain and uses time horizons aligned with both the scenario analysis and the climate targets. While there is currently limited data on the upper tiers of the value chain, potentially leading to reduced representation of related physical and transitional risks, our understanding of the upstream value chain is aimed to be increased over time. Lundbeck uses the results of the resilience analysis to integrate milestones into the Transition Plan, adapt strategy, and plan mitigating actions.

Transitional risks

The International Energy Agency's Net Zero Emissions by 2050 Scenario (NZE 2050) shows a pathway to achieving net-zero by 2050 and limiting global temperature rise to 1.5°C. The NZE 2050 is used to identify climate-related transition events along Lundbeck's own operations and value chain, and how these could result in transitional risks and opportunities. Transition events are identified based on reputational, financial, market, or regulatory risks and opportunities at both company and asset level. The identification of transitional risks is also supported by Lundbeck's quarterly process to identify emerging legislation and social and reputational trends.

Assets and business activities are assessed based on their exposure to the identified transition events, taking into consideration likelihood, magnitude, and duration. Specific assets or business activities that are incompatible with a climate-neutral economy or need significant efforts to transition have not been identified.

Under the NZE scenario, carbon pricing will be strategically important, fossil fuel use will decrease significantly, and renewable energy deployment will rapidly increase. Therefore, actions and related milestones to adapt to these transitional risks have been included in the Transition Plan according to three relevant drivers – increased carbon pricing, limited use of fossil fuels, and increased sales of electric vehicles.

Physical risks

The 'business-as-usual' RCP8.5 climate scenario, which is a high-emission scenario predicting an average 4°C rise in temperature, is used by Lundbeck to identify climate-related hazards and related physical risks. Lundbeck's assets and business activities are screened according to their exposure to such risks, with physical risk scenarios assessed according to location, exposure to climate-related risks, and the likelihood, magnitude, and duration of the climate hazards.

The identification of physical risks is also supported by the annually updated BIA report, which identifies business interruption risks and mitigation approaches over time horizons, aligned with the DMA process.

According to the RCP8.5 climate scenario, there is an increased risk of extreme weather, including wildfires and flooding. Therefore, Lundbeck has planned mitigation actions, including dual warehouse solutions in an area determined to be at high risk.

Climate change adaptation – a physical risk

While the current policy, actions, targets, and transition plan focus on climate mitigation and energy, Lundbeck recognizes the importance of addressing climate change adaptation in relation to physical risks. This aspect is addressed through Lundbeck's company-wide risk management processes, including Lundbeck's BIA report. As part of the BIA process, adaptation initiatives are defined, and implementation plans are developed in the relevant parts of the organization.

Further, physical climate-related risks at Lundbeck sites and in the value chain have been assessed as part of the BIA report since 2018. Material risks are reported in Lundbeck's risk management process and are monitored by the risk management organization, including reporting to Executive Management and the Board of Directors. Mitigating actions are defined for all material risks, with no associated specific targets.

E1-5 - Energy consumption and mix

Energy consumption and mix	Unit	2024	2023[1]
Fuel consumption from coal and coal products	MWh	-	-
Fuel consumption from crude oil and petroleum products	MWh	499	1,718
Fuel consumption from natural gas	MWh	19,217	18,790
Fuel consumption from other fossil sources	MWh	18,075	19,496
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	MWh	8,941	10,049
Total fossil energy consumption	**MWh**	**46,732**	**50,053**
Share of fossil sources in total energy consumption	%	42	44
Consumption from nuclear sources	**MWh**	**6,628**	**6,620**
Share of consumption from nuclear sources in total energy consumption	%	6	6
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	MWh	10,419	9,423
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	48,043	46,481
Consumption of self-generated non-fuel renewable energy	MWh	433	-
Total renewable energy consumption	**MWh**	**58,895**	**55,904**
Share of renewable sources in total energy consumption	%	52	50
Total energy consumption	**MWh**	**112,255**	**112,577**

Energy intensity based on net revenue	Unit	2024
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors	**MWh/DKKm**	**5.2**

Energy consumption and mix

Lundbeck continues to maintain energy consumption levels in line with last year. This stable performance derives from a combination of regional developments. Specifically, the energy consumption has decreased in Valby (Denmark), Lumsås (Denmark) and Valbonne (France), driven by operational optimization, while an increase in Padova (Italy) was attributed to the commencement of operations at a new production unit.

Gross scopes 1, 2, 3 and total GHG emissions

Scope 1 & 2 GHG emissions are at the same level compared to 2023. **Scope 1 emissions** increased by 1%, primarily driven by higher emissions from the US. car fleet offset by reductions at production sites**. Scope 2 emissions** (market-based) decreased by 1%, mainly due to the sterile workshop shutdown and energy optimization at the Valbonne site.

In 2024, **scope 3 GHG emissions** increased by 8% due to higher activity and spending in purchased goods and services, as well as increased business travel. The rise in purchased goods and services reflects increased activity and spending aligned with business growth. Emissions from business travel also increased, driven by more travel activity, particularly for flights and hotel stays.

1 Comparative figures for all lines have been restated to reflect Lundbeck's updated accounting policies following the implementation of CSRD. The comparative figures for 2023 are not subject to limited assurance.

E1-6 - Gross scopes 1, 2, 3 and total GHG emissions

		Retrospective				Milestones and targets			
Gross Scopes 1, 2, 3 and total GHG emissions	**Unit**	**Base year 2019**	**2023[1]**	**2024**	**%**	**2025**	**2030**	**2050**	**Annual % target/Base year**
Scope 1 GHG emissions									
Gross scope 1 GHG emissions	tCO2e	29,175	20,191	20,409	1				
Percentage of scope 1 GHG emissions from regulated emission trading schemes	%								
Scope 2 GHG emissions									
Gross location-based scope 2 GHG emissions	tCO2e	15,151	12,727	11,525	(9)				
Gross market-based scope 2 GHG emissions	tCO2e	14,818	7,173	7,088	(1)				
Scope 1 & 2 GHG emissions									
Total scope 1 & 2 GHG emissions (location-based)	**tCO2e**	**44,326**	**32,918**	**31,934**	**(3)**				
Total scope 1 & 2 GHG emissions (market-based)	**tCO2e**	**43,993**	**27,364**	**27,497**	**0**	**32,906**	**23,668**	**4,399**	**4.2**
Significant scope 3 GHG emissions									
Cat.1: Purchased goods and services	tCO2e	86,637	103,891	112,491	8				
Cat. 4: Upstream transportation and distribution	tCO2e	10,542	7,448	7,103	(5)				
Cat. 6: Business travel	tCO2e	16,582	12,999	14,560	12				
Total gross indirect (scope 3) GHG emissions	**tCO2e**	**113,761**	**124,338**	**134,154**	**8**	**96,696**	**82,476**	**11,376**	**2.5**
Total GHG emissions									
Total GHG emissions (location-based)	**tCO2e**	**158,087**	**157,256**	**166,088**	**6**				
Total GHG emissions (market-based)	**tCO2e**	**157,755**	**151,702**	**161,651**	**7**				
Emissions outside of scopes									
Biogenic emissions	tCO2e	2,223	2,594	2,831	9				

GHG intensity based on net revenue	**Unit**	**2024**
Total GHG emissions (location-based) per net revenue	**tCO2e/DKKm**	**7.7**
Total GHG emissions (market-based) per net revenue	**tCO2e/DKKm**	**7.5**

1 Comparative figures have been restated to reflect Lundbeck's updated accounting policies following the implementation of CSRD and to reflect changes in estimates. The comparative figures for 2023 are not subject to limited assurance.

Accounting policies

Energy Consumption
Energy consumption for Lundbeck's own operations is measured as the consumption of power, heat, and fuel, monitored by building-specific meter readings or invoices and estimation (6%) where primary data is unavailable. Renewable consumption is measured as the consumption from power purchasing agreement, certificates, and supplier information. The share of renewable sources in total energy consumption is calculated based on the percentage of the total renewable energy consumption relative to total energy consumption.

Energy Intensity
Lundbeck's energy consumption and revenue, from the financial statement are derived from activities in high climate-impact sectors. Lundbeck is engaged in the research, development, production, and sale of pharmaceuticals for the treatment of psychiatric and neurological disorders, classified under the NACE code. The energy intensity is reported as MWh/annual revenue in DKK million.

Scope 1 GHG emissions
Direct scope 1 emissions include greenhouse gas (GHG) emissions related to the consumption of gas, oil, and refrigerants used in production (e.g., emissions associated with fuel combustion in boilers, furnaces, and vehicles).

All consumed energy is monitored by building-specific meter readings or invoices and estimation (1%) where primary data is unavailable. The quantity of consumed energy sources is multiplied by relevant emission factors provided by the UK Department for Environment, Food & Rural Affairs (DEFRA 2023).

Emissions data from Lundbeck's owned or controlled vehicle fleet is provided directly by the associated leasing company or calculated based on consumed fuel multiplied by relevant emission factors. Primary data from 73% (2023: 75%) of the company cars is used to extrapolate emissions from Lundbeck's full fleet activity.

Scope 2 GHG emissions
Scope 2 emissions includes all indirect emissions related to the generation of acquired and consumed electricity and district heating. All consumed energy is monitored by building-specific meter readings, invoices, or estimation (10%) where primary data is unavailable.

Scope 2 GHG location-based
The emissions are reported as location-based and are derived from consumed energy multiplied by relevant location-based emission factors provided by DEFRA 2023.

Scope 2 GHG market-based
The emissions are reported primarily as market-based emissions, where consumed scope 2 energy is multiplied by market-specific emission factors provided directly from the energy supplier. Where market-specific emissions are unavailable, the best available location-based emission factors provided by DEFRA 2023 are used for the reporting in line with the GHG Protocol hierarchy.

Lundbeck purchases bundled certificates of origin derived from our PPA agreement that covers 100% of the electricity consumption in Denmark (two sites). Bundled certificates of origin covering 40% of the total energy consumption in scope 2. At two of Lundbeck's sites (Krakow and La Jolla), unbundled certificates are bought by the landlord of the facility. The unbundled certificates constitute 2% of the total energy consumption (excl. subsidiaries) in scope 2.

Scope 3 GHG emissions
Scope 3 includes and accounts for other indirect emissions within Lundbeck's value chain that are not accounted for elsewhere. Lundbeck has identified three significant categories out of the 15 defined by the GHG Protocol for scope 3 emissions. The significant categories are: Category 1: 'Purchased Goods and Services', Category 4: 'Upstream Transportation and Distribution', and Category 6: 'Business Travel'. The reported scope 3 emissions align with Lundbeck's SBTi target boundary.

Scope 3 GHG Category 1: Purchased Goods and Services
Purchased Goods and Services include CO_2e emissions related to all expenditures from external suppliers, excluding those from i.e., tax and VAT.

In 2019, Lundbeck established the SBTi target boundary, which excludes approximately 12% of the CO_2e emissions in this category. CO_2e emissions related to purchased services are calculated based on financial expenditures in USD, multiplied by relevant spend-based emission factors provided by the U.S. Environmentally-Extended Input-Output Models (USEEIO) database. CO_2e emissions related to purchased products are estimated based on acquired quantities, multiplied by appropriate activity-based emission factors from the

Ecoinvent database. Currently, 24% (2023: 29%) of the data in this category is based on suppliers' emission data reported directly to Lundbeck or from their CDP disclosures or sustainability reports.

Scope 3 GHG Category 4: Up-stream Transportation and Distribution
Upstream Transportation and Distribution include CO_2e emissions related to all purchased (non-owned) transport and distribution services. This encompasses inbound logistics (from tier 1 suppliers), transport between Lundbeck sites in Valby (Denmark) and Lumsås (Denmark), and outbound logistics.

A selection of Lundbeck's key logistic suppliers, provides specific emissions data for their activities related to Lundbeck and 48% (2023: 50%) of the data is based on primary data. Where this data is unavailable, emissions are calculated based on financial spending in USD, multiplied by relevant spend-based emission factors supplied by the USEEIO database. This primarily applies to locally procured logistics services. All emissions related to this category are converted and calculated as well-to-wheel greenhouse gas emissions.

Scope 3 GHG Category 6: Business Travel
Business Travel includes CO_2e emissions from the transportation of employees across the entire group for business-related travel activities. This encompasses emissions released due to employees traveling by air, road, rail, and sea, as well as emissions associated with hotel stays. The CO_2e emissions from business-related travel activities are calculated based on the distance traveled and the number of hotel stays, multiplied by relevant emissions factors provided by DEFRA 2023. Data is collected from the Travel Management Companies (TMC) and directly from subsidiaries when the data is not covered by the TMC. In instances where TMC systems provide CO_2e calculations (in line with DEFRA), those are to be used directly.

Currently, 81% (2023: 80%) of the business travel emissions are provided by TMC and subsidiaries, and the remaining 19% (2023: 20%) are extrapolated.

Biogenic emissions
Biogenic CO_2e emissions resulting from the combustion or biodegradation of biomass are disclosed separately from the scope of GHG emissions. These emissions originate from the use of bio-oil and company cars at Lundbeck. The data is collected from the company car usage and energy consumption, then multiplied by emission factors provided by DEFRA 2023.

Total GHG emissions
Total GHG emissions, expressed in tonnes of CO_2 equivalent (tCO_2e), are calculated as the sum of scope 1, scope 2, and scope 3 emissions.

GHG intensity
GHG intensity is reported as tCO_2e/annual revenue in DKK million. The annual revenue is disclosed as part of the Group's Financial Statements.

Pollution

Lundbeck is dedicated to pollution prevention, emphasizing strict compliance and proactive emission management. We actively monitor and mitigate air, water, and soil pollution while collaborating with suppliers to uphold environmental standards.

IRO name	IRO type	Value chain		
		Upstream	Own operations	Downstream
Air pollution	Actual negative impact		●	
Water pollution from pharmaceutical residues	Actual negative impact		●	●
Soil pollution	Potential negative impact	●	●	
PFAS soil pollution	Actual negative impact		●	

See further details on page 65.

Lundbeck's approach to managing Health, Safety, and Environmental concerns

Lundbeck is committed to protecting the environment and believes that a healthy planet is a precondition for good health and wellbeing.

Lundbeck's environmental work is governed by our Health, Safety, and Environment (HSE) Policy (*link*), which is supported by our HSE Strategy (*link*), Code of Conduct (*link*), and public position statements on Environmental Footprint (*link*), Climate (*link*), Water (*link*), and Biodiversity (*link*).

The HSE Policy supports our commitment to protecting the environment and creating a safe and healthy workplace where everyone can thrive and be their best. The policy underscores compliance with legislation, prevention of work-related diseases and accidents, chemical safety, promotion of circular economy principles, and minimization of emissions and waste. Being set and approved by Lundbeck's HSE Council and Executive Management, the policy applies to all of Lundbeck's own operations, from sales subsidiaries to production sites.

The operational implementation of the HSE Policy at all four production sites is guided by Lundbeck's HSE management system. This system encompasses both the HSE Policy and HSE Strategy, as well as other internally available corporate and local guidelines and procedures. The HSE management system is certified according to ISO 14001 and ISO 45001, corresponding to international standards of environmental management and occupational health and safety, respectively.

As an integral part of the HSE management system, the HSE Policy is designed in compliance with these ISO standards.

Lundbeck's HSE management system is informed by scientific knowledge and expectations from relevant external stakeholders such as the EU, national authorities, customers, investors, and industry associations. The system also requires all production sites to conduct a local stakeholder analysis to ensure that the demands and expectations of relevant internal and external stakeholders – including employees, neighbors, landowner associations, and relevant authorities – are covered. Internal audits of the sites, external audits, and regular inspections from authorities help ensure that the stakeholder expectations are considered in the implementation of Lundbeck's HSE management system.

The HSE Policy is also part of the commitments and expectations of employees and suppliers as stated in Lundbeck's Code of Conduct (see page 131). Suppliers and collaboration partners across the value chain are obliged to observe the principles set out in our Code of Conduct and adhere to local regulations and standards. In practice, this means that suppliers and collaboration partners are expected to take an active role in protecting the environment.

The HSE Policy and management system underpin our approach around Climate change (page 75), Pollution (page 86), Resource use and circular economy (page 92), as well as Health and Safety (page 103) and Mental wellbeing (page 106).

Our approach (policies)

Lundbeck's approach to the prevention and management of pollution in its own operations is part of our HSE Policy (*link*). This policy broadly addresses Lundbeck's commitments to protect the environment, comply with applicable legislation and internal guidelines, and minimize emissions, without specifically accounting for Lundbeck's pollution-related impacts, which are described on page 65. The HSE Policy broadly covers the pollutants and substances relevant to Lundbeck's operations, as further specified below.

Operationally, the work to prevent and manage pollution at Lundbeck's production sites is carried out in accordance with applicable regulations and through the processes and procedures set out within the HSE management system. The HSE Policy and management system do not apply to impacts and risks in the value chain. Lundbeck expresses its expectations to suppliers to follow the environmental principles in its Code of Conduct. Further information on the HSE Policy and management system is detailed in the box to the left.

Actions

To fulfill the commitments of Lundbeck's HSE Policy towards environmental protection and ensure strict compliance with legal requirements, Lundbeck acts in several ways to control pollution in its own operations.

Lundbeck prioritizes substituting hazardous substances in product development and production whenever feasible. This commitment is emphasized in the HSE Policy and implemented through the HSE management system.

Air pollution

Organic solvents play a key role in Lundbeck's production of pharmaceutical products. As a result of their use, these solvents end up as emissions of non-methane volatile organic compounds (NMVOC) to the air. Accordingly, the management of NMVOC is the focus of Lundbeck's efforts to control air pollution.

Additionally, many of the solvents used in our production processes are classified as substances of concern. This underscores the importance of managing air pollution through NMVOC cleaning technologies, both internally and in collaboration with external partners.

At the sites that use organic solvents (i.e., Lumsås (Denmark), Padova (Italy), and Valby (Denmark)), the measurement, prevention, and/or control of VOC emissions is conducted on an ongoing basis. Owing to their higher use of solvents, the active pharmaceutical ingredient (API) production sites in Lumsås and Padova are each equipped with a Regenerative Thermal Oxidizer (RTO), which is the best available technology for cleaning the air at the primary NMVOC emission point. Additional measurements of

diffuse emissions and calculation of total NMVOCs from labs are also conducted at both sites. The RTOs have drastically reduced NMVOC emissions at both production sites since their installations in Lumsås in 2020 and in Padova in 2004. In Valby, estimations of NMVOCs emitted into the air are calculated and monitored for all buildings used in production and R&D.

Water pollution from pharmaceutical residues

Lundbeck acknowledges stakeholder concerns about pharmaceutical residues in the environment. The potential source of pollution from APIs is twofold – it may occur as emissions from pharmaceutical production processes, as well as residues from the consumption of medicines by patients worldwide.

At Lundbeck's production sites, the HSE management system addresses the risk of pollution from API production as part of a comprehensive approach to preventing pollution. This includes minimizing spills, ensuring strict compliance with legal environmental permits, and applying appropriate cleaning technologies.

Furthermore, Lundbeck tests the environmental effects of new medicinal products and design processes with the least possible environmental impact. Based on the test results, disposal of unused medicine is evaluated. Information on the waste disposal of unused medicine is added to the product safety leaflet included in the medicine packaging. Lundbeck pursues approaches that balance healthcare needs and environmental considerations in line with EFPIA's Eco-Pharmaco-Stewardship Initiative to minimize pharmaceuticals in the environment.

Regarding pollution stemming from the consumption of pharmaceutical products by patients, Lundbeck is working to increasingly understand the impact of residues potentially resulting from the use of our products. It is our aspiration to use detailed knowledge about active pharmaceutical ingredients to minimize their environmental impact. Societal action is taken in the form of wastewater treatment. Methods for municipal wastewater or wastewater from hospitals, which are the biggest point sources for pharmaceutical residues, have been developed and will be implemented in the EU in the coming years.

Soil pollution in own operations

Lundbeck has procedures in place to address any potential spillages to the soil resulting from our production processes. Since Lundbeck's production sites in Valby, Valbonne and Padova are situated in paved urban areas, the main risk of soil pollution has been identified at the site in Lumsås, where the area is partly unpaved, and the existing infrastructure includes underground pipes. At the Lumsås site, a comprehensive procedure is in place regarding incident reporting, including information and training on incident categories, responsibilities, and collaboration with environmental authorities.

Environmental permits require periodic soil sampling at specific locations on the site every 10 years, as well as water samples every five years. In the event of soil contamination at Lumsås, an emergency plan is activated in collaboration with local authorities. Most spills are promptly resolved, but in the rare cases where complete removal is not feasible, the local environmental authority maps and communicates the contamination's existence. Historical pollution incidents from Lundbeck's production processes have prompted the implementation of the aforementioned preventative measures to control soil pollution, as well as root cause analysis of reported events to enhance Lundbeck's control and prevention process.

At the sites with low risk of soil pollution, precautionary measures are nevertheless continuously taken depending on the site conditions. Such measures include the strategic placement of absorbent materials and the inspection and testing of tanks containing solvents or oil.

PFAS pollution

Pollution from per- and polyfluoroalkyl substances (PFAS) is an issue of international concern. At Lundbeck's site in Lumsås, pollution to the soil and water has occurred from the use of PFAS-containing firefighting foam in the factory's fire extinguishing system, which was used until 2011 in compliance with applicable law and following recommendations by the fire authorities at that time. Past testing of the extinguishing system and drainage of foam from the system onto paved and unpaved surfaces is the cause of the PFAS contamination observed today.

The case of PFAS pollution is being managed in accordance with the requirements set by the authorities and in line with Lundbeck's HSE, Compliance and Sustainability Policies. Since the pollution was detected, Lundbeck has been engaged in a close dialogue with the Danish Environmental Protection Agency (EPA) regarding the mapping and remediation of the pollution. Lundbeck has also continuously engaged with neighbors and the municipality to address concerns in the local community, including facilitating communication channels for inquiries and concerns and holding informational meetings with neighbors, landowner associations, and other stakeholders over the past several years.

Based on the performed investigations of the PFAS pollution in Lumsås, two hotspots for PFAS contamination have been identified; one located where fire extinguishing foam was used, and the other hot spot close to a wastewater drain that lead the foam away from the system after a fire drill was performed.

Lundbeck has worked actively and dedicatedly with the investigations and has performed the agreed measurements and analyses required by EPA, delivering all requested reports and risk assessments and complying with the agreed requirements and schedules set by the authorities.

Mitigating actions include:

• Further sampling and delimitation of the area to clarify extent of contamination;

• Assessment of actions to reduce the risk of future spread of contamination;

• Installation of a water treatment system to clean the contaminated underground area;

Additionally, Lundbeck has proactively taken steps to reduce PFAS levels. In agreement with the authorities, Lundbeck has removed large amounts of soil in an area with elevated PFAS concentrations, remediating a significant proportion of the identified contamination in 2024.

As remediation and mitigating actions advance, our knowledge and understanding of PFAS pollution will continue to evolve, and we are committed to continuing to take further steps to reduce PFAS levels in the area.

Soil pollution in the value chain

Lundbeck acknowledges its extended producer responsibility towards the risk of soil pollution in the value chain due to the potentially inadequate management of soil pollution by chemical suppliers. This risk is not currently addressed by the HSE management system, as its focus is on Lundbeck's own operations. However, critical or material partners and suppliers are contractually required to adopt Lundbeck's Third Party Obligations, which bind them to adhere to relevant sections of Lundbeck's Code of Conduct, including that on HSE considerations, as well as to ensure that applicable HSE-related laws, regulations, guidelines, and industry standards are complied with.

To assess the suitability of engaging chemical suppliers located in countries that are deemed high-risk, Lundbeck has in place a due diligence process that includes physical audits of HSE factors, including pollution, environmental incidents, and incident management. Though this process is not part of a dedicated action plan, it is an integral component of Lundbeck's decision to engage in new contractual relationships with suppliers, including those at higher risk of polluting the soil.

Avoiding pollution-related incidents

Avoiding environmental incidents and emergency situations (i.e., to air, water or soil pollution) is a priority for Lundbeck. Ensuring that processes are in place to manage and limit the impact on people and the environment in the event an incident occurs is a staple of Lundbeck's HSE management system. The HSE management system includes site-specific emergency plans to identify potential incidents, detail appropriate actions to prevent and mitigate environmental impacts, and ensure regular testing and evaluation of emergency preparedness. In the case of incidents, the system ensures reporting, investigation, and the prevention of recurrence.

Targets

Although Lundbeck does not have specific sustainability targets established in relation to pollution management, the effectiveness of Lundbeck's HSE management system and actions regarding pollution are tracked based on the occurrence of incidents with environmental consequences. Monitoring environmental incidents is part of the operational-level due diligence process defined by the HSE system, through which the various risks and impacts related to pollution are identified, evaluated, planned, monitored, and communicated.

Lundbeck aims to have zero environmental incidents with environmental consequences each year. In the case incidents occur, the details are utilized to assess future risk, plan strategies and actions to mitigate impacts, and inform managers and employees throughout the organization. Incidents are reported to and evaluated by the HSE Council on a quarterly basis.

Lundbeck tracks environmental incidents to ensure compliance with both local environmental permits and adherence to ISO 14001 requirements. Any occurrence of soil pollution is deemed to be an environmental incident, as under applicable law, no level of soil contamination is permitted. While legal requirements allow a certain threshold of emissions to air and water per substance emitted, Lundbeck strives to keep emissions to air and water as far below the legal limits as possible.

This is achieved for all substances used in Lundbeck's production processes. In the case that soil pollution occurs or there is a breach exceeding the limits of air and water emissions, procedures addressing environmental incidents under the HSE management system are triggered.

E2-4 – Pollution of air, water, and soil

Pollution of air, water, and soil	Unit	2024
Non-methane volatile organic compounds (NMVOC)	Tonne	94

Environmental Management	Unit	2024	2023[1]
Environmental incidents	No.	4	7
Environmental incidents with impact on the environment	No.	-	-
Environmental near miss	No.	38	36

Pollution of air, water, and soil
Lundbeck reports on the annual emissions of substances that exceed the thresholds set by the European Pollutant Release and Transfer Register (E-PRTR) regulations. In 2024, non-methane volatile organic compounds (NMVOCs) at Lundbeck's production site in Padova exceeded the threshold. This reflects the inclusion of diffuse emissions in the reported data for the first time, as required by E-PRTR standards in alignment with the ESRS framework.

In Padova, chimney emissions are monitored annually through six external measurements of Total Organic Carbon (TOC) concentration and flow. The average TOC mass flow is calculated and multiplied by RTO operating hours to determine total TOC emissions, which are converted into Volatile Organic Compounds (VOC) using a solvent-specific conversion factor that varies annually. Diffuse emissions occur when volatile organic compounds are released into the atmosphere from non-point sources, such as piping systems, during the production process. These emissions are estimated annually using a mass balance approach.

Environmental Management
In 2024, environmental incidents decreased from seven in 2023 to four. During the same period, environmental near misses increased from 36 to 38. No environmental incidents with an impact on the environment were reported.

Accounting policies

Pollution of air, water, and soil
The reporting of polluting substances encompasses the annual usage in tonne where it exceeds the thresholds defined by the European Pollutant Release and Transfer Register (E-PRTR) regulation. The reporting scope includes all Lundbeck entities; however, the reported figures specifically represent production sites where the limits have been surpassed.

In 2024, the substance exceeding E-PRTR limits is non-methane volatile organic compounds (NMVOCs) at the Padova site. NMVOCs are organic chemicals, excluding methane, that readily vaporize. NMVOCs have an insignificant global warming potential and are not included in Lundbeck's scope 1 greenhouse gas emissions.

At the Padova site, NMVOC emissions are categorized into two sources: direct emissions from the chimney and diffuse emissions. Diffuse emissions are estimated using a mass balance approach, which compares the solvent input in production processes with all identified solvent outputs. Approximately 1% of emissions are directly measured at the chimney, while the remaining 99% are estimated based on prior years' proportional distribution between measured chimney emissions and diffuse emissions.

Environmental Management
Environmental incidents are recorded in the HSE data system and the number of environmental incidents refer to an unintended release to the environment.

An environmental incident refers to an event where a substance is released into the environment, resulting in environmental impacts. These incidents are assessed using an internal risk assessment methodology to determine their severity and potential consequences. Additionally, they may be reported to regulatory bodies (depending on local terms).

Environmental near miss is the number of events involving contained spills that did not release into the environment, but had the potential to escalate into an environmental incident.

1 The comparative figures for 2023 are not subject to limited assurance.

E2-5 - Substances of concern and substances of very high concern

		2024	
Substances of concern and substances of very high concern	**Unit**	**Substances of concern**	**Substances of very high concern**
Total amount of substances of concern that are generated or used during production or that are procured by main hazard class	**Tonne**	**1,858**	**35**
Human health hazard (hazard class code H3xx)	Tonne	502	35
Environmental hazard (hazard class code H4xx)	Tonne	328	-
Human health & Environmental hazard (hazard class code H3xx & H4xx)	Tonne	1,028	-
Total amount of substances leaving facilities as emissions, as products, or as part of products	**Tonne**	**118**	**2**
Amount of substances leaving facilities as emissions by main hazard class	**Tonne**	**91**	**2**
Human health hazard (hazard class code H3xx)	Tonne	24	2
Environmental hazard (hazard class code H4xx)	Tonne	16	-
Human health & Environmental hazard (hazard class code H3xx & H4xx)	Tonne	51	-
Amount of substances leaving facilities as product, or part of product by main hazard class	**Tonne**	**27**	**-**
Human health hazard (hazard class code H3xx)	Tonne	15	-
Environmental hazard (hazard class code H4xx)	Tonne	-	-
Human health & Environmental hazard (hazard class code H3xx & H4xx)	Tonne	12	-

Substances of concern and substances of very high concern

Substances of Concern (SoC) and Substances of Very High Concern (SVHC) represents the quantities of SoCs and SVHCs purchased for production processes and those leaving Lundbeck facilities as emissions or as product components. The majority of SoCs and SVHCs leave Lundbeck's facilities as emissions, including liquid waste, which are treated using either internal technologies or specialized external partners. Only about 1% of these substances that are purchased by Lundbeck exit the facilities as product components.

Lundbeck uses three substances as part of its products. **Opadry** contains titanium dioxide, which is classified as carcinogenic in its powdered form but is converted into a non-carcinogenic liquid form during tablet coating. An EU Court ruling is pending to provide further clarification on its status**. Vortioxetine** is classified as a skin sensitizer, though it does not come into direct contact with the skin due to its coating, and it has potential long-term impacts on aquatic ecosystems. **Aripiprazole** has properties that may affect fertility, pose risks to unborn children, and is suspected of being carcinogenic. Lundbeck remains committed to product safety and environmental responsibility, ensuring that all products and processes are managed responsibly.

Accounting policies

Substances of concern and substances of very high concern development

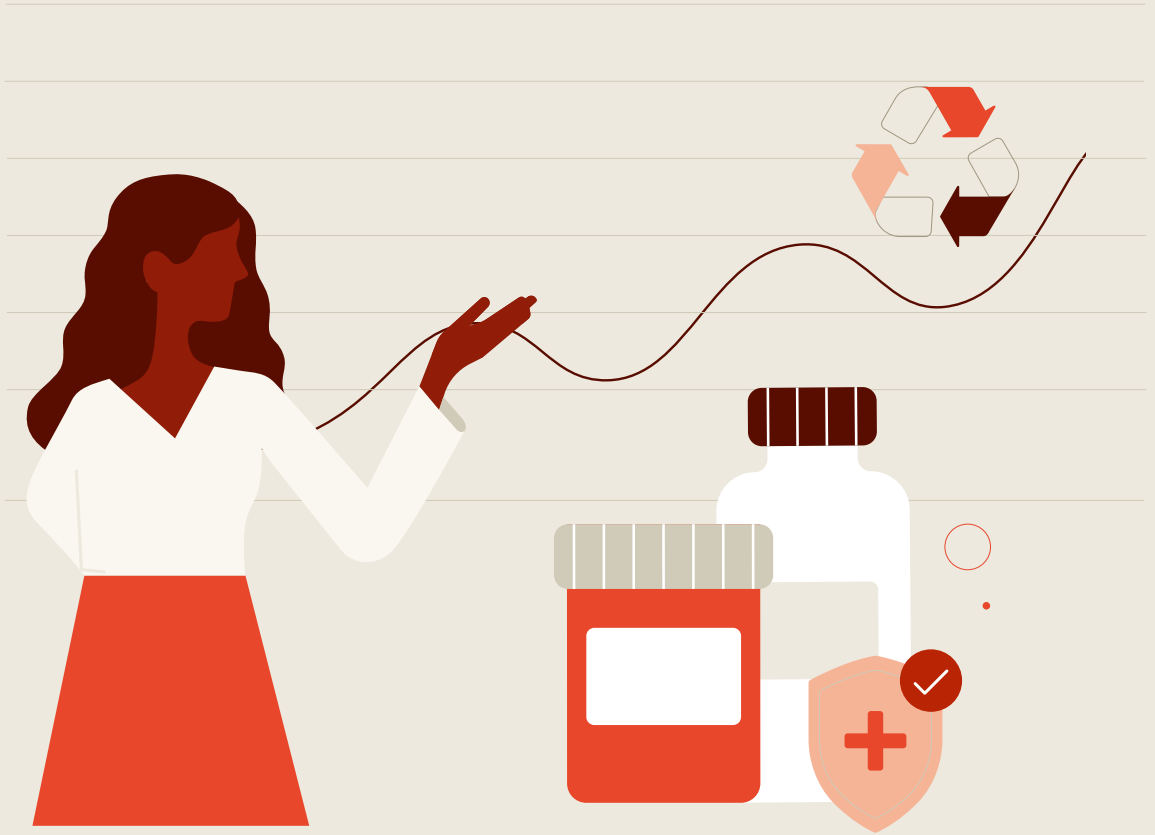
Substances of Concern (SoCs) at Lundbeck are defined based on the criteria outlined in the annex to the Commission Delegated Regulation (EU) supplementing Directive 2013/34/EU. A substance qualifies as an SoC if it meets any of the following criteria: (1) It is identified under Article 57 and Article 59(1) of Regulation (EC) No 1907/2006. (2) It falls within specified hazard classes, including carcinogenicity, reproductive toxicity, endocrine disruption, or persistent and toxic properties. (3) It negatively impacts the reuse and recycling of materials, as outlined in relevant ecodesign requirements. Substances of Very High Concern (SVHCs) are those that meet the Article 57 criteria of REACH and are identified under Article 59(1). SVHCs include carcinogenic, mutagenic, or toxic substances (CMRs) classified as category 1A or 1B, persistent bioaccumulative and toxic (PBT) substances, very persistent and very bioaccumulative (vPvB) substances, endocrine disruptors, or other substances of equivalent concern.

The scope of reporting includes all Lundbeck entities; however, the use of SoCs and SVHCs is specific to the production and R&D sites. The SoCs and SVHCs used in Lundbeck's production processes are collected from the internal chemical register, and the amounts of SoCs and SVHCs are gathered from the quantities of purchased substances recorded in SAP.

The SoCs and SVHCs used in production processes leave the company’s facilities either as emissions or as part of products. The amount of SoCs and SVHCs that leave as emissions is estimated based on the assumption that the majority of hazardous substances exit as hazardous liquid waste, which is treated by external partners using advanced filtration technologies. Consequently, a 95% reduction factor is applied to the quantities purchased (i.e., used in production processes) to estimate the amount of SoCs and SVHCs leaving Lundbeck facilities as emissions. The amount of SoCs and SVHCs that leave as products or as part of products is estimated using an input-output approach, which assumes that the quantity purchased equals the quantity exiting as part of products.

Resource use & circular economy

Lundbeck addresses the impact and risk of rising raw material costs by reducing waste and increasing the recycling of non-hazardous waste in line with the HSE Policy. Dedicated actions are also in place to recover and reuse chemicals used in production.



IRO name	IRO type	Value chain		
		Upstream	Own operations	Downstream
Waste and resource use	Actual negative impact	●	●	●
Increasing raw material costs	Financial risk	●	●	

See further details on page 65.

Our approach (policies)

Lundbeck's approach to addressing circularity and resource use within its own operations is integrated into the HSE Policy (*link*). This policy broadly addresses Lundbeck's commitments to circular principles and minimization of consumption, emissions and waste, without specifically accounting for Lundbeck's resource-related impacts and risks (see page 65).

Regarding the approach to circularity and resource use, the HSE Policy is further supported by the HSE Strategy (*link)*, Code of Conduct (*link)* and Lundbeck's Position Papers on Environmental Footprint (*link*) and Climate (*link*).

Through the HSE Policy commitments and the HSE management system, Lundbeck incorporates the use of recycled resources into its production processes wherever feasible, such as by recovering and recycling selected organic solvents used in the production of active pharmaceutical ingredients (API).

Please refer to "Lundbeck's approach to managing Health, Safety, and Environmental concerns" on page 86 for more details on the HSE Policy and HSE management system.

Although there are no dedicated policies specifically addressing the transition away from virgin resources, sustainable sourcing, or the use of renewable resources, Lundbeck has milestones towards sustainable sourcing and renewable resources, as described in our Climate Transition Plan (see page 75).

While the HSE Policy and management system are focused on Lundbeck's operations and do not include circularity-related impacts and risks in the value chain, Lundbeck expects third parties to follow the environmental principles in its Code of Conduct as described in "Lundbeck's approach to managing Health, Safety, and Environmental concerns". Additionally, during the procurement process, packaging suppliers are asked about recyclability and waste management, and they must declare that their packaging complies with relevant directives and regulations. Further, Lundbeck's on-site audits of chemical suppliers situated in high-risk areas include the assessment and monitoring of chemical materials (see page 116).

Actions

By combining continuous production techniques with recycling principles, Lundbeck aims to create a circular manufacturing model, integrating different manufacturing processes and reusing materials. This approach aligns with SDG 12 (Responsible Consumption and Production) and is part of Lundbeck's Sustainability Strategy. Lundbeck's 2030 aspirations include transitioning from the traditional linear 'take-make-dispose' manufacturing model to a more regenerative one that limits material use, waste, and CO_2 emissions, as well as expanding circular principles to key partners.

Lundbeck has several ongoing initiatives to reduce waste, reuse resources, and recycle materials, though a dedicated action plan towards circularity has yet to be developed. As the vast majority of waste from Lundbeck's production sites is in the form of chemical waste, Lundbeck has dedicated most of its circularity-related efforts so far to recovering and reusing chemicals and organic solvents at its chemical production sites in Lumsås (Denmark) and Padova (Italy). At the remaining production sites in Valby (Denmark) and Valbonne (France), most waste is defined as non-hazardous waste from packaging materials. Lundbeck has therefore implemented various initiatives to reuse and recycle such materials across its production sites.

Recovery and recycling of chemicals and organic solvents

Our R&D and manufacturing activities are largely based on chemical synthesis, which uses considerable amounts of organic solvents and energy. Lundbeck continuously evaluates and implements green chemistry principles and best available technologies when designing processes, installing technical utilities, and operating facilities.

Efforts to improve the recovery and recycling of chemicals and organic solvents are ongoing at Lundbeck's chemical sites. In 2023, Lundbeck received internal approval to establish a new Solvent Recovery Unit at the Lumsås site, thus expanding the recovery process to include three additional solvents. With the project starting in 2024 and with expected completion in 2025, this unit is expected to facilitate the additional recovery of over 600 m^3 of solvent annually. At the Padova site, recoverable solvents are sent to a third party for recovery, while at both sites, non-reusable solvents are used for energy recovery.

In 2024, these efforts resulted in the recycling of 62% of selected organic solvents used in chemical production.

Recycling of palladium
Palladium is used by Lundbeck as a catalyst in the production process for some APIs. The recycling of palladium substantially impacts CO_2e reductions, limits the use of a rare earth metal as virgin material, and reduces waste. The palladium used in one of Lundbeck's major processes is recovered and reused on an ongoing basis in Lumsås and Padova. In 2024, secondary reuse or recycled components accounted for 32% of the total resource inflow, with palladium recovery being a component of the recycled materials.

Non-hazardous waste reduction and recycling initiatives
In addition to local recycling initiatives across Lundbeck's operations, Lundbeck consistently implements recycling initiatives for materials such as plastic, paper, cardboard, glass, and food waste across its production sites.

At the Valby site, small plastic containers used for tablets are regularly recycled and new waste handling vendors are engaged to optimize plastic sorting, including the sorting and reuse of plastic drums. Similarly, the Lumsås site implemented an initiative to increase both recycling and reuse of plastic drums which has earlier been sent for incineration. Actions at Valbonne and Valby increased paper and cardboard recycling through improved sorting processes and the implementation of a new waste compactor. These efforts include separating material like carton, paper and cartons for recycling from production and warehousing operations. Additionally food waste sorting in kitchens and canteens across Valby, Lumsås, and Valbonne has boosted food waste recycling.

Despite ongoing initiatives to improve recycling efforts, Lundbeck's recycling rate for non-hazardous waste has decreased from 70% to 65%. To address this, Lundbeck will evaluate and implement additional recycling initiatives to enhance waste management practices across its operations..

Targets

Chemical recycling
To uphold its commitment towards applying circular economy principles in the production process, in alignment with UN Sustainable Development Goal 12 (Responsible Consumption and Production), Lundbeck sets a target each year regarding recycling of selected organic solvents used for the production of APIs at Lundbeck's chemical sites in Lumsås and Padova. The target is set based on expected production volume and mix for the coming year.

This approach not only addresses environmental sustainability but also economic feasibility, ensuring that only waste with a high solvent content is treated for recycling. The target is developed based on historical data and waste characteristics, and a robust calculation process is used to set the target.

However, the target is not validated by an internationally approved framework. The management at both chemical sites develops this target based on the upcoming year's production plans, incorporating estimates of expected solvent use to set a realistic yet ambitious recycling percentage target. The target is then approved by the HSE Council, as well as Executive Management, as a part of Lundbeck's Sustainability Strategy. This target supports increasing the circular material use rate and minimizing the need for primary raw materials.

For 2024, the target was to recycle 64% of selected organic solvents used in chemical production[1]. In 2024, the result was 62%. The slight deviation from the target was primarily due to a shift in production volumes between our sites. The Padova site, whose solvent recovery capacity is lower than the Lumsås site, had a higher-than-expected production output, impacting the overall recycling rate. Looking ahead, we have adjusted our 2025 target to 63%, taking into account these operational factors and our continuous commitment and efforts to optimize solvent recycling across all our production facilities.

General waste recycling
In line with our goal to continuously minimize raw material use and waste generation, Lundbeck sets an annual target for general waste recycling at all four production sites. Achieving this target involves implementing measures to separate waste, increase recycling, and promote reuse.

The general waste target is defined based on the available data collection opportunities at the sites, and it supports compliance with relevant regulations (e.g., EU Waste Directive), as well as the principles of circularity and waste reduction in Lundbeck's HSE Policy. The target is set based on an internal methodology and has not been validated by any external scientific framework. The production sites are responsible for collecting and uploading data into the HSE database and providing explanations for any observed changes. Throughout the year, Lundbeck's corporate HSE department maintains ongoing

2024 Target	Status	2025 Target	SDG
Recycle 64% of the organic solvents used in chemical production.	✕	Recycle 63% of the organic solvents used in chemical production.	12
Recycle 75% of general waste at production sites.	✕	Recycle 70% of general waste at all sites globally.	

✓ Achieved ✕ Not achieved → On track ⊖ Not on track

1 The accounting policy for the target is disclosed under the accounting policies '*Recycling of selected organic solvents in chemical (target)*'.

communication with the production sites about the status of existing waste initiatives and the potential for future ones. Based on this knowledge, a new corporate waste target is determined for the upcoming year, with approval granted from all production sites and Lundbeck's management via the HSE Council. This collaborative approach ensures that all covered sites are aligned and committed to Lundbeck's shared recycling goals. For 2024, the target was to recycle 75% of general waste. Recycling of general waste reached 71% in 2024, falling short of the 75% target for the period. The slight underperformance was primarily driven by an increase in hazardous waste, which impacted overall recycling rates. Looking forward, Lundbeck's target for 2025 is to recycle 70% of general waste. This is lower than the 2024 target because the scope is expanded to include all sites globally, including all sales offices.

Lundbeck's targets are set voluntarily and are not required by law. Lundbeck does not currently have any targets regarding the increase of circular product design or the sustainable sourcing and use of renewable resources.

E5-4 - Resource inflows

Resource inflows	Unit	2024
Overall weight of products, technical and biological materials	Tonne	15,938
Percentage of biological materials sustainably sourced	%	0
Absolute weight of secondary reused or recycled components	Tonne	5,160
Percentage of secondary reuse or recycled components	%	32

E5-5 – Resource outflows

Total waste generated in operations		2024			2023[1]		
	Unit	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Total waste generated		**8,062**	**1,536**	**9,598**	**7,360**	**1,687**	**9,047**
Diverted from disposal							
Preparation for reuse	Tonne	-	153	153	-	322	322
Recycling	Tonne	51	789	840	1.004	865	1.869
Other recovery operations	Tonne	1,057	62	1,120	-	-	-
Total waste diverted from disposal	**Tonne**	**1,108**	**1,004**	**2,112**	**1,004**	**1,187**	**2,191**
Directed to disposal							
Incineration	Tonne	6,121	381	6,502	6,356	345	6,701
Landfill	Tonne	-	151	152	-	155	155
Other disposal operations	Tonne	833	-	833	-	-	-
Total directed to disposal	**Tonne**	**6,954**	**532**	**7,486**	**6,356**	**500**	**6,856**
Non-recycled waste							
Total non-recycled waste	**Tonne**	**6,954**	**532**	**7,486**	**6,356**	**500**	**6,856**
Percentage	%	86	35		86	30	

Resource outflows	Unit	2024
Absolute weight of recyclable content in product and packaging	Tonne	1,427
Rate of recyclable content in product and packaging	%	9

Resource inflow

Total weight and share of resource inflow related to products, technical and biological materials, as well as the weight and share of secondary reused or recycled components used in Lundbeck's production activities, reflect our efforts to reduce overall material consumption and increase the use of components with a lower environmental footprint.

Lundbeck has biological materials, which consist of lactose, cellulose etc. used in bulk production as inactive carriers of the active pharmaceutical ingredient (API). It is assumed that these materials are defined as biological materials as they are used as bulk component and serve as carriers for the active ingredients. Information on the certification schemes applicable to these biological materials will be further investigated in future reporting periods. As a result, a 0% is currently reported.

The use of secondary reused or recycled components is largely driven by the recovery and recycling of solvents at the production sites. At the Lumsås site, solvents are treated on-site using advanced recycling units, while at the Padova site, treatment is managed by external suppliers.

Waste and resource outflow

Lundbeck reports on both hazardous and non-hazardous waste, focusing on waste directed and diverted from disposal, including materials sent for recovery and recycling. The hazardous waste stream includes organic, inorganic chemical substances and medicinal waste while the non-hazardous waste stream consists of paper, plastic, cardboard, metal, glass, food and biological raw materials, pallets, and electronic waste. In 2024, the total waste generated remained consistent with 2023 levels.

The resource outflow includes secondary and tertiary packaging materials, such as cartons, leaflets, and shipment boxes.

1 Comparative figures have been restated to reflect Lundbeck's updated accounting policies following the implementation of CSRD. The comparative figures for 2023 are not subject to limited assurance.

Accounting policies

Resource inflow
Resource inflow encompasses all Lundbeck entities and includes all goods purchased goods from external suppliers that fall within the GHG scope 3 boundaries for Category 1: purchased goods and services. It also includes solvents from internal recovery and palladium from third-party recycling. The materials used are assumed to be equivalent to those purchased, as they are acquired for planned production. These materials include both pharmaceutical products and packaging.

The absolute weight of secondary reused or recycled components includes solvents recovered internally at the Lumsås site and the recycled palladium content in 'Palladium $(DBA)_2$'. Internally recovered solvents at the Lumsås site are measured as the total volume of organic solvents regenerated on-site using recycling units. These volumes are converted from liters to kilograms using a standardized conversion factor.

Waste
Waste is categorized into two main types of hazardous waste and non-hazardous waste. The hazardous waste stream includes organic, inorganic chemical substances and medicinal waste, while the non-hazardous waste stream consists of paper, plastic, cardboard, metal, glass, food and biological raw materials, pallets, and electronic waste.

Waste data is collected from the production sites located in Valby, Lumsås, Padova, and Valbonne. The collected waste data is based on supplier data, weight recipes and estimations (2%) where primary data is unavailable. For the remaining entities, data is derived from estimations (3%) based on the weight of the office waste per FTE at the Valby site in the prior reporting year.

Recycling covers paper, plastic, cardboard, metal, glass, food, and biological raw materials. Other recovery operations covers primary hazardous waste from Padova. Incineration covers primary hazardous waste from the chemical production sites.

Resource outflow
The scope of reporting includes all Lundbeck entities. The absolute weight of recyclable content in products and packaging includes all purchased materials purchased for secondary and tertiary packaging from external suppliers, as defined within the GHG scope 3 boundaries for Category 1: purchased goods and services. This recyclable content includes cartons, leaflets, and shipment boxes, all of which are components of secondary and tertiary packaging.

Repairability is not applicable, as pharmaceutical products are classified as hazardous waste and are incinerated at the end of their life cycle.

The durability of Lundbeck's products is influenced by factors such as the longevity of active pharmaceutical ingredients (APIs), type of packaging, and specific market requirements.

Recycling of selected organic solvents in chemical (target)
Recycling of selected organic solvents in chemical production applies to solvents utilized at Lundbeck's chemical production sites in Lumsås and Padova. Recycling is measured as the total volume of selected organic solvents that has the potential to be recycled. Solvents include newly purchased, recycled, and scrapped solvents, with volumes converted from liters to kilograms using a standardized conversion factor. At Lumsås, solvents are treated on-site using recycling units, while at Padova, treatment is managed by external suppliers.

Reporting according to the EU Taxonomy

The EU Taxonomy regulation (EU 2020/825) is a science-based classification system designed to establish a common language to support companies and investors to identify sustainable economic activities. By doing so, the EU Taxonomy contributes to tackling greenwashing and promoting the transition towards a more sustainable economy.

In accordance with Article 8 of the EU Taxonomy, Lundbeck is required to report on the sustainability profile of its Revenue, Capital Expenditure (CAPEX), and Operating Expenditure (OPEX). This process entails the screening of Lundbeck's business activities against the potentially sustainable activities listed in the EU Taxonomy's delegated legislation to identify our eligible share of Revenue, CAPEX, and OPEX (i.e., eligibility assessment), and the evaluation of compliance with technical screening criteria (Substantial contribution & Do no significant harm) and the Minimum Safeguards (i.e., alignment assessment).

The results from the eligibility and alignment assessments are summarized in eligibility and alignment KPIs for Revenue, OPEX, and CAPEX, presented on pages 98, 99, and 100, respectively.

Eligibility assessment:
Lundbeck conducts its eligibility screening against the activities that contribute to Climate Change Mitigation (CCM), Climate Change Adaptation (CCA), Sustainable Use and Protection of Water and Marine Resources (WTR), Transition to a Circular Economy (CE), Pollution Prevention and Control (PPC), and Protection and Restoration of Biodiversity and Ecosystems (BIO). In 2024, the following were deemed eligible:

- Manufacture of medicinal products (PPC 1.2)
- Transport by motorbikes, passenger cars, and light commercial vehicles' (CCM 6.5)
- Construction of new buildings (CCM 7.1)
- Renovation of existing buildings (CCM 7.2)

Revenue
As a global pharmaceutical company, Lundbeck recognizes revenue from the sale of pharmaceuticals (Note 3, page 156). Lundbeck determines revenue eligibility based on an end-product approach by linking each product's revenue stream to our core activity 'Manufacture of medicinal products' (PPC). In 2024, this approach resulted in a 100% revenue eligibility, which is in line with 2023 results.

CAPEX
Lundbeck assesses the CAPEX eligibility by reviewing its acquisitions in the financial year (Notes 7 and 8, pages 163-167) and by linking them to eligible economic activities. In 2024, Lundbeck identified eligible projects under 'Renovation of existing buildings', 'Transport by motorbikes, passenger cars, and light commercial vehicles', 'Construction of new buildings' and 'Manufacture of medicinal products'. The first two activities are related to our renovation projects and car fleet, respectively. The latter two are associated with the construction of our In-Vivo facility (see page 135), as well as tangible assets from production and intangible IP rights from the acquisition of Longboard[1]. Due to these significant additions, our 2024 eligibility is 99%, compared to 27% in 2023.

OPEX
OPEX eligibility entails a review of the general ledger entries in our Statement of Profit or Loss (see page 147). By this approach, Lundbeck identified OPEX related to 'Renovation of existing buildings', 'Transport by motorbikes, passenger cars and light commercial vehicles', 'Construction of new buildings' and 'Manufacture of medicinal products'. In 2024, Lundbeck updated the methodology for its OPEX denominator (see footnote 1 at page 99) resulting in 6% eligibility, compared to 7% in 2023 (restated).

Alignment assessment:
Given Lundbeck's business model, the most material sustainability impact can be achieved by making a substantial contribution to pollution prevention and control (PPC 1.2). Since most of our current product ingredients portfolio is not naturally occurring, biodegradable, or mineralized (criterion 1.1) and Lundbeck cannot currently fulfill the product substitution criteria (criterion 1.2), it is impossible to claim alignment for the 'Manufacture of medicinal products' in 2024. As part of our development of new products, Lundbeck continues applying green chemistry screening processes and conducting environmental impact assessments (pages 76 & 93). Working towards the alignment of other eligible activities irrelevant to our business model is not currently a strategic priority and is subject to data limitations.

Lundbeck continues the assessment of its Minimum Safeguards to comply with CSDDD by 2027. A number of operational-level due diligence processes are in place for ensuring responsible business conduct across the value chain (see page 72).

1 In 2024, Lundbeck has acquired Longboard Pharmaceuticals as further specified in Note 2 on page 154.

Revenue

				Substantial contribution criteria						Does Not Significantly Harm criteria (DNSH)									
Economic activities (1)	**Codes (2)**	**Revenue (DKKm) (3)**	**Proportion of Revenue 2024 (%) (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of taxonomy aligned (A.1) or eligible (A.2) Revenue, 2023 (%) (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
None		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which enabling		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which transitional		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Manufacture of medicinal products	PPC 1.2	22.004	100%	N/EL	N/EL	N/EL	**EL**	N/EL	N/EL	-	-	-	-	-	-	-	100%	-	-
Revenue of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**22,004**	100%	-	-	-		-	-	-	-	-	-	-	-	-	100%	-	-
Revenue of taxonomy-eligible activities (A.1 + A.2)		**22,004**	**100%**	-	-	-		-	-	-	-	-	-	-	-	-	**100%**	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Revenue of taxonomy-non-eligible activities (B)		**0**	**0%**																
TOTAL (A + B)		**22,004**	**100%**																

PPC = Pollution prevention and control

EL = Eligible

N/EL = Not eligible

Revenue accounting policy

The share of revenue generated from taxonomy-eligible economic activities (numerator) is divided by total revenue (denominator), as reported in the Group's Statement of Profit or Loss. Total revenue includes revenue from products and other revenue, net of effects from hedging. Revenue eligibility is determined by linking each product's revenue stream to a corresponding eligible economic activity.

OPEX

				Substantial contribution criteria						Does Not Significantly Harm criteria (DNSH)									
Economic activities (1)	**Codes (2)**	**OPEX (DKKm) (3)**	**Proportion of OPEX 2024 (%) (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of taxonomy aligned (A.1) or eligible (A.2) OPEX, 2023 (%) (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
None	-	0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OPEX of environmentally sustainable activities (taxonomy-aligned) (A.1)	-	0	0%	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**
Of which enabling	-	0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which transitional	-	0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Manufacture of medicinal products	PPC 1.2	24	1%	N/EL	N/EL	N/EL	**EL**	N/EL	N/EL	-	-	-	-	-	-	-	0.4%[1]	-	-
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	201	5%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	6.1%[1]	-	-
Renovation of existing buildings	CCM 7.2	12	0%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	0.2%[1]	-	-
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**237**	**6%**														**6.7%**[1]		
OPEX of taxonomy-eligible activities (A.1 + A.2)		**237**	**6%**														**6.7%**[1]		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OPEX of taxonomy-non-eligible activities (B)		**3,587**	**94%**																
TOTAL (A + B)		**3,824**	**100%**																

OPEX accounting policy

The OPEX denominator includes direct non-capitalized costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant, and equipment (PP&E) necessary to ensure the continued and effective functioning of such assets. The denominator sets the baseline against which the proportion of taxonomy-eligible operating expenses is identified (numerator).

PPC = Pollution prevention and control

CCM = Climate change mitigation

EL = Eligible

N/EL = Not eligible

1 Comparative percentages are restated to reflect Lundbeck's updated approach to: (a) exclude cost of sales from our OPEX numerator and denominator, and (b) exclude from the numerator certain R&D operating expenses associated with clinical or pre-clinical development activities where there is uncertainty about their potential to result in regulatory approval and marketable products. The comparative figures for 2023 are not subject to limited assurance.

CAPEX

				Substantial contribution criteria						Does Not Significantly Harm criteria (DNSH)									
Economic activities (1)	**Codes (2)**	**CAPEX (DKKm) (3)**	**Proportion of CAPEX 2024 (%) (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of taxonomy aligned (A.1) or eligible (A.2) CAPEX, 2023 (%) (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
None	-	0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CAPEX of environmentally sustainable activities (taxonomy-aligned) (A.1)	-	0	0%	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**-**
Of which enabling	-	0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which transitional	-	0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Manufacture of medicinal products	PPC 1.2	16,645	98%	N/EL	N/EL	N/EL	**EL**	N/EL	N/EL	-	-	-	-	-	-	-	20%	-	-
Construction of new buildings	CCM 7.1	190	1%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Renovation of existing buildings	CCM 7.2	70	0%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	5%	-	-
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	2	0%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	2%	-	-
CAPEX of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**16,907**	**99%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**27%**	**-**	**-**
CAPEX of taxonomy-eligible activities (A.1 + A.2)		**16,907**	**99%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**27%**	**-**	**-**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CAPEX of taxonomy-non-eligible activities (B)		**111**	**1%**																
TOTAL (A + B)		**17,018**	**100%**																

PPC = Pollution prevention and control

CCM = Climate change mitigation

EL = Eligible

N/EL = Not eligible

CAPEX accounting policy

Additions to tangible and intangible assets are accounted for in the Consolidated Financial Statements under IFRS during the financial year, considered before depreciation, amortization, and any remeasurements, excluding Goodwill (included in Notes 6 and 7 in the Financial Statements). This includes all capitalized investments such as acquisitions, construction, and upgrades of assets. The denominator sets the baseline against which we identify the proportion of taxonomy-eligible investments (numerator).

1 Following the acquisition of Longboard, the intellectual property (IP) rights obtained in relation to the Phase III drug candidate Bexicaaserin (see Product rights, Note 7, page 163) were identified as being eligible under the economic activity 'Manufacture of medicinal products'. This CAPEX addition led to a significant increase in Lundbeck's CAPEX eligibility compared to 2023.

Social

In this section

Ditte, living with Schizophrenia

Own workforce

Lundbeck's greatest asset is its people. Everywhere we operate, we strive to safeguard our employees, take action on gender equality and unconscious bias, and contribute to our employees' health and wellbeing.

IRO name	IRO type	Value chain		
		Upstream	Own operations	Downstream
Health and Safety, mental wellbeing	Systemic, potential negative impact		●	
Diversity, Equity and Inclusion (DE&I)	Systemic, potential negative impact		●	
Inability to attract and retain employees	Financial risk		●	

See further details on page 66.

Health and safety

Our approach (policies)

Ensuring the health and safety of all Lundbeck employees is fundamental to building a resilient and ethical organization. Our HSE Policy *(link)* and Health and Safety Position (*link)* set out our approach towards workplace accident prevention and enable the management of health and safety risks to all employees, including groups at higher risk such as production workers and the salesforce. Lundbeck's health and safety performance is also governed by our Code of Conduct (*link*) (see page 131).

The HSE Policy specifies Lundbeck's commitment to complying with applicable health and safety legislation and internal guidelines, preventing work related accidents and ill health, as well as promoting a high level of chemical safety by substituting hazardous chemicals. Lundbeck's HSE Strategy (*link*) and Code of Conduct make reference to the UN Guiding Principles on Business and Human Rights. To date, this is not included within the HSE Policy.

The interests of Lundbeck's workforce are incorporated into the HSE Policy through the HSE Council, which is chaired by the Executive Vice President of Product Development & Supply, and includes three employees and three management representatives who define and regularly evaluate the policy. Lundbeck's Executive Management is accountable for the implementation of the policy.

The HSE Policy is available internally on Lundbeck's intranet and externally on our website www.lundbeck.com.

Lundbeck's four production sites are covered by the HSE management system as further specified in "Lundbeck's approach to managing Health, Safety, and Environmental concerns" (page 86). In the context of health and safety, this includes corporate-level action plans based on work-related diseases, accidents, near misses, and hazard observation data, new legislation, and societal trends. Lundbeck's corporate headquarters and larger research, development, and manufacturing facilities are certified in accordance with the ISO 45001 standard certification.

Actions

As a global pharmaceutical company, Lundbeck puts in place a set of key actions to ensure the health and safety of employees. Considering the risk of incidents at our production sites (i.e., Valby (Denmark), Lumsås (Denmark), Padova (Italy) and Valbonne (France)), specific actions have been taken regarding the chemical safety of our workforce across these sites. In 2024, these actions included the evaluation of more efficient processes for chemical substitution, the improvement of communication around chemical guidance, as well as the review and update of REACH registrations (Registration, Evaluation, Authorization and Restriction of Chemicals). By increasing awareness on chemical safety and promoting related trainings, Lundbeck seeks to eliminate potential chemical safety risks for employees and thereby reducing the need for any future remedy. Since the launch of these initiatives in 2024, the effectiveness is evaluated regularly with stakeholders in the line of business.

Lundbeck is continuously developing its comprehensive Industrial Hygiene Program, which includes toxicological tests, dust measurements, and the calculation of exposure limits for new active substances and biologics. Based on these measurements, Lundbeck evaluates and designs workplaces and procedures that ensure healthy and safe working conditions. Lundbeck's chemical safety experts are responsible for performing gap analyses based on applicable regulations and supplier information to identify the most suitable actions to address chemical safety risks for Lundbeck employees.

Beyond the key actions implemented for chemical safety, Lundbeck mitigates risks by systematically assessing health and safety data, working conditions and conducting risk assessments before implementing changes, such as new legislation, facilities or product development. Lundbeck also maintains numerous services and guidelines available to all employees via the intranet regarding chemical safety as well as general health and safety at work. These include resources on taking 'Brain and Body Breaks' to get energized at work; exercises to prevent aches and pains; videos on best ergonomics practices in the office, laboratories, as well as when driving.

Targets

Health and safety in the workplace is a priority at Lundbeck, and fostering a safety culture that minimizes work-related accidents and diseases is essential. To achieve this, we carry out exhaustive monitoring of the frequency, number, and severity of accidents to establish action plans and ambitious targets and facilitating preventive actions. Our HSE Policy, HSE position and management system specify our ambition towards health and safety and constitutes our framework for setting measurable targets.

Lundbeck's 2024 targets are expressed in terms of Lost Time Accident Frequency (≤ 3) and High-consequence Work-related Accidents with Absence[1] (≤ 2). These targets cover all Lundbeck employees and are not tracked against a specific baseline year.

The methodologies and assumptions used for setting Lundbeck's health and safety targets are anchored in the HSE Policy and HSE management system, which are reviewed and approved by the HSE Council on an annual basis to reflect the latest data, trends and applicable legislation.

Progress on the health and safety targets is tracked and reported quarterly to Lundbeck's HSE Council, which includes employee representatives. The HSE Council reflects the views of Lundbeck's workforce in the target setting process, and in identifying any improvements based on historical performance.

In 2024, Lundbeck's Lost Time Accident Frequency has increased to 3.2 and High-consequence Accidents also rose to 3, therefore not meeting the 2024 target. Safety culture projects have been established to mitigate accidents and ill health cases and to seek long-term sustainable solutions. These initiatives align with Lundbeck's 2030 aspirations to reduce workplace accidents and improve overall health and safety.

Continuous focus on risk assessment and root causes analysis by managers and employees helps maintain a low incidence of work-related ill health cases (one occurred in 2024).

2024 Target	Status	2025 Target	SDG
Reduce Lost Time Accident Frequency ≤ 3.	✕	Reduce Lost Time Accident Frequency ≤ 3.	
Not more than 2 High consequence Work-related Accidents with Absence.	✕	N/A	

✓Achieved ✕ Not achieved → On track ⊖ Not on track

S1-14- Health and Safety metrics

Health and Safety	Unit	2024
Percentage of own workforce covered by the Health and Safety management system	%	100
Lost Time Incident Rate (LTIR)	Incidents per million hours	3.2
Total Recordable Incident Rate (TRIR)	Incidents per million hours	13.8
Number of fatalities	No.	-
Number of work-related accidents	No.	130
Number of days lost due to work-related injuries and fatalities	No.	733

In 2024, Lundbeck had 130 work-related accidents, resulting in 733 lost days due to injuries, primarily caused by ergonomic issues, slips, trips, and falls. Thirty of the 130 work-related accidents include absences, and three of them constitute 72% of the lost days.

1 The accounting policy for the target is disclosed under the accounting policies '*High-consequence work-related accidents with absence (target)*'.

Accounting policies

Health and safety

The percentage of employees covers all Lundbeck's employees based on headcount. The employees are either covered by the health and safety management system certified according to ISO 45001, or by legal requirements. Lundbeck's ISO-certified system covers research, development, and manufacturing sites in Denmark, Italy, and France, as well as our headquarters functions. Legal requirements apply to all other Lundbeck sites.

Fatalities refer to the number of employees and other workers at Lundbeck sites who lost their lives due to work-related injuries, as recorded in the HSE data system. These incidents are included in the calculation of the Lost Time Incident Rate (LTIR) and the Total Recordable Incident Rate (TRIR).

The number of work-related accidents includes both work-related accidents with absence and without absence, as recorded in the HSE data system. A work-related accident is defined as a work-related event or exposure that occurs suddenly and results in personal physical or psychological injury. These accidents are included in the calculation of the Lost Time Incident Rate (LTIR) and the Total Recordable Incident Rate (TRIR).

The Total Recordable Incident Rate (TRIR) measures the rate of all work-related injuries, which includes work-related accidents, and fatalities per million hours divided by total hours worked. The total hours worked is calculated by estimating 225 working days per year, multiplied by 7.4 hours per day, and then multiplied by the number of employees, based on Danish working time standards.

The number of days lost due to work-related injuries includes all days lost to work-related accidents and fatalities. This calculation covers the entire period of absence, from the first full day to the last, and is based on calendar days, including non-working days.

The Lost Time Incident Rate is determined by the number of work-related accidents with absence and fatalities per one million working hours. The total hours worked is calculated by estimating 225 working days per year, multiplied by 7.4 hours per day, and then multiplied by the number of employees, based on Danish working time standards.

High-consequence work-related accidents with absence (target)

High-consequence work-related accidents with absence are defined as work-related accidents that are categorized as "Large" (work-related injury with permanent injury) or "Catastrophic" (death or disability) in the internal risk assessment. These accidents result in injuries from which the employee is not expected to fully recover within six months.

Mental wellbeing

Our approach (policies)

Safeguarding the mental and physical health of our employees is paramount to Lundbeck's success. At Lundbeck, mental wellbeing is managed through our wellbeing commitment and the HSE Policy (*link*) (see page 86), which are global in scope and thus apply to all Lundbeck employees. The wellbeing commitment recognizes the importance of employees' wellbeing as fundamental to Lundbeck remaining a workplace where everyone can thrive. One of the ways that Lundbeck embodies its commitment to psychological and mental wellbeing is through the 'Migraine-friendly workplace' certification, as awarded by the European Migraine & Headache Alliance.

At Lundbeck, the Executive Management is accountable for the implementation of the wellbeing commitment, which is presented to the Works Council and the HSE Council in order to receive comments from employee representatives or manager representatives. These bodies help incorporate the views and interests of Lundbeck's workforce into relevant policies and action plans. The Wellbeing commitment is available internally to employees via Lundbeck's intranet. To date, no reference to the UN Guiding Principles on Business and Human Right is included within the wellbeing commitment.

Actions

Lundbeck takes various actions to support the mental and physical wellbeing of employees, designed to address, prevent and monitor impacts on employee wellbeing. Recognizing the diverse needs of a global workforce, wellbeing programs are adapted for different locations.

Lead the Way Culture

As part of our new Focused Innovator Strategy, the global "Lead the Way" culture journey was introduced in 2024, with tailored initiatives to equip everyone at Lundbeck with the right tools to drive our culture change. One key ambition is to foster a supportive work environment with psychological safety, leaders who listen, and a strong feedback culture. The ambition will be measured through specific 'Our Voice' (see page 110) questions to gain an understanding of employee experiences as well as to track the progress of our cultural ambitions. By focusing on fostering a supportive work environment, Lundbeck is creating a workplace where employees can thrive both personally and professionally. Psychological safety is also promoted through stress prevention programs which are available at major sites, giving employees the tools and support they need to maintain a healthy balance in their work and personal life.

Compressed working week

Lundbeck recognizes that flexible working arrangements boost employees' wellbeing by supporting flexibility in the workplace and in their workday. In 2024, the two-year pilot for compressed working weeks continued at the Lumsås (Denmark) production facility. The pilot gives employees the option to compress their working time into fewer days, and thereby getting more full days off. According to the most recent evaluation in August 2024, productivity has not decreased, and satisfaction is high among those who are working shorter weeks. For office-based employees, Lundbeck's Flexible Workplace, Flexible Workday, and Reduced Hours Policies apply, with local management deciding how to shape the best work environment in each area.

Brain break rooms

In 2024, seven dedicated 'brain break rooms' have been established as spaces for personal silence at our headquarters in Valby (Denmark). These rooms are designed to be a refuge for employees from the stressors and distractions of a busy environment, and can be used for mental breaks, as well as for spiritual and religious practices. Similar initiatives are implemented at our sites in the US and Poland. Due to the recent implementation, Lundbeck has not yet put in place a formal process for tracking the effectiveness of the 'brain break rooms'.

Targets

Currently, the wellbeing of our employees is monitored through our internal 'Our Voice' survey (see page 110), in which employees can assess several wellbeing-related statements, including *'Employee health and wellbeing is a priority at Lundbeck'*, *'Lundbeck provides me with information and support to manage my health and wellbeing'*, and *'My manager shows that employee wellbeing is important'*. By monitoring the evolution of the score to these statements (i.e., from 0 to 10), Lundbeck aspires to improve employees' wellbeing and their awareness of the available support. The results are shared with employees

internally, discussed in teams with the relevant manager, and action plans are put in place. All employees are also appraised annually and have the opportunity to discuss individual training needs and career aspirations with their immediate manager. The policies, actions, and targets specified above ensure that Lundbeck does not cause or contribute to material negative impacts on own workforce.

Diversity, Equity & Inclusion

Our approach (policies)

Since 2009, Lundbeck has been a signatory to the UN Global Compact and has been acting in support of SDG 5 (Gender Equality) and 10 (Reduced Inequalities). These commitments are steered by Lundbeck's Diversity Equity & Inclusion (DE&I) Policy (*link*), which guides the actions that the organization takes to foster a diverse, equitable and inclusive culture, as well as to ensure that key people and business processes are inclusive by design. Accordingly, our DE&I Policy demonstrates Lundbeck's commitment to tackling discrimination and to enhancing equal opportunities.

The DE&I Policy is global in scope and applies to members of the Board of Directors, Executive Management and all other Lundbeck employees. It is developed by Lundbeck's Global DE&I Office, endorsed by the Executive Management and approved by the Board of Directors. The policy is designed to consider the interests of Lundbeck's own workforce, as a diverse and inclusive workplace is beneficial for all employees and for Lundbeck as an organization.

At Lundbeck, discrimination is not tolerated in any form. Due to its broad scope, the policy does not individually mention specific grounds for discrimination, nor does it include a reference to the UN Guiding Principles on Business and Human Rights. The DE&I Policy is available on Lundbeck's intranet for internal stakeholders and at www.lundbeck.com for external stakeholders.

Advancing DE&I

Lundbeck works to embed the tenets of the DE&I Policy by promoting an inclusive mindset across the organization and continuously improving our people processes and policies. Lundbeck continues to work on mitigating unconscious biases in its people processes and ensuring that all employees complete training on how to recognize and mitigate unconscious bias. Lundbeck also trains all employees on cultural awareness, which works towards advancing cultural intelligence and promoting effective collaboration. Lundbeck recognizes gender equality as another important aspect of DE&I. To foster gender equality, Lundbeck has developed targets on gender balance – see the DE&I targets on page 109 for more detail.

Lundbeck's Neurodiverse Workplace Commitment

Lundbeck is committed to creating a supportive work environment for all employees, including those with different cognitive profiles and those who experience changes in brain health during their employment. If an employee ever experiences a change in their brain health that affects their current role, Lundbeck will explore ways to adapt working conditions to better suit the employee, provide training to improve managers' ability to support them, and continuously raise awareness on the topic across the organization.

Actions

To achieve our DE&I Policy objectives, Lundbeck has put in place a number of actions to promote DE&I and reduce bias.

DE&I Academy

In 2024, Lundbeck launched an interactive online platform named the DE&I Academy. The intended outcome of the DE&I Academy is to educate Lundbeck's workforce on the importance of diversity, equity, and inclusion, and increase awareness and thereby lowering the likelihood of DE&I related incidents. The platform is available and promoted to all employees on Lundbeck's intranet and encompasses a combination of e-learnings, TED talks, articles, and podcasts, covering key DE&I topics such as unconscious bias, cultural awareness and psychological safety.

A formal process for tracking the effectiveness of this initiative is yet to be established, as its focus is on awareness and prevention. The DE&I Academy does not serve as one of Lundbeck's current channels for investigating incidents and providing appropriate remedy.

Actions to effectively promote DE&I across the organization are evaluated by Lundbeck's Global DE&I office. Since discrimination and inequity are rooted in disinformation and prejudice, increasing awareness across employees was prioritized in 2024 to support their learning on how to become more inclusive in one's everyday life. Further, some Lundbeck subsidiaries have additional initiatives to promote DE&I according to local needs.

Reducing bias initiative

One practical way through which Lundbeck works to avoid discrimination is by continuously reviewing its people and recruitment processes. Since 2022, Lundbeck has been running an anti-discrimination initiative in Denmark and Poland, with the aim of reducing unconscious bias in recruitment processes. The 'Reducing Bias Initiative' entails a set of bias-mitigating measures, including the deployment of third-party technologies for the identification and elimination of biases in the pre-interview stage, and the use of objective recruitment criteria in the selection of potential candidates. This initiative was designed by Lundbeck's People & Culture department based on research and engagement with relevant stakeholders and experts concluding that the recruitment process is a critical area to be addressed to tackle unconscious bias. By working on identifying unconscious bias, Lundbeck seeks to prevent and remedy incidents of discrimination, thereby attracting a diverse pool of talent. Since its implementation, the effectiveness of the recruitment process in general has been tracked, with limited data on the diversity of applicants.

The DE&I actions described above are designed to address and monitor Lundbeck's material impacts and risks related to our own workforce.

Targets

Lundbeck currently tracks progress on DE&I through its gender balance targets, linked to its long-established aim to maintain an overall equal gender split for all people managers globally.

Lundbeck has, since 2021, had a voluntary sustainability target to increase the share of the underrepresented gender (currently women) year on year across senior management[1]. In 2024 the number of women in senior management positions was 35% as of year-end compared to 36% women in 2023, corresponding to a 1% decrease and thus not meeting the target. The development is due to changes in the Executive Management and their direct reports. The 2024 gender balance for senior managers is, however, higher than when the monitoring of this voluntary target began in 2020, at which time the gender split was 32% women and 68% men. The voluntary target for senior management is being retired as a sustainability target as of 2025, but will still be part of the internal performance management reporting.

Going forward, gender targets will reflect the requirements of the new Danish Gender Balance Act coming into force in 2025. For management, the target scope is upper management in accordance with the accounting policy. In 2024, the share of women in upper management was 43%, up from 38% in 2023.

In 2025, the target is to maintain an even gender balance in upper management closest to 40% but not exceeding 49% of the underrepresented gender. Similar targets apply to Lundbeck's Board of Directors to achieve equal gender distribution among all members, comprising those elected by the General Assembly and those elected by employees, see page 112.

Lundbeck's global gender balance targets are proposed by the global DE&I office, endorsed by the Executive Management, and approved by Lundbeck's Board of Directors. Targets on DE&I are revisited annually by the Executive Management in connection with its goal-setting process.

Lundbeck engages its workforce on DE&I matters through its employee engagement survey - 'Our Voice' (see page 110). The survey provides global insights, enabling Lundbeck to monitor results and define areas of focus based on opportunities for improvement. The setting and tracking of the gender balance targets is based on applicable regulations. Progress on target is tracked and reported quarterly to Executive Management and results are available to managers, as well as across all levels, to monitor progress and identify areas of opportunity.

2024 Target	Status	2025 Target	SDG
Increase in share of underrepresented gender at senior management level year on year.	✕	Maintain an even gender balance in upper management closest to 40% but not exceeding 49%.	
N/A	N/A	Reach an overall inclusion score of 8.5[2] in the annual employee satisfaction survey (ESS).	

✓ Achieved ✕ Not achieved → On track ⊖ Not on track

1 The accounting policy for the target is disclosed under the accounting policies 'Gender balance Senior management (target)'. **2**. Top quartile Peakon benchmark.

Engaging with our workforce

Lundbeck utilizes an employee engagement survey called 'Our Voice' to enable ongoing focus on engagement and act on what matters most to our people. This survey is run through a partnership with an external provider and is used to collect feedback from employees and ensure ongoing dialogue across the organization. Once answers are received, employee responses and engagement are anonymized. The survey includes questions covering engagement and relevant strategic themes, such as diversity and inclusion, wellbeing, and transformation and change. A full survey is released in the first half of each year, followed by a shorter survey in the second half. Surveys are shared with all employees globally, except for contingent workers and employees who recently joined or are soon leaving Lundbeck. The overall results of the full survey are presented to employees by the Executive Vice President of People & Culture (P&C) and are published on Lundbeck's intranet. Based on the survey results, the Executive Management defines the overall focus areas for Lundbeck moving forward.

Our Voice aims to gain an understanding of the perspectives of people at Lundbeck, including those particularly vulnerable to negative impacts.

For instance, Lundbeck employees are asked to rate their level of satisfaction with *'Lundbeck's efforts to support diversity and inclusion (e.g., gender, ethnicity, disability, and socio-economic status)'* and to express the extent to which they feel that *'everyone is treated with respect at Lundbeck'*. Both 'Our Voice' surveys conclude with an open text question, inviting employees to share any additional thoughts or concerns through the survey. This ultimately enables employees to voice their perspectives and most importantly to be heard.

The 'Our Voice' process is structured to promote the value of insights, dialogue, and action planning in teams across Lundbeck. To ensure employee participation, upcoming surveys are communicated to employees. All managers are expected to ensure continuous dialogue and follow up on action planning within their teams. The approach for this is guided by Global Manager training and the ongoing development of learning and development material. Employees contribute to and act on the priorities determined for their teams, and the survey participation rate is tracked and communicated both at the team level and the global level.

In addition to 'Our Voice', Lundbeck maintains multiple channels and formal internal processes for employees to voice their opinions and concerns. These include immediate managers, work councils, trade union representatives, as well as local People & Culture and Employee Relations. These channels are made easily accessible to all employees on Lundbeck's intranet.

Remediation and channels to raise concern

All employees are encouraged to report incidents and raise complaints either directly to their managers, Employee Relations, local People & Culture, the ombudsmen, or through Lundbeck's Compliance Hotline (*link*) (see page 133). The hotline is a secure system hosted by a third party and is available internally through our intranet and externally on Lundbeck's website.

When an issue is raised through one of these channels, it is assessed and, if necessary, investigated to conclude whether the claim is substantiated or not, and to take appropriate actions. The outcome is communicated to relevant stakeholders. Many considerations go into each report, to ensure an effective, safe, and discrete handling of incidents for employees. Accordingly, the type of remedy provided and the process for monitoring its effectiveness can vary depending on the specific circumstances of each case.

Additional grievance mechanisms are available to Lundbeck employees in order to raise and address any concerns. These include trade union representatives, the European Works Council, and the local Works Councils, all of which are made available on Lundbeck's intranet. As further specified in section Prevention and Detection of Ethical Concerns (see page 133), Lundbeck ensures the protection and anonymity of all employees who make use of any of the aforementioned channels.

S1-6- Characteristics of the undertaking’s employees

All people in Lundbeck's own workforce who could materially be impacted are included in the scope of the disclosures.

Employee headcount by gender	Unit	2024
Male	Headcount	2,517
Female	Headcount	3,143
Other	Headcount	-
Not reported	Headcount	-
Total employees	**Headcount**	**5,660**

Headcount by contract type and gender		2024		
Contract type	**Unit**	**Female**	**Male**	**Total**
Permanent employees	Headcount	2,991	2,452	5,443
Temporary employees	Headcount	152	65	217
Non-guaranteed hours employees	Headcount	0	0	0
Total employees	**Headcount**	**3,143**	**2,517**	**5,660**

Employee headcount by country	Unit	2024
Denmark	Headcount	2,052
United States	Headcount	990
France	Headcount	301
Poland	Headcount	285
China	Headcount	268
Italy	Headcount	262
Spain	Headcount	154
Canada	Headcount	114
Mexico	Headcount	99
Brazil	Headcount	98
Japan	Headcount	94
Russia	Headcount	77
South Korea	Headcount	69
Germany	Headcount	62
Singapore	Headcount	61
Greece	Headcount	53
Other countries	Headcount	621
Total employees	**Headcount**	**5,660**

Employee turnover	Unit	2024
Employee turnover ratio	%	14.4
Employee turnover	Headcount	796

Characteristics of the undertaking’s employees

As of 2024, Lundbeck’s workforce includes 2,517 male and 3,143 female employees. Headcount is distributed across several countries, highlighting Lundbeck’s global presence and local impact. In terms of contract types, the majority of employees hold permanent contracts, with 2,991 females and 2,452 males in this category. Temporary contracts account for a smaller proportion of the workforce, with 65 males and 152 females.

Lundbeck’s employee turnover rate stands at 14.4%, which is continuously monitored to support workforce stability and engagement.

S1-9- Diversity metrics

Gender distribution at top management	Unit	2024	2023[1]
Board of Directors			
Total number	**Headcount**	**11**	**12**
Number of female:male for the General Assembly-elected members	Headcount	2:5	2:6
Number of female:male for the employee-elected members	Headcount	2:2	2:2
Share of female for all Board of Directors	**%**	**36**	**33**
Share of female for the General Assembly-elected members	%	29	25
Share of female for the employee-elected members	%	50	50
Upper Management			
Total number	**Headcount**	**67**	**55**
Number of female:male	Headcount	29:38	21:34
Share of female	%	43	38

Age distribution	Unit	2024
Under 30 years old	%	10
30-50 years old	%	56
Over 50 years old	%	34

Gender distribution and age distribution

At the end of 2024, Lundbeck's Board of Directors comprised 11 members. Among the General Assembly-elected members, two were female, and five were male, while the employee-elected members included two females and two males. This reflects a slight change from 2023, when the board had 12 members, including two female and six male General Assembly-elected members, with the same gender distribution among employee-elected members.

In upper management, female representation continued to grow. By the end of 2024, Lundbeck had 67 upper management members, 43% of whom were female, up from 38% in 2023.

In terms of age distribution across the Lundbeck workforce, 10% of members were under 30 years old, 56% were between 30 and 50 years old, and 34% were over 50 years old.

S1-16- Remuneration metrics (pay gap and total remuneration)

Gender pay gap	Unit	2024
Gender pay gap, unadjusted	%	8.7
Gender pay gap, adjusted	%	0.5

At the end of 2024, an analysis of our remuneration practices indicated a small gender pay gap. While the gap is minor, we remain committed to addressing this issue. We believe even slight disparities are unacceptable and will continue to prioritize efforts to eliminate them. This commitment reflects our dedication to fostering equity and inclusion, ensuring that all employees feel valued and fairly compensated for their contributions.

CEO pay ratio	Unit	2024
CEO pay ratio	Times	40.7

Changes in our methodology for calculating the CEO pay ratio have prompted a review of our remuneration data models. We will actively refine these models to validate the current ratio, ensuring our compensation practices align with industry standards and demonstrate fairness and transparency for all stakeholders.

1 Comparative figures have been restated to reflect Lundbeck's updated accounting policies following the implementation of CSRD. The comparative figures for 2023 are not subject to limited assurance.

S1-17- Incidents, complaints and severe human rights impacts

Incidents & Complaints	Unit	2024
Number of cases reported through the channels for own workforce	No.	14
Number of complaints filed to National Contact Points for OECD Multinational Enterprises	No.	-
Number of discrimination cases reported	No.	14
Number of substantiated discrimination cases	No.	9
Amount of fines, penalties, and compensation	DKKm	-

In 2024, 14 discrimination cases were reported, of which 9 were substantiated.

Accounting policies

Employee headcount, gender, age, country, and turnover
Employee data is recognized based on records from the Group's HR system. The total number of employees, including permanent and temporary employees, is expressed on a headcount basis as of year-end.

The employee turnover rate is calculated as the number of permanent employees who have left the company within the reporting year divided by the total average number of permanent employees during the reporting year. All numbers are given on a headcount basis.

Please refer to the Note 4 (Employee cost) in the Group Financial Statements for the most representative number in the Financial Statements.

Age distribution
The age distribution is calculated by determining the number of employees within each age group and expressing this as a proportion of the total number of employees. All numbers are given on a headcount basis as of year-end.

Gender distribution at top management
The total number of the underrepresented gender (female) elected by the General Assembly and the employee-elected members is divided by the total number of members on the Board of Directors for H. Lundbeck A/S.

Upper management includes the Executive Management or the employees at the same level as Executive Management (e.g., the CEO, EVPs), as well as employees who report to Executive Management and have people management responsibilities.

Top management includes the Board of Directors and upper management. Gender for the top management gender balance is categorized as female or male, and gender balance is reported as the share of the underrepresented gender in the total.

Gender pay gap – unadjusted
The gender pay gap is calculated as the percentage difference in average base pay (in DKK) between male and female employees, relative to the average annual pay of male employees. Annual base pay levels are used in this calculation due to limited data availability for hourly pay levels. Lundbeck is committed to enhancing data quality on this topic in future reporting periods.

Gender pay gap – adjusted
The gender pay gap is determined by analyzing the average annual base salary (in DKK) for male and female employees, by pay grade and country. The pay gaps are aggregated to a country level and weighted based on the number of Lundbeck's employees in each respective country. Certain pay grades in countries where a pay gap cannot be computed due to only one of the two genders being represented on the specific pay grade are excluded from the consolidated population. The country-specific pay gaps are aggregated to a global average and divided by the total number of Lundbeck's employees to determine the overall average gender pay gap. Annual pay levels are used in this calculation due to limited data availability for hourly pay levels. Lundbeck is committed to enhancing data quality on this topic in future reporting periods.

CEO pay ratio
The CEO pay ratio is calculated by dividing the CEO's annual total remuneration, as reported in the Remuneration Report, by the total remuneration of the median employee for the Group. Remuneration includes salary, bonuses (STI and LTI), allowances, pension, and all one-time payments made during the year.

The median employee is identified based on base salary, after which their total remuneration is used to calculate the CEO pay ratio. Lundbeck is committed to enhancing data quality on this topic in future reporting periods.

Incidents & Complaints
The number of cases reported through the channels for own workforce, is the total number of complaints reports filed through the channels to raise a concern.

Cases related to discrimination include all reported and investigated cases within the reporting year. These cases encompass discrimination based on gender, racial or ethnic origin, nationality, religion or belief, disability, age, sexual orientation, or other relevant forms of discrimination. Incidents of discrimination also include incidents of harassment as a specific form of discrimination. Discrimination concerns can be raised through various channels such as directly to their managers, to Employee Relations, to local People & Culture, to the ombudsmen or through Lundbeck's Compliance Hotline.

Gender balance Senior management (target)
Gender balance for senior management includes all Executive Vice Presidents, Senior Vice Presidents, and Vice Presidents. Gender balance is assigned as female or male, and gender balance is reported as the share of the underrepresented gender of the total.

Workers in the value chain

Lundbeck works with its suppliers to foster sustainable, safe, and respectful work environments for everyone contributing to our global value chain.

IRO name	IRO type	Value Chain		
		Upstream	Own Operations	Downstream
Human rights and Health and Safety	Systemic, potential negative impact	•		•

See further details on page 66.

Our approach (policies)

As a global company, Lundbeck recognizes its responsibility to contribute to the safety and wellbeing of workers across its value chain. As part of our due diligence processes, Lundbeck has several operational documents in place which set out our commitments to safeguard human and labor rights, including the Human Rights Statement (*link*), Code of Conduct (*link)* and Third-Party Obligations (*link)*.

Through these documents, Lundbeck's suppliers are contractually obliged to adhere to local and internationally recognized labor rights and sustainability standards such as the UN Global Compact and the Sustainable Development Goals. In addition, third-party intermediaries must contractually acknowledge and adhere to Lundbeck's Code of Conduct and Third-Party Obligations, which explicitly emphasize a commitment to respecting human and labor rights.

Processes for engaging with value chain workers

The perspectives of value chain workers inform Lundbeck's decisions, activities, and the development of policies. Insights are gained by internal subject matter experts, as informed by current research on working conditions in the chemical and pharmaceutical industry, as well as the cases addressed by the Compliance Hotline and the Health, Safety and Environment (HSE) supplier audits.

The HSE supplier audits are undertaken on suppliers based on a risk approach and cover both human rights and health and safety topics. Since our value-chain workers in the chemicals industry are considered more likely to be vulnerable to negative impacts, Lundbeck conducts on-site audits of all chemical suppliers in high-risk countries. During these audits, workers can be interviewed, and their feedback is used to develop corrective action plans and follow-up audits. Audits are implemented prior to approving a high-risk supplier and are a part of Lundbeck's standard audit processes. The HSE department is responsible for implementing Lundbeck's HSE Policy (*link*), ensuring that on-site audits are undertaken and that ongoing monitoring is performed.

Chemical suppliers in low-risk countries are audited by the Quality department, which raises any issues regarding working conditions to the HSE department for follow-up.

Human Rights Statement

Lundbeck's commitment to respecting human and labor rights across our global value chain is set out in our Human Rights Statement, which applies to all Lundbeck operations and value chain activities. Through this statement, Lundbeck adheres to the Universal Declaration of Human Rights (UNDHR), the International Covenant on Civil and Political Rights (ICCPR) and its second optional protocol, the International Covenant on Economic, Social and Cultural Rights (ICESCR), other core international human rights instruments defined by the Office of the High Commissioner for Human Rights (OHCHR), as well as fundamental ILO conventions. The accountability for the implementation of Lundbeck's Human Rights Statement lies with the Corporate Sustainability department, which reports directly to Lundbeck's General Counsel. Our framework for respecting human rights is based on the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the UN Global Compact Principles, and our commitment to specific Sustainable Development Goals (SDGs) and their targets. By visiting Lundbeck's website, external stakeholders can access our Human Rights Statement and report concerns confidentially via the Compliance Hotline (*link*). Further, Lundbeck conducts due diligence procedures to identify and address potential human rights impacts.

Third-party obligations

All third parties interacting with Lundbeck must adhere to the UN Global Compact principles and those outlined in our Code of Conduct. In addition, third parties must live up to Lundbeck's Third-Party Obligations, which complement the scope and implementation of our Code of Conduct. The obligations entail that Lundbeck's third parties must ensure compliance with applicable national and international laws relating to human and labor rights. Specifically, third parties must uphold the abolition of child labor; maintain health, safety, and environment procedures to ensure compliance with applicable laws, regulations, guidelines, and industry standards; and provide employees the right to rest, a minimum income to meet their needs, protection against coercion and degrading treatment or discrimination, and the right to freedom of association.

While the obligations do not specifically refer to human trafficking, they support the principle that these practices should be eliminated. In addition, although workers in the value chain were not directly engaged when drafting these obligations, the policy is created to safeguard their best interests and is based on internationally recognized frameworks such as the OECD Guidelines for Multinational Companies.

Code of Conduct

Lundbeck considers a safe and compliant working environment to be fundamental for all workplaces. Our commitment towards workers' safety and wellbeing across the value chain is covered by our Code of Conduct as further specified on page 131.

Remediation and channels to raise concern
Our approach for addressing concerns and grievances within our value chain is grounded in the principles set out by our Code of Conduct. These enable remediation to any raised concerns in a way that is proportionate to the severity of the issue.

At Lundbeck, we are dedicated to continuously enhancing our processes to ensure appropriate remediation for affected stakeholders in instances where we recognize that our actions have caused or contributed to negative impacts.

Lundbeck's Compliance Hotline is externally available and thereby accessible to all value-chain workers, enabling them to raise concerns, which will be thoroughly investigated and addressed. The effectiveness of Lundbeck's engagement with value-chain workers is assessed and tracked via the Compliance Hotline and the HSE audits (see pages 116 & 133).

Global Compliance periodically reports an anonymized summary of global reported claims of potential misconduct to the Audit Committee and the Global Compliance Committee. Investigation conclusions and recommendations may be shared with the Audit Committee, Global Compliance Committee, and/or Executive Management for endorsement or further action. While Global Compliance is responsible for the investigation of potential misconduct, management is responsible for securing remediation or disciplinary actions.

Actions and targets

The HSE audits and Compliance Hotline are processes undertaken by Lundbeck as part of our standard way of working. For this reason, in 2024 no key actions were undertaken, or targets set regarding value-chain workers' health and safety or human rights. With the ambition to uphold the commitments outlined in Lundbeck's policies, the audit results are tracked and any ongoing issues are closely monitored and followed up on.

The cases reported through the Compliance Hotline are addressed following a strict procedure for investigations and tracking the occurrence of reports (see page 136). These processes are carried out as part of the normal work at Lundbeck's departments. Lundbeck also maintains a procurement and third-party intermediary due diligence system, with the aim of limiting impact on suppliers and their workforce. For more information, see Responsible Sourcing on page 134.

Consumers and end-users

Lundbeck works day in and day out to ensure availability of neurological and psychiatric treatments.

IRO name	IRO type	Value chain		
		Upstream	Own operations	Downstream
Innovation in treatment	Potential positive impact		●	
Patient voice	Potential positive impact		●	
Access to health				
- Inequality in access to health	Systemic, potential negative impact		●	●
- Risk of pricing, reimbursement and access	Financial risk		●	●
Product safety and quality				
- Product safety and quality	Systemic, potential negative impact		●	
- Risk of failure of pharmacovigilance	Financial risk		●	
Responsible and ethical marketing	Systemic, potential negative impact		●	●

See further details on page 66.

Innovation in treatment

Our approach (policies)

In Lundbeck, we recognize that innovation is the lifeblood of our business model and essential to our ability to deliver on our purpose of improving the lives of patients with brain diseases. Innovation in treatment is Lundbeck's most valuable contribution to society and sustainable development. We are committed to driving focused innovation and curiously exploring new breakthrough treatments within neuroscience. This commitment is reflected in our business strategy, our investment in research and development (R&D), and our approach to collaborating with external partners.

Lundbeck's global Focused Innovator Strategy, launched in 2024, is a cornerstone of our commitment to accelerating the development of new treatments for brain diseases. The Focused Innovator Strategy combines internal and external innovation elements to provide the business with the necessary tools to focus, scale and accelerate its R&D pipeline. Some key elements of this innovation approach encompass, for instance:

- Patient-centricity: We prioritize the needs of patients, ensuring that our research and development efforts are focused on areas where we can make the most significant difference.
- Scientific excellence: We are committed to conducting rigorous scientific research, employing cutting-edge technologies, and collaborating with leading researchers in the field of neuroscience.
- Focus on brain diseases: We concentrate our efforts on developing innovative therapies for brain diseases, an area of significant unmet medical need.

The strategy was unveiled by the CEO, who is accountable for its implementation, and it is available internally via the intranet and has been communicated externally.

Another critical innovation driver is the utilization of new technologies to explore novel treatment options for certain brain diseases and develop innovative drug modalities. This approach accelerates R&D processes and offers opportunities for early risk mitigation. For this, Lundbeck engages in important strategic partnerships with other companies to accelerate research and therapeutic innovation for neurological diseases. In this sense, Lundbeck explores opportunities to strategically combine internal initiatives, and projects and resources with external opportunities to complement and create a strong pipeline. Those actions comprise, for instance, external academic collaborations and industry partnerships intrinsic to success and other opportunities such as acquisitions.
Furthermore, Lundbeck announced a capital allocation program in 2024 to ensure the resources needed to implement the Focused Innovator Strategy and build a robust mid-to-long-term pipeline.

Actions

Innovation can take many forms, but the outcome is always focused on how Lundbeck can improve the lives of patients and explore unmet medical needs. Based on the approach for our innovation in treatment, Lundbeck has taken the following actions to enhance innovation in its R&D pipeline and explore unmet medical needs:

Strategic acquisitions to complement internal innovation
In December 2024, Lundbeck announced the acquisition of Longboard, a pharmaceutical company responsible for the discovery for bexicaserin.

Bexicaserin has the potential to be a best-in-class treatment for seizures associated with Dravet syndrome and Lennox-Gastaut syndrome, and a first-in-class option for other Developmental and Epileptic Encephalopathies (DEE). This addresses a critical unmet need for patients suffering from rare and severe epilepsies, for which there are very few, good treatment options available.

This action aligns with our ambition to deliver breakthrough treatments and reinforces our leadership in a high-potential area, driving long-term growth and advancing solutions for patients who need them most.

Addressing unmet needs
Lundbeck is committed to addressing significant unmet medical needs across various severe debilitating brain diseases by expanding its innovation pipeline and enhancing treatment opportunities.

Our pipeline progress presented on page 28 reflects our initiatives and projects in our R&D pipeline. We are successfully progressing our pipeline through a rigorous development process defining how we play

when we let the biology, the molecule and the patient speak.

In November, Lundbeck initiated a phase III trial with amlenetug for the treatment of Multiple System Atrophy. MSA is a seriously debilitating disease with no available treatment options and amlenetug has the potential to be the first disease-modifying therapy with an option to slow clinical progression for people with MSA addressing a critical unmet need.

In March, a clinical phase IIb dose-finding trial was initiated with Lu AG09222. Lu AG09222 has the potential to become first-in-class therapy for migraine prevention. Migraine is a complex and incapacitating neurological disease that imposes both a social and financial burden, affecting around 135 million people in the G7 countries plus China. Repeated migraine attacks, and often the constant fear of the next one, damage family life, social life, and work life.

Lighthouse Life Science

Another way Lundbeck is innovating is through public-private partnerships. Continuing in 2024, Lundbeck has been steering the public-private partnership Lighthouse Life Science, which aims to ensure better health and more equity in health, while strengthening economic growth. During Lundbeck's lead from 2023-2025, the partnership focus in the partnership is on mental health. The Lighthouse aims to support the national 10-year psychiatry plan set by the Danish Government, with particular emphasis on following three priority areas: children and adolescents with mental health challenges, enhanced treatment for severe mental disorders, and anti-stigma information campaigns. To ensure the effectiveness of the projects developed within the Lighthouse, evidence-based metrics are implemented to assess patient outcomes, with data systematically collected throughout all project phases. Addressing mental health challenges require a strong collaborative effort across public and private stakeholders. Innovative solutions are essential to support individuals facing psychological challenges and to strengthen overall mental health across society.

Strategic partnership to leverage AI for drug discovery

In 2024, Lundbeck entered a strategic partnership with Iambic Therapeutics to leverage AI-driven drug discovery for neurological diseases, specifically targeting unmet needs such as migraine. By integrating Iambic's advanced AI platform, including NeuralPLexer for protein-ligand structure prediction, this collaboration enhances the speed and efficiency of identifying novel therapeutic candidates. The partnership reflects Lundbeck's commitment to innovation and the use of cutting-edge technologies to accelerate the development of transformative treatments, addressing complex brain health challenges and delivering solutions for patients with critical unmet medical needs.

Reallocation of resources to support innovation

Lundbeck's new 2024 capital allocation program plays a pivotal role in driving sustainable innovation by ensuring strategic investments in our R&D pipeline. This disciplined approach enables us to prioritize high-impact neuroscience projects, advance breakthrough therapies, and address critical unmet medical needs. By allocating capital to transformative initiatives such as targeted acquisitions and technology-driven research, we are able to solidify our strong position to advance brain health. The capital allocation program underpins our ability to deliver new treatments, enhancing patient outcomes while maintaining financial resilience and shareholder value. With this program, an R&D ratio in the range of 20–25% to accelerate and expand our R&D pipeline is expected.

Targets

There are currently no sustainability targets for Innovation in treatment, but its effectiveness is tracked through the work of the entire Lundbeck organization, including the effectiveness of new treatments for patients. The measure of progress in treatment innovation lies in the effectiveness of new therapies and their ability to improve patient lives, which is at the heart of Lundbeck's work.

Channels for engagement

One important channel for engagement regarding innovation in treatment is centered in 'letting the patient speak', which is outlined in 'Patient voice' page 121.

Patient voice

Lundbeck is dedicated to delivering transformative outcomes for individuals living with brain diseases. For several years, a key technique for accomplishing this goal has been to place the patient voice at the center of our work. Since 2020, Lundbeck's R&D organization has actively worked with 'patient-focused drug development' principles to incorporate patient perspectives into the drug development process. This approach not only enhances the relevance of Lundbeck's products for patients with lived experience but also makes the development process more efficient and patient-centered.

In the context of clinical trials, Lundbeck has developed internal guidance for incorporating patient input into the design, conduct, and feedback processes, as well as a procedure for considering the inclusion of representative populations in clinical research.

Our approach (policies)

Lundbeck's Patient Centricity Strategy (*link*) is intended to establish a focus on the patient experience throughout the value chain. This requires prioritized and consistent partnerships with the lived-experience community across the organization, including in market activities, clinical trials, and the development of new medicines.

The Patient Centricity Strategy sets out Lundbeck's commitment to embedding patient centricity across the organization, thus informing and supporting local policies and company-wide initiatives. This strategy has been developed with the support of Lundbeck's Patient Insights and Global Public Affairs departments, both of whom work directly with patient communities. Furthermore, the strategy has been reviewed by several relevant external stakeholders, including patient organizations active in Lundbeck's disease areas. Lundbeck's commitment to being patient-driven aligns with its ethical standards in research and business, adhering to the UN's human rights-based approach to health.

The strategy is approved by the Senior Vice President (SVP) of Corporate Communications & Public Affairs, who is accountable for its implementation. The Patient Centricity Strategy is available at www.lundbeck.com, having been launched at the end of 2024. The strategy will be communicated externally to patient partners and collaborators in relevant patient communities.

Actions

Let the patient speak

Lundbeck is committed to patient centricity, with the goal of integrating the patient voice throughout the lifecycle of products and across the organization. The patient perspective is woven into the fabric of Lundbeck's operations through multiple initiatives, largely spearheaded by Lundbeck's Patient Insights and Public Affairs departments, with their departments leads holding operational responsibility. Such initiatives aim to 'let the patient speak' and include inviting patients and caregivers to share their lived experiences with Lundbeck employees, establishing patient advisory boards for the disease areas represented in Lundbeck's pipeline, and actively seeking patient input in the design and operations of clinical trials. Direct engagement with patients and incorporating inclusion and diversity in such engagements are key components of addressing the patient voice in Lundbeck's activities.

Further, Lundbeck collects patient experience data to ensure a comprehensive and representative understanding of the patient voice. While there is currently no action plan specifically dedicated to the patient voice, this integrated approach allows for the comprehensive and continuous inclusion of patient perspectives in all aspects of Lundbeck's work. Lundbeck is currently exploring possibilities for obtaining feedback on patient involvement, for instance through satisfaction surveys as inputs to measuring positive impact.

Targets

Lundbeck's approach to patient centricity through embedding the patient voice in the development of medicines is tailored to the individual needs and opportunities for specific compounds within Lundbeck's pipeline. Given the recent launch of the Patient Centricity Strategy, Lundbeck does not currently have targets or other methodologies in place to track its effectiveness.

Access to health

Our approach (policies)

As a global pharmaceutical company, Lundbeck significantly impacts individual's access to health. Recognizing the importance of this issue, Lundbeck has established several governing policies, with the cornerstone being the Global Access to Health Strategy (*link*).

This strategy constitutes Lundbeck's overarching global policy for access to health and outlines our aspirations for supporting policy change, raising awareness, advocacy, education, and product donations to enhance access to health for all. Approved by the Executive Management in 2020, the strategy aligns with the Sustainable Development Goal 3 (Good Health and Wellbeing) as well as the WHO's 4 Right to Health principles and Guidelines for Medicine Donations. Although these guidelines emphasize the importance of respecting human rights and engaging with consumers and end-users, they do not detail specific measures for addressing human rights impacts nor include a dedicated policy for remedying such impacts in the context of access to health.

The strategy is publicly available on Lundbeck's website and in our Sustainability Reports since 2020.

Global advocacy

Lundbeck continuously wants to learn from people with lived experience, their families, and the healthcare community. For the past 10 years, Lundbeck has hosted an annual global advocacy event, the #1VoiceSummit. This event, which is the responsibility of Lundbeck's SVP of Corporate Communication & Public Affairs, unites global and local patient communities to share best practices, exchange ideas, collaborate, and amplify the voices of those with lived experiences of neurological and psychiatric disorders. The latest #1VoiceSummit, held in June 2024, featured over 60 participants from 35 different patient advocacy groups in neurological and psychiatric health, representing 10 countries.

Global pricing

Lundbeck acknowledges the challenges faced by healthcare systems under pressure from rising demands, and it recognizes concerns expressed on the affordability of innovative medicines.

Lundbeck's Global Pricing Position (*link*) emphasizes our commitment to making our innovative medicines affordable and accessible, acknowledging the financial challenges faced by healthcare systems worldwide. The Pricing Position outlines our commitment to implement pricing strategies that reflects the value of Lundbeck's treatments while considering the economic conditions of different markets. Additionally, Lundbeck collaborates with healthcare providers, authorities, patients, and policymakers to address pricing concerns and enhance access to essential treatments. This ensures that the prices of Lundbeck's treatments not only support the company's business objectives, but also address the needs and concerns of those directly impacted by their implementation.

Endorsed by Executive Management, the Pricing Position is developed by Lundbeck's Global Pricing department, which is also responsible for setting and approving prices. Lundbeck respects various third-party standards and initiatives by ensuring that our pricing strategies align with global healthcare regulations and ethical guidelines, thereby enhancing the affordability and accessibility of our medications. The Pricing Position is made available on Lundbeck's website.

Actions

Unlocking patient access through pricing

To achieve sustainable patient access pricing must be fair relative to the market conditions in which Lundbeck operates. The key objective of the Pricing and Market Access department is to unlock sustainable patient access, achieving the broadest possible access to patients in need while running a commercially sustainable business. Accomplishing this requires dedicated attention to Lundbeck's pipeline to ensure that the value proposition and differentiation of our assets are as strong as possible and are suitable for payer assessment. This approach aims to secure favorable payer decisions, enabling patients to access and afford our medications in various countries. In addition, a governance process anchored with members of Executive Management is in place to facilitate a careful review of price launches and approvals worldwide. From 2025 and onwards, an equity-based tiered pricing framework will be developed to facilitate the development of price policies and will support price decision-making.

Partnering with the Red Cross for psychosocial support in Ukraine

In December 2023, Lundbeck committed DKK 5 million to support Danish Red Cross Mental Health and Psychosocial Support (MHPSS) activities in Ukraine during 2024 and 2025. In alignment with this commitment, DKK 2 million has been paid in 2024. This funding will enable the Ukrainian Red Cross to expand vital psychosocial support for vulnerable children and adults affected by the war, including psychological first aid, child-friendly spaces, and training for Red Cross volunteers and staff. Lundbeck tracks the effectiveness of its implementation of this action through annual impact reports from the Danish Red Cross, which detail activities, resource allocation, and participation. Based on these evaluations, adjustments are made for the following year such as changing workshop locations, timings, and methods to better address mental health challenges.

Considering the decrease in Access to Health because of the war, Lundbeck identified the necessary actions to address the increase in mental health problems in Ukraine through dialogue with internal and external stakeholders. The Danish Red Cross provided expert knowledge and firsthand accounts from Ukraine, and Lundbeck's remaining employees in the country confirmed the appropriateness of the MHPSS program.

Targets

Medical education

Lundbeck's 2024 target to promote access to healthcare entails launching a global platform through the Lundbeck Institute to provide independent medical education to healthcare professionals. This target reflects Lundbeck's understanding that an adaptive and personalized approach to addressing healthcare professionals' learning needs will improve patient outcomes and healthcare resilience. The medical education platform builds on Lundbeck's long-standing history of providing evidence-based neurology and psychiatry educational material and training. The platform will enable the measurement of the learning activities, the outcome, and the effect on access to health in underserved areas. The target was met with the global platform launched in early 2024, with Canada serving as the pilot subsidiary. It is currently being assessed whether the platform should be expanded into new geographies and disease areas from 2025 onward.

Product donations

Lundbeck also has set an annual target for reaching patients in low- and middle-income countries through donations. For four years, Lundbeck has partnered with International Health Partners (IHP), who has aided Lundbeck in growing the charitable donation program. This partnership ensures that the targets are both realistic and ambitious. Upon request, Lundbeck donates medication through charitable clinics in the low- and middle-income countries. These donations, manufactured specifically for this purpose, enable IHPs to run targeted programs in the region through their network of partner clinics. This initiative supports Lundbeck's Global Access to Health Strategy by providing access to underserved communities and supporting people affected by neurological and psychiatric conditions. The impact of these donations is measured by the number of patients reached, with a target of 2,500 patients for 2024. Lundbeck achieved its target, with an estimated 5,860 patients reached through the donated treatment in low- and middle-income countries.

The performance against the targets is tracked annually and reported externally in the annual report, with Lundbeck having met or outperformed the target each year so far. Lundbeck, in collaboration with NGO IHP, has consulted clinics to estimate the need for donated products over the next five years, considering likely scenarios of conflict, economic crisis, and refugee camps. Based on these insights, Lundbeck's global supply chain, product quality, and corporate compliance teams have set realistic annual targets, accounting for the time and resources needed for due diligence when expanding to more clinics, countries, and products.

Channels for raising concerns and remediation

While Lundbeck does not currently have a specific channel in place regarding addressing concerns on Access to Health, we encourage patients and healthcare professionals to utilize Lundbeck's other available channels, such as, the adverse event reporting page on www.lundbeck.com, or by contacting Lundbeck directly, to address concerns.

2024 Target	Status	2025 Target	SDG
Launch global platform to provide access to healthcare professionals with independent medical education through Lundbeck Institute activities	✓	N/A	
Donate treatment for at least 2,500 patients in low- and middle-income countries (LMICs) through product donation partnership	✓	Donate treatment for at least 3,000 patients in LMICs through product donation partnership	

✓ Achieved × Not achieved → On track ⊖ Not on track

Access to Health	Unit	2024	2023[1]
Donated treatment in low-middle income countries	Estimated patients	5,860	3,325

In 2024, donated treatments increased from 3,325 in 2023 to 5,860, driven by expanded regional coverage, higher partner requests, and emergency response efforts. The majority of donations were directed to Ukraine, with smaller contributions to Syria and Lebanon.

Patients reached	Unit	2024
Patients reached	Full-year patients in millions	7.2

The estimated patient years reached with Lundbeck's portfolio of medicinal products amounted to an estimated average of 7.2 million patients worldwide. This estimate, derived from sales data for Lundbeck's products (excluding partner products), highlights the significant reach and impact of our portfolio in addressing the needs of individuals living with brain diseases.

Accounting policies

Access to Health
Donated treatment in low- and middle-income countries refers to the number of patients potentially reached through Lundbeck's medicine donation program. The number of patients potentially reached is estimated by dividing the total number of doses prepared for shipment by the recommended average treatment dose per patient per year.

The recommended dosage for these products may not accurately reflect the recommended or prescribed dose. Actual doses and treatment durations for patients are determined based on individual characteristics (e.g., type and severity of the disease, age and weight).

Patients Reached
Patients Reached refers to the number of patients potentially exposed to a specific Lundbeck drug or treatment over a one-year period.

The number of patients reached with Lundbeck products is estimated at the product level by dividing the total sales volume (in milligrams) of each product by the respective estimated average dose, treatment duration, and the number of days in a year. Total sales volume (in milligrams) for December is estimated based on December 2023. The average dose is based on the Defined Daily Dose (DDD) as defined by the World Health Organization (WHO), while the average treatment duration is determined according to the Company Core Safety Information (CCSI). Partner products are excluded.

The WHO-defined daily dosage for these products may not accurately reflect the recommended or prescribed daily dose. Actual doses and treatment durations for patients are determined based on individual characteristics (e.g., type and severity of the disease, age and weight), and due to this fact, a treatment duration average has been used for the exposure estimation.

1. The comparative figures for 2023 are not subject to limited assurance.

Product safety and quality

Our approach (policies)

Product safety and quality are fundamental priorities for Lundbeck. Our commitment to product safety and quality is guided by two key policies, whose objectives are to protect the patients taking our medicines.

Product quality

Product quality is managed according to Lundbeck's Quality Policy, which is established by Executive Management and for which the CEO is accountable. The Quality Policy focuses on delivering effective products at the correct level of safety for psychiatric and neurological diseases, fostering a culture that prioritizes quality, and ensuring employee accountability. To achieve these goals, the policy entails compliant systems designed to withstand regulatory inspections, the integration of quality from the outset to minimize defects and complaints, and the regular evaluation and improvement of Good Practice (GxP) systems and processes. The policy covers all personnel involved in GxP activities, particularly in manufacturing and distribution.

Lundbeck adheres to all relevant national, EU, and international legislation and standards regarding product quality. Accordingly, the Quality Policy is informed by regulatory bodies to ensure patient interests are prioritized. The policy is shared internally with all employees through awareness training, and employees in GxP areas must document their understanding with their signature. The Quality Policy and its supporting guidelines ensure that products are manufactured and distributed in compliance with GxP, aligning with health authorities' regulations and enabling the right to health and safety for consumers and end-users. To adhere to the UN Guiding Principles on Business and Human Rights, Lundbeck's Corporate Product Quality department ensures that market-ready products are of the right quality and available in sufficient quantities to meet patient needs.

Product safety

Lundbeck's approach to product safety is guided by its robust pharmacovigilance system, operationally overseen by Lundbeck's dedicated Global Patient Safety department, as described in the Pharmacovigilance System Master File (PSMF). The PSMF outlines Lundbeck's procedures for handling safety information, describes the global pharmacovigilance system, and provides the basis for Lundbeck's formalized processes covering the key aspects of pharmacovigilance. These include monitoring of the benefit-risk profile of the products and risk management systems, evaluating all safety reports from patients and healthcare professionals (HCPs), and that a business continuity plan is in place to ensure the ongoing operation of pharmacovigilance processes in the case of a significant disruption to Lundbeck's pharmacovigilance system. The procedures specified in the PSMF ensure that all information received from patients or HCPs is captured and evaluated as part of the ongoing benefit-risk evaluation of Lundbeck's products. The PSMF and all specified procedures comply with regulatory requirements set by the EU and health authorities worldwide, including Guidelines on Good Pharmacovigilance Practices modules in the EU, ensuring compliant pharmacovigilance activities for all Lundbeck products worldwide. Lundbeck's Executive Management is overall responsible for having a compliant pharmacovigilance system in place. The PSMF is an internal document accessible through Lundbeck's electronic document management system.

Actions

One of the key actions undertaken by Lundbeck to ensure product safety and quality is the annual Quality Management Review (QMR) of the Quality Management System (QMS). The QMS, which is audited on a predefined periodic basis by Corporate Product Quality (CPQ), covers the production sites in Valby (Denmark), Valbonne (France), Lumsås (Denmark), and Padova (Italy) and covers the QMS for the manufacturing of medicinal products for commercial markets. The elements of the QMS related to patient safety are audited by R&D Quality. The QMR reviews the suitability and effectiveness of the QMS and investigates ten key compliance parameters, such as 'Significant findings', and the associated corrective actions, from internal audits'. The results of this review are presented to Executive Management.

Appropriate action is taken based on received complaints or issues identified through the pharmacovigilance system – see the "Remediating Product Safety and Quality Concerns" on this page for details. In addition, a coordinated process is in place across various GxP areas to ensure that corrective and preventive actions are taken to prevent, mitigate, and avoid recurrence of non-conformities and deviations. To track reported issues and ensure that products are produced at the right quality, the QMR includes an assessment of previous reviews and corrective actions taken for previously highlighted concerns.

Engaging with consumers and end-users about product safety and quality impacts

Engagement with patients regarding product safety and quality is highly regulated, involving the provision of safety information and the handling of reports on adverse events. These reports, submitted by patients, healthcare professionals, or proxies through the Pharmacovigilance System, are collected locally or at headquarters by Global Patient Safety (GPS), who is responsible for the further processing of data, medical evaluation, and reporting to relevant health authorities and business partners as per requirements.

Lundbeck also engages with end-users by providing safety information in the patient information leaflets in medication packages, outlining potential side effects in the local language. This engagement is frequent and managed by Lundbeck's robust Safety Governance structure, including the global GPS functions and the Qualified Person for Pharmacovigilance (QPPV), who is appointed by Executive Management and notified to the European Health Authorities. In Corporate Product Quality (CPQ), direct engagement regarding commercial products with consumers and end-users is generally avoided to prevent introducing biases that might influence the use of Lundbeck products. CPQ ensures that any product quality complaints are filed, investigated, evaluated, and answered. The effectiveness of these engagements is evaluated as part of Lundbeck's commitment with the health authorities to ensure risk minimization.

Targets

Lundbeck's Quality Management System and Pharmacovigilance Systems are continuously monitored and evaluated, thereby adhering to strict regulations upheld by the Quality Policy and the procedures described in the Pharmacovigilance System Master File. While no external targets are set, continuous monitoring of product safety profiles is ensured through ongoing safety surveillance and signal management activities, utilizing information from non-clinical, clinical, and post-marketing sources. Through these procedures, Lundbeck ensures that all products are of the right quality at the right time, in accordance with the various legislation that Product Quality must follow.

Remediating product safety and quality concerns

Product quality

The quality and specifications of each Lundbeck product are predefined and approved by relevant health authorities prior to manufacturing. In the case of a negative impact due to insufficient product quality, Lundbeck engages with health authorities, which enforce the strict regulations governing Lundbeck's Quality Management. Patients, HCPs, and other stakeholders can raise quality-related issues through dedicated channels provided by Lundbeck. All complaints regarding commercially marketed products are handled through the Quality Management System, ensuring the complaints are filed, investigated, evaluated, and answered.

Product safety

The procedures outlined through Lundbeck's Pharmacovigilance System are activated in the case of reported adverse events related to product safety, which may be reported to Lundbeck from several sources worldwide such as clinical trials, patients, caregivers, and HCPs. Lundbeck continuously evaluates safety information from various sources to assess the benefit-risk profile for patients. Global Patient Safety analyzes aggregated data to communicate product benefits and risks to patients, healthcare providers, and regulators.

All potential safety issues are reviewed by internal Safety Committees, which recommend risk mitigation strategies. These recommendations are then endorsed by the Safety Board. In the event of significant safety issues impacting patients the Safety Board is mandated to decide on product recall due to negative benefit-risk, implement safety updates in product labels to ensure the most current information is available, and/or pause global development activities for safety reasons. Communication to stakeholders, such as patients or HCPs, about the potential risks of Lundbeck products is highly regulated by health authorities. The method of communication to stakeholders depends on the potential impact; for instance, it may be through updated label information, direct communication to HCPs, or via communication by health authorities, web channels, and more. The availability of this communication will therefore be as diverse as the method, and Lundbeck supports the availability of this communication by following the relevant legislation.

While there are no specific anti-retaliation policies in place regarding patients or other stakeholders raising product safety and quality concerns, Lundbeck's Anti-Retaliation Policy in relation to whistleblowers comes into effect if a report is submitted through the Compliance Hotline. See page 133 for more details.

Responsible marketing

Our approach (policies)

One of Lundbeck's primary responsibilities is to ensure appropriate and ethical promotional activities, as outlined in the Code of Conduct (*link*). By adhering to the Code of Conduct, Lundbeck employees comply with applicable laws and regulations, use accurate and approved promotional materials, do not promote off-label uses, and properly control medicinal product samples. The Code of Conduct applies globally and is crucial for all employees involved in creating or handling materials intended for external use. The highest level of accountability for implementing the Code of Conduct lies with the CEO, with the authority to delegate responsibilities to the General Counsel.

Lundbeck is committed to respecting all applicable laws regarding ethical marketing, and further upholding the related standards outlined in the European Federation of Pharmaceutical Industries and Associations (EFPIA) and International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) codes. By following the Code of Conduct, Lundbeck prioritizes patient interests, directing all marketing to healthcare professionals (HCPs), except in the US and New Zealand where direct-to-patient marketing is permitted. Additionally, Lundbeck's marketing development and communication processes are designed to work together to uphold ethical standards. The Code of Conduct is accessible internally on the intranet and externally on www.lundbeck.com. An annual training is mandated for employees, and certain suppliers and partners must affirm their adherence to the principles set out in the Code of Conduct. For further details on the Code of Conduct, see page 131.

Actions

Lundbeck's Promotional and Advertising Review Committee (HQ-PARC) continuously reviews and approves promotional activities and materials produced at Lundbeck's headquarters to ensure compliance with applicable laws and the EFPIA and IFPMA codes. Lundbeck's subsidiaries are responsible for ensuring that promotional activities, including materials, are reviewed and approved in accordance with applicable local codes and rules before the materials are used within the specific local market. Identifying the appropriate measures to take to ensure the integrity of Lundbeck's marketing materials is embedded in all that these functions do and is supported by a hierarchy of decisions to assess any potential risks posed by a given piece of promotional material. As the review processes conducted by HQ-PARC and the equivalent bodies in local subsidiaries are embedded into their daily work, Lundbeck does not currently undertake additional specific initiatives regarding responsible and ethical marketing. In addition to the daily operations, Lundbeck engages in a compliance network with other companies to align interpretations and approaches regarding marketing practices. Potential marketing-related impacts can be reported via Lundbeck's Compliance Hotline (see page 133). Lundbeck puts considerable resources towards responsible and ethical marketing, as HQ-PARC, local PARC responsible, and the marketing and medical departments, both at headquarters and locally at subsidiaries, all play a role in managing the ethics of Lundbeck's promotional and advertising materials.

Engaging with consumers and end-users

As patients may by default be particularly vulnerable to potential negative impacts stemming from a lack of responsible and ethical marketing, Lundbeck also prioritizes gaining insight from patients and HCPs on their perception of promotional materials in order to avoid negative impacts. To assess whether promotional communications are accurately understood and well-received, Lundbeck conducts anonymous surveys both directly with patients and HCPs, and through credible proxies such as patient organizations and related agencies. All engagements are strictly regulated by the EFPIA Code of Practice. Lundbeck's Marketing Analytics department uses the received feedback to optimize promotional messaging, ensure the clarity of future materials and highlighting any unmet needs. In the case that changes are warranted, the local subsidiaries review their communication strategies to incorporate new learnings. The responsibility for ensuring engagement and incorporating feedback into Lundbeck's approach lies with the Senior Vice President for Medical Affairs and the General Counsel, who both sign off on the process.

Remediation and channels for raising concerns
Regarding marketing practices, Lundbeck adheres to the standards and expectations set by the relevant regulatory bodies, with remedies for identified material negative impacts including paying fines, withdrawing materials, and making public corrections. Lundbeck also engages in self-regulation and mutual surveillance across the pharmaceutical industry to ensure compliance.

Issues related to promotional behavior can be raised via the Compliance Hotline or to relevant authorities and external ethical bodies, as there is no specific channel dedicated to raising concerns over Lundbeck's marketing. The Compliance Hotline is both internally and externally available on www.lundbeck.com. Please see page 133 for more information on the Compliance Hotline and the Anti-Retaliation and Whistleblowing Policy.

As a member of several ethical committees for the pharmaceutical industry, such as the Danish Ethical Committee for the Pharmaceutical Industry, Lundbeck handles complaints through these relevant channels. Additionally, Lundbeck has an established, broad-reaching medical information service where patients and HCPs can raise concerns and receive a prompt reply. Issues raised through the medical information service are continuously tracked and monitored through yearly reports, and Lundbeck further receives an annual report from the ethical body covering all pharmaceutical companies in Denmark regarding reported concerns.

Targets

Lundbeck tracks the effectiveness of its work towards responsible and ethical marketing by monitoring formal complaints as well as social media for any integrity issues. Each type of potential issue identified via social media is managed through a specific process in place within Lundbeck's Corporate Communication department. The level of ambition regarding progress towards responsible and ethical marketing is set by the CEO and the Board of Directors, with no specific targets or indicators being currently used to evaluate progress.

Health as a human right

As a focused innovator committed to advancing brain health, it is crucial for Lundbeck to continue enhancing its understanding of the impact it has on patients, from their own perspective, by continuously assessing risks related to human rights violations. Lundbeck is committed to safeguarding the health of patients, employees and value chain workers by continuously upholding the commitments it makes in the Human Rights Statement (*link*) (see pages 116-117).

Lundbeck's policies, actions, and targets outlined in the Consumers and End-users section on pages 119-128 reflect Lundbeck's commitment to these human rights principles and operationalize our efforts to avoid causing or contributing to any significant negative impacts on consumers and end-users.

In addition to Lundbeck's commitment to adhering to relevant legislation and engaging with health authorities to address any potential negative impacts, Lundbeck engages with patients and other end-users in different ways depending on how they may be potentially impacted. Similarly, due to the diverse types of impact that may occur, there is no one-size-fits-all approach to remediation of such potential impacts. Rather, various channels are available to address any raised issues.

Governance

In this section

Jenna, living with Migraine

Business conduct

At Lundbeck, we pursue our business purpose guided by the ethical principles in our Code of Conduct, as a fundamental element of our Sustainability Strategy.

IRO name	IRO type	Value Chain		
		Upstream	Own Operations	Downstream
Business Ethics				
– Business Ethics	Potential negative impact	●	●	●
– Code of Conduct breach	Financial risk	●	●	
– Responsible sourcing	Potential negative impact	●	●	
Animal welfare	Actual negative impact	●	●	

See further details on page 67.

Lundbeck's corporate culture

Code of Conduct

Lundbeck pursues its business purpose guided by the ethical principles set out in its Code of Conduct. The Code of Conduct (*link)* provides the framework, commitment, and expectations for how Lundbeck conducts business in a fair, transparent, and ethical manner, with particular attention to areas that are critical to Lundbeck and the pharmaceutical industry, such as anti-corruption, fair and open competition, and animal research. All employees are obliged to abide by the Code of Conduct. Third parties working on behalf of Lundbeck, or in our interest, are also obliged to comply with the Code of Conduct and meet the high standards of performance and integrity we set for ourselves internally.

When it comes to establishing a corporate culture structured around ethical business conduct, Lundbeck's CEO and Executive Management set the tone from the top. As chair of the Global Compliance Committee, the CEO signs the Code of Conduct, which is approved by the Board of Directors. The Board of Directors and the Executive Management are held accountable for its implementation and effectiveness. Each member of the administrative, management, and supervisory bodies is carefully chosen to be a part of Lundbeck based on their qualifications and expertise, including their experience in business conduct matters.

Lundbeck's Global Compliance Committee, which represents the Executive Management, meets regularly to maintain oversight of the Code of Conduct and the Compliance Program. At the operational level, the Code of Conduct is managed by Lundbeck's Global Compliance department.

The Code of Conduct is communicated in a structured process and is available on www.lundbeck.com and our intranet. Further, internal procedures and guidelines are available on Lundbeck's internal transparency site and document system.

Compliance governance and oversight

Lundbeck's Global Compliance Committee oversees the implementation of the Compliance Program. In 2024, Lundbeck also established the Compliance Council, consisting of members of Executive and Senior Management, with the purpose of sharing information about key developments, providing input to the Global Compliance Committee, and acting as ambassadors for the Compliance Program within the respective organizations.

Our internal network of Regional Compliance Officers (RCO), who provide advice and support to commercial regions and subsidiaries around the globe, is continuously assessed and strengthened. In June 2024, the RCO Summit took place in Copenhagen, where we focused on strengthening the global compliance community and harmonizing our efforts.

Lundbeck's Compliance Program is continuously improving and evolving. In 2024, we updated our Third-Party Intermediary Due Diligence process, Anti-Retaliation and Whistleblowing Policy, global internal investigation procedure, introduced new digital solutions for compliance performance management, reporting, and third-party screenings, and launched a speak-up campaign.

Our ongoing improvement efforts are supplemented by our internal business ethics audits and monitoring activities. In 2024, our business ethics audits included Lundbeck's subsidiaries and global functions and processes. In addition, we piloted a new methodology related to deliverables and timelines, which supported expediting reporting and remediation of actions. Business ethics audits ensure the consistent implementation of the respective policies and requirements, identify risks, and capture suggestions for enhancing processes and controls.

Ethics and compliance training

Lundbeck continuously works to maintain awareness and train employees on ethical business conduct. All employees across all functions at Lundbeck, including the administrative and management bodies, are annually requested to complete the corporate Code of Conduct training. The training is an e-learning module that educates employees on the expectations of Lundbeck's Code of Conduct and requires the completion of several exercises that promote awareness on how to act in situations that pose an ethical or compliance-related concern. As the main supervisory body, the Board of Directors receives training during its personal onboarding and is offered a refresher training. Relevant external consultants are assigned the training by their local subsidiary or global function.

Business ethics

Anti-corruption and bribery

Our approach (policies)

In alignment with the UN Convention against Corruption, the Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, the OECD Guidelines, and the Sustainable Development Goals, Lundbeck has several policies and procedures in place to prevent and manage the material impacts and risks related to corruption and bribery. The key policy is Lundbeck's Code of Conduct (*link*), which underscores the expectation for all employees and third parties to adhere to our systems and processes for avoiding corruption, fraud, and bribery.

The key procedure supporting the anti-corruption and bribery principles upheld by the Code of Conduct is Lundbeck's Guideline on Interactions with Healthcare Professionals (HCPs), Healthcare Organizations (HCOs), Patient Organizations, and Patients. The guideline and its supporting procedures are intended to ensure that interactions between Lundbeck and these high-risk stakeholders are legal, ethical, and do not constitute an inducement to recommend, prescribe, purchase, supply, sell, or administer a medicinal product. The Guideline is approved by Lundbeck's General Counsel, while the CEO holds ultimate accountability for its implementation. It is available internally to employees on Lundbeck's intranet and document management system.

All parties working for or on behalf of Lundbeck are subject to the anti-corruption and bribery principles upheld through the Code of Conduct and the Guideline on Interactions, including Lundbeck functions that frequently interact with high-risk stakeholders such as Commercial Marketing, Sales, Medical Affairs, Clinical Development, Regulatory, Procurement, R&D, and Public Affairs. Lundbeck is committed to protecting the interests of its key stakeholders by complying with national laws and industry association regulations, as well as by promoting awareness on the standard of conduct to be upheld in the context of high-risk interactions.

Actions and targets

Upholding anti-corruption and anti-bribery principles is a core component of Lundbeck's Compliance Program. No specific actions regarding this topic were necessary in 2024, due to the continuous improvements made as part of the Compliance Program. See relevant activities in the Compliance Governance and Oversight section on page 131.

Code of Conduct e-learning completion rate

There are two targets in relation to anti-corruption and anti-bribery. The first is a 98% completion rate of the annual Code of Conduct e-learning by employees assigned to it between 30 September and 1 October. Contingent workers are made aware that they must follow the Code of Conduct in their contract, either with the individual consultant, or in the agreement with their company. The completion rate is measured in the timeframe of 30 September to 31 December. Throughout this period, the completion rate is monitored as the Global Compliance team runs a completion rate report daily via Lundbeck's Learning Management System (LMS). Reminders are sent to management, Executive Management and Regional Compliance Officers (RCOs) to ensure completion within their respective areas. The e-learning reviews the core topics covered in the Code of Conduct, with scenarios and tests that support employees in enacting expected behaviors in their everyday work. Lundbeck's Compliance Committee approves the target annually.

In 2024, Lundbeck met its target, achieving a 100% completion rate.

2024 Target	Status	2025 Target	SDG
Annual Code of Conduct training completed by at least 98% of employees at work globally.	✓	Annual Code of Conduct training completed by at least 98% of employees at work globally.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Four out of five employees stating in the annual employee satisfaction survey (ESS) that they are confident in raising an ethical or compliance concern.	✓	Four out of five employees stating in the annual ESS that they are confident in raising an ethical or compliance concern.	

✓ Achieved × Not achieved → On track ⊖ Not on track

Confidence in raising an ethical or compliance concern

The second target is to achieve four out of five employees stating in the annual employee satisfaction survey (ESS) that they are confident in raising an ethical or compliance concern.

The target reflects that employees trust that ethical issues are addressed fairly and that compliance concerns are taken seriously across the company. The ESS is shared annually with all employees globally, except for contingent workers, employees who joined the company shortly before survey launch, and employees with their last working day at Lundbeck shortly before launch.

The target is approved by the Global Compliance Committee and monitored through the results of the ESS. The ESS is anonymous and provided by an external company, with Lundbeck designing the questions.

In 2024, Lundbeck achieved its target, with survey results confirming that 4.6 out of 5 employees feel comfortable raising an ethical or compliance concern.

Protection of whistleblowers

Our approach (policies)

Lundbeck's Anti-Retaliation and Whistleblowing Policy establishes protections for individuals who report alleged or actual violations of Lundbeck's Code of Conduct, internal policies and procedures, or applicable laws and regulations. This policy provides assurance that good-faith whistleblowers will be protected to the required extent under applicable law and in accordance with Article 6 (*Conditions for Protection of Reporting Person*) and Article 19 (*Prohibition of Retaliation*) of the EU Whistleblowing Directive (EU Directive 2019/1937) and/or relevant local whistleblower laws. The Anti-Retaliation and Whistleblowing Policy applies globally to all employees and to members of the Board of Directors, agents, consultants, contract workers, and others representing or acting for or on behalf of Lundbeck.

Lundbeck's Executive Management is responsible for ensuring the proper rollout and implementation of Lundbeck's ethical standards. This is done via the Compliance Program, for which the accountable party is the SVP, and the General Counsel within Global Legal, Compliance, and Sustainability. The Compliance Program includes, but is not limited to, auditing and monitoring confidential reporting and investigations, as well as policies and procedures, which include the Anti-Retaliation and Whistleblowing Policy.

The policy is made available internally on Lundbeck's intranet as well as its internal document system.

Prevention and detection of ethical concerns

Lundbeck encourages employees to have an ongoing dialogue about compliance and ethics with their colleagues and managers. However, Lundbeck recognizes that some questions, dilemmas, or concerns may not always lend themselves to open discussions. In such cases, employees are encouraged to contact the relevant corporate function (e.g., People and Culture, Legal, Compliance) to seek advice. Serious compliance concerns can always be reported by internal or external parties in full confidentiality to Lundbeck's Compliance Hotline. Whistleblowers are protected according to Lundbeck's Anti-Retaliation and Whistleblowing Policy, as described in the Protection of Whistleblowers section.

Lundbeck has a dedicated Compliance Hotline and Global Compliance Investigation team to investigate business conduct incidents promptly and objectively, guided by the global investigations' procedures. An established process and escalation route ensure that investigations are handled independently and free of any conflict of interest.

All new employees are assigned a course on the Compliance Hotline, and Lundbeck periodically provides further training and promotion of the Hotline and on the reporting of ethical and compliance concerns to employees. In 2024, a speak-up campaign was also launched to create additional awareness about the Compliance Hotline. New reports to the Hotline are investigated by two designated compliance investigators. They were hired as skilled investigators, and continuously undertake relevant training and education, e.g., on investigations and fraud.

Global Compliance periodically reports an anonymized summary of globally reported claims of misconduct to the Audit Committee and the Global Compliance Committee. The total number of cases reported to the Hotline is included in Lundbeck's Annual Report.

Investigation conclusions and recommendations may be shared with the Audit Committee, Global Compliance Committee, and/or Executive Management for endorsement or further action. While Global Compliance is responsible for the investigation of potential misconduct, management is responsible for securing remedial or disciplinary actions.

Actions and targets

The ambition of the whistleblowing program is to comply with the EU whistleblower regulations on communication with reporters, including to reply to all good faith reporters within seven days, and to handle all cases in an appropriate, objective, fair, and timely manner. No significant actions were needed in 2024, as our Compliance Program conducts effective monitoring as part of regular

operations. Similarly, there are no targets regarding protection of whistleblowers, as effectiveness is tracked through the accounting of all reports to the Compliance Hotline, which is conducted as part of the regular process within the Global Compliance team.

Fair and open competition

Our approach (policies)

Lundbeck is committed to the principle of fair, free, and efficient competition, as upheld by the Code of Conduct (*link)*. Through dedicated policies and procedures Lundbeck ensures compliance with EU and national competition laws, works to conduct our business in a fair, transparent, and ethical manner, and strives to prevent any actions that may restrict competition in a given market. Lundbeck applies these principles throughout its business and aims to promote an understanding of and compliance with competition law throughout its value chain.

In the Code of Conduct, Lundbeck lays out several expectations and standards of conduct for employees to prevent breaches of competition law and ensure that the principle of fair and open competition is followed. For more information, see page 131.

Actions and targets

No key actions or targets regarding fair and open competition were set in 2024, but the topic has been managed in a number of ways. A dedicated legal team has conducted a competition law risk analysis which has involved drafting and publishing a Competition Law Policy as well as bespoke guidelines on identified material issues. This policy and associated guidelines will enhance Lundbeck's ongoing commitment to fair, free, and efficient competition. Moreover, key employees within Legal and Compliance have received extensive competition law training and individual training of additional employees outside the Legal and Compliance organization is scheduled. The number of employees receiving the training is tracked.

Responsible sourcing

Our approach (policies)

Lundbeck has policies and processes in place with the aim of mitigating negative impacts and risks related to our supply chain. A risk-based approach regarding new suppliers is in place, focused on managing significant risks to the company and prioritized risks to society.

Prior to commitment, all new suppliers with an expected commitment of over DKK 1 million are assessed against eight core risks to Lundbeck, including the potential critical impact on Lundbeck's core business operations, IT security, and IT rights. Suppliers that fall within the definition of third-party intermediaries undergo a stricter supplier due diligence process, governed by the Third-Party Intermediary Due Diligence (TPIDD) Standard Operating Procedure (SOP). Third-party intermediaries are defined as professionals and entities performing activities within Lundbeck's core business areas on behalf of, or in the interest of, Lundbeck.

The TPIDD process is designed to review and monitor risks primarily related to bribery and corruption, fraud, and conflicts of interest, while also covering other risks related to trade sanctions, human and labor rights, and environmental impacts.

The TPIDD is applicable globally to any legal entity within Lundbeck that intends to either use the services of, or interact with, third-party intermediaries. The Chief Ethics and Compliance Officer is accountable for the implementation of the TPIDD, which is available internally on Lundbeck's intranet and is implemented to ensure compliance with the Code of Conduct and local applicable laws, codes, and regulations.

Climate criteria are considered when selecting suppliers that fall within the boundary of our scope 3 SBTi Target and our Transition Plan. New and strategic suppliers are requested to sign a climate addendum, which commits them to the use of renewable energy or to have science-based targets, as well as to establish a timeline for reporting on these.

Actions and targets

Responsible sourcing is managed through regular operations in Procurement, Global Compliance, and HSE processes. As such, no key actions have been planned in 2024 and no targets have been set. The processes governing responsible sourcing are tracked by their respective departments. Effectiveness is measured as the number of climate addendums signed and third-party intermediary due diligence screenings undertaken.

Animal welfare

Our approach (policies)

Lundbeck is obliged by regulatory authorities to conduct testing on animals to ensure the efficacy and safety of its products. Animals are only used for research purposes when alternative models cannot provide the data necessary to evaluate treatments for brain diseases and when the benefit to patients outweigh the discomfort for the animals. The use of animals comes with a responsibility to provide appropriate care and housing, comply with relevant legislation, and commit to the 3Rs (Refine, Reduce, Replace) principle of animal research.

Lundbeck is committed to ensuring the ethical treatment of animals used in laboratory settings, in compliance with the guidelines of the EU Directive 2010/63/EU on the protection of animals used for scientific purposes and similar directives worldwide, as well as national regulations and guidelines. Furthermore, Lundbeck has signed the Marseille Declaration, which states the expectations related to animal welfare practices used at Lundbeck's own sites worldwide and by all external partners when using live animals to conduct studies on Lundbeck's behalf.

Facilities working with live animals are mandated by EU regulation to have an Animal Welfare Body (AWB) to oversee the research. At Lundbeck, the AWB is the Lundbeck Animal Care and Use Committee (LACUC), chaired by Lundbeck's SVP of Non-clinical Safety Research. LACUC ensures that animal welfare considerations are given the highest priority in the context of animal keeping, breeding, and use. Animal welfare considerations are also supported by the inspection of the Danish sites by the Danish Animal Experiments Inspectorate (DAEI), as well as rules requiring that any external institution using animals on behalf of Lundbeck must have an AWB to ensure compliance with legislation and alignment with Lundbeck's Animal Ethics Policy and supporting obligations.

The Animal Ethics Policy (*link*) is publicly available on www.lundbeck.com, and the implemented procedures and practical guidance for employees working with animals are available internally on Lundbeck's intranet.

Actions and targets

We closely monitor and address any needs for improvement regarding animal welfare within our facilities as a regular component of our operations. As such, no specific targets have been set. However, Lundbeck has a dedicated veterinary team that is approved by the Executive Management to operate independently from Lundbeck's scientific research and animal care. The team provides oversight of animal welfare, serves as an advisory function, and ensures compliance with relevant regulations.

In 2024, construction began on a new research facility in Valby (Denmark) to support internal research projects, with completion expected in 2027. This state-of-the-art facility will eventually house the animals used in Lundbeck's scientific research, with animal welfare as a key element of its design. The facility will be equipped with advanced technology and scientific setups that will help minimize stress, protect against disease, and provide species-specific care. Additionally, it will include provisions for training and socialization to ensure the physical and psychological wellbeing of the animals.

The new research facility will require an investment of approximately DKK 1 billion over four years, with project completion expected in 2027.

Considerations regarding animal welfare are continuously developing, as improvements can always be made in response to new advancements, technology, and standards of care. For the past 15 years, Lundbeck has been committed to high animal welfare standards, and we strive to ensure that all our collaborators adhere to their principles.

G1-4 – Incidents of Corruption or Bribery

Incidents of Corruption and Bribery	Unit	2024
Convictions for violation of anti-corruption and anti-bribery law	No.	-
Amount of fines for violation of anti-corruption and anti-bribery law	DKKm	-

Compliance Hotline	Unit	2024	2023[1]
Compliance Hotline reports	No.	85	105

In 2024, a total of 85 cases were reported to the Compliance Hotline. The number of cases includes all reported concerns, regardless of whether investigations were substantiated. All cases are thoroughly investigated in accordance with our global procedures, which are designed to protect individuals who raise concerns or contribute to investigations. Furthermore, no convictions for violations of anti-corruption or anti-bribery laws were reported in 2024

Internal and external audits	Unit	2024	2023[1]
Patient & Product Safety audits	No.	53	55
Health, Safety and Environment audits	No.	10	8
Business Ethics and Internal Control audits	No.	72	101
Total of internal audits	**No.**	**135**	**164**
Patient & Product Safety audits	No.	142	133
Health, Safety and Environment audits	No.	6	12
Third Parties and Supplier audits	No.	59	66
Total of audits of external partners	**No.**	**207**	**211**
Total of all audits	**No.**	**342**	**375**

The number of audits includes both internal and external audits conducted across various departments, underscoring Lundbeck's commitment to compliance with company guidelines, pharmaceutical codes, and legal regulations. In 2024, the total number of audits across all categories slightly decreased.

Code of Conduct	Unit	2024	2023[1]
Completion rate of annual Code of Conduct e-learning	%	100	99.9

In 2024, Lundbeck achieved a 100% completion rate for the Code of Conduct e-learning program, an improvement from the 99.9% completion rate in 2023, demonstrating our performance towards ensuring a high level of understanding of the Code of Conduct.

Business Ethics Due Diligence	Unit	2024	2023[1]
Third-Party Intermediary Due Diligence screenings	No.	240	227

The number of completed Due Diligence screenings in 2024 reflects the continued awareness of anti-bribery and anti-corruption requirements and the introduction of the updated the Third-Party Intermediary Due Diligence procedure.

1 The comparative figures for 2023 are not subject to limited assurance.

Accounting policies

Incidents of corruption and bribery
The number of confirmed convictions for corruption and bribery during the reporting year. The associated monetary fines are reported in DKKm.

Compliance Hotline
The number of cases reported through the Compliance Hotline and other channels includes all cases reported where concerns about potential misconduct were investigated, regardless of whether investigations could be substantiated.

Internal and external audits
The number of audits comprises those completed internally and by external partners, which are divided into the following categories: Patient & Product Safety audits, Health, Safety and Environment audits, Business Ethics and Internal Control audits, and Third Parties and Supplier audits.

Patient & Product Safety audits
The number of audits comprises those completed and reported by internal functions at Lundbeck within the following areas: Animal Welfare, Chemistry, Manufacturing and Controls Assurance (CMC QA) Quality, Good Distribution Practice (GDP), Good Manufacturing Practice (GMP), Corporate Product Quality (CPQ), Research and Development Quality (R&D Quality), GVP and Good Clinical Practice (GCP), Medical Regulatory Clinical Quality Assurance (MRC QA), Pharmacovigilance Audits, and Good Laboratory Practice (GLP).

Health, Safety and Environment audits
The number of audits comprises those completed and reported by internal functions at Lundbeck. This process verifies that Lundbeck's internal operations, as well as those of its suppliers and third parties, meet the required standards for health and safety performance, human and labor rights, and environmental performance.

Business Ethics and Internal Control audits
The number of audits comprises those completed and reported by internal functions at Lundbeck for compliance and financial audit functions. These functions review, audit, and monitor the activities of employees, as well as internal control processes.

Third Parties and Supplier audits
The number of audits comprises those completed and reported by internal functions at Lundbeck. Third-parties and suppliers are monitored and audited (based on contractual requirements and requirements stipulated in Lundbeck's third-party obligations), including information security reviews of external personal data processors.

Code of Conduct
The completion rate of the annual Code of Conduct e-Learning represents the percentage of permanent and temporary employees who completed the Code of Conduct training that was assigned to them between 30 September and 1 October. This excludes contingent workers. The completion rate is measured within the timeframe of 30 September to 31 December. It is calculated by dividing the number of employees who completed the training by the total number of employees assigned to the training.

Business Ethics Due diligence
The number of Third-Party Intermediary Due Diligence screenings contains all screenings completed, including those found to be out of scope, or withdrawn by the requester during the reporting period. The screenings are an examination of publicly available sources to identify potential risks related to potential or existing third parties.

List of appendices

In this section

1. List of datapoints that derive from other EU legislation[1]*

Disclosure Requirement	Data point	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Page
ESRS 2 GOV-1	21 (d): Board's gender diversity	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (27) , Annex II		42-44
ESRS 2 GOV-1	21 (e): Percentage of board members who are independent			Delegated Regulation (EU) 2020/1816, Annex II		42
ESRS 2 GOV-4	30: Statement on due diligence	Indicator number 10 Table #3 of Annex 1				72
ESRS 2 SBM-1	40 (d): Involvement in activities related to fossil fuel activities paragraph	Indicators number 4 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (28) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS 2 SBM-1	40 (d) ii: Involvement in activities related to chemical production	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS 2 SBM-1	40 (d) iii: Involvement in activities related to controversial weapons	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 (29) , Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS 2 SBM-1	40 (d) iv: Involvement in activities related to cultivation and production of tobacco			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS E1-1	14: Transition plan to reach climate neutrality by 2050				Regulation (EU) 2021/1119, Article 2(1)	75
ESRS E1-1	16 (g): Undertakings excluded from Paris-aligned Benchmarks		Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		75
ESRS E1-4	34: GHG emission reduction targets	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		82
ESRS E1-5	38: Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				81
ESRS E1-5	37: Energy consumption and mix	Indicator number 5 Table #1 of Annex 1				81
ESRS E1-5	40 to 43: Energy intensity associated with activities in high climate impact sectors	Indicator number 6 Table #1 of Annex 1				81-83
ESRS E1-6	44: Gross Scope 1, 2, 3 and Total GHG emissions	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		82-84

1. ESRS 2, IRO-2 paragraph 56. ***Subject to limited assurance.**

Disclosure Requirement	Data point	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Page
			book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity			
ESRS E1-6	53 to 55: Gross GHG emissions intensity	Indicators number 3 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		82-84
ESRS E1-7	56: GHG removals and carbon credits				Regulation (EU) 2021/1119, Article 2(1)	N/A
ESRS E1-9	66: Exposure of the benchmark portfolio to climate-related physical risks			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS E1-9	66 (a): Disaggregation of monetary amounts by acute and chronic physical risk 66 (c): Location of significant assets at material physical risk		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			N/A
ESRS E1-9	67 (c): Breakdown of the carrying value of its real estate assets by energy-efficiency classes		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book -Climate change transition risk: Loans collateralized by immovable property - Energy efficiency of the collateral			N/A
ESRS E1-9	69: Degree of exposure of the portfolio to climate- related opportunities			Delegated Regulation (EU) 2020/1818, Annex II		N/A
ESRS E2-4	28: Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				89
ESRS E3-1	9: Water and marine resources	Indicator number 7 Table #2 of Annex 1				N/A
ESRS E3-1	13: Dedicated policy	Indicator number 8 Table 2 of Annex 1				N/A
ESRS E3-1	14: Sustainable oceans and seas	Indicator number 12 Table #2 of Annex 1				N/A
ESRS E3-4	28 (c): Total water recycled and reused	Indicator number 6.2 Table #2 of Annex 1				N/A
ESRS E3-4	29: Total water consumption in m 3 per net revenue on own operations	Indicator number 6.1 Table #2 of Annex 1				N/A
ESRS 2- SBM 3 - E4	16 (a) i	Indicator number 7 Table #1 of Annex 1				N/A
ESRS 2- SBM 3 - E4	16 (b)	Indicator number 10 Table #2 of Annex 1				N/A

Disclosure Requirement	Data point	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Page
ESRS 2- SBM 3 - E4	16 (c)	Indicator number 14 Table #2 of Annex 1				N/A
ESRS E4-2	24 (b): Sustainable land / agriculture practices or policies	Indicator number 11 Table #2 of Annex 1				N/A
ESRS E4-2	24 (c): Sustainable oceans / seas practices or policies	Indicator number 12 Table #2 of Annex 1				N/A
ESRS E4-2	24 (d): Policies to address deforestation	Indicator number 15 Table #2 of Annex 1				N/A
ESRS E5-5	37 (d): Non-recycled waste	Indicator number 13 Table #2 of Annex 1				95
ESRS E5-5	39: Hazardous waste and radioactive waste	Indicator number 9 Table #1 of Annex 1				95
ESRS 2- SBM3 - S1	14 (f): Risk of incidents of forced labor	Indicator number 13 Table #3 of Annex I				N/A
ESRS 2- SBM3 - S1	14 (g): Risk of incidents of child labor	Indicator number 12 Table #3 of Annex I				N/A
ESRS S1-1	20: Human Rights Policy commitments	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				N/A
ESRS S1-1	21: Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8			Delegated Regulation (EU) 2020/1816, Annex II		103; 106; 108
ESRS S1-1	22: processes and measures for preventing trafficking in human beings	Indicator number 11 Table #3 of Annex I+				N/A
ESRS S1-1	23: workplace accident prevention policy or management system	Indicator number 1 Table #3 of Annex I				103
ESRS S1-3	32 (c): grievance/complaints handling mechanisms	Indicator number 5 Table #3 of Annex I				110
ESRS S1-14	88 (b) and (c): Number of fatalities and number and rate of work-related accidents	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		104
ESRS S1-14	88 (e): Number of days lost to injuries, accidents, fatalities or illness	Indicator number 3 Table #3 of Annex I				104
ESRS S1-16	97 (a): Unadjusted gender pay gap	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		112
ESRS S1-16	97 (b): Excessive CEO pay ratio	Indicator number 8 Table #3 of Annex I				112
ESRS S1-17	103 (a): Incidents of discrimination paragraph	Indicator number 7 Table #3 of Annex I				113
ESRS S1-17	104 (a): Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		N/A

Disclosure Requirement	Data point	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Page
ESRS 2- SBM3 – S2	11 (b): Significant risk of child labor or forced labor in the value chain	Indicators number 12 and n. 13 Table #3 of Annex I				N/A
ESRS S2-1	17: Human Rights Policy commitments	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				116-117
ESRS S2-1	18: Policies related to value chain workers	Indicator number 11 and n. 4 Table #3 of Annex 1				116-117
ESRS S2-1	19: Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		N/A
ESRS S2-1	19: Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8			Delegated Regulation (EU) 2020/1816, Annex II		116-117
ESRS S2-4	36: Human rights issues and incidents connected to its upstream and downstream value chain	Indicator number 14 Table #3 of Annex 1				N/A
ESRS S3-1	16: Human Rights Policy commitments	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				N/A
ESRS S3-1	17: non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		N/A
ESRS S3-4	36: Human rights issues and incidents	Indicator number 14 Table #3 of Annex 1				N/A
ESRS S4-1	16: Policies related to consumers and end-users	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				119; 121; 122; 125; 127.
ESRS S4-1	17: Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		N/A
ESRS S4-4	35: Human rights issues and incidents	Indicator number 14 Table #3 of Annex 1				N/A
ESRS G1-1	10 (b): United Nations Convention against Corruption	Indicator number 15 Table #3 of Annex 1				N/A
ESRS G1-1	10 (d): Protection of whistle- blowers	Indicator number 6 Table #3 of Annex 1				N/A
ESRS G1-4	24 (a): Fines for violation of anti-corruption and anti-bribery laws	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		136
ESRS G1-4	24 (b): Standards of anti- corruption and anti-bribery	Indicator number 16 Table #3 of Annex 1				132-134

2. Statement on due diligence[1]

UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises

Core elements of Due Diligence	Pages in the Sustainability Report
a. Embedding due diligence in governance, strategy and business model*	44; 62; 65-67; 72
b. Engaging with affected stakeholders in all key steps of the due diligence*	68-70; 72; 75; 79-80; 86; 92; 103; 106; 108; 116; 119; 121-122; 125; 127; 132-135
c. Identifying and assessing adverse impacts*	65-70; 79-80
d. Taking actions to address those adverse impacts*	76; 86-87; 92-93; 103; 106; 108-109; 119-120; 123; 125
e. Tracking the effectiveness of these efforts and communicating*	93; 104; 109; 123; 132-133

1. ESRS 2, GOV-4. ***Subject to limited assurance.**

3. EU Taxonomy - nuclear and fossil gas related activities[1]

Row	Nuclear energy related activities	Yes/No*
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	No
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

1 Table on nuclear and fossil gas related activities pursuant to Regulation (EU) 2022/1214 (Annex XII), amending Regulation (EU) 2021/2139. ***Subject to limited assurance.**

Financial Statements

In this section

Hei, living with Parkinson’s

Consolidated Financial Statements

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Notes

Statement of profit or loss

1 January – 31 December

	Notes	2024 DKKm	2023 DKKm
Revenue	3	22,004	19,912
Cost of sales	4	4,230	4,485
Gross profit		**17,774**	**15,427**
Sales and distribution costs	4	8,146	7,482
Administrative expenses	4	1,437	1,293
Research and development costs	4	4,501	3,457
Other operating expenses, net	2	420	-
Profit from operations (EBIT)		**3,270**	**3,195**
Financial income	5	670	94
Financial expenses	5	221	296
Profit before tax		**3,719**	**2,993**
Tax on profit for the year	6	576	703
Profit for the year		**3,143**	**2,290**
Earnings per share, basic (EPS) (DKK)	13	3.17	2.31
Earnings per share, diluted (DEPS) (DKK)	13	3.17	2.31

Statement of comprehensive income

1 January – 31 December

	Notes	2024 DKKm	2023 DKKm
Profit for the year		**3,143**	**2,290**
Actuarial gains/losses	14	1	(24)
Tax	13	-	4
Items that will not be reclassified subsequently to profit or loss		**1**	**(20)**
Exchange rate gains/losses on investments in foreign subsidiaries		733	(336)
Exchange rate gains/losses on additions to net investments in foreign subsidiaries		58	(7)
Hedging of net investments in foreign subsidiaries	20	-	17
Deferred gains/losses on cash flow hedge, exchange rate	20	(378)	117
Deferred gains/losses on cash flow hedge, interest rate	20	(7)	(21)
Deferred gains/losses on cash flow hedge, price	20	(14)	(78)
Exchange gains/losses, hedging (transferred to revenue)	20	52	(137)
Income tax related to adjustments in other comprehensive income	13	64	23
Items that may be reclassified subsequently to profit or loss		**508**	**(422)**
Other comprehensive income		**509**	**(442)**
Total comprehensive income		**3,652**	**1,848**

Statement of financial position – assets

At 31 December

	Notes	2024 DKKm	2023 DKKm
Intangible assets	7	**40,167**	**20,692**
Property, plant and equipment	8	**2,721**	**2,499**
Right-of-use assets	9	**461**	**382**
Other financial assets		67	99
Other receivables		284	208
Deferred tax assets	6	266	238
Financial and other assets		**617**	**545**
Non-current assets		**43,966**	**24,118**
Inventories	10	**3,983**	**4,427**
Trade receivables	11	3,432	2,965
Income taxes receivable		39	73
Other receivables		552	588
Prepayments		340	226
Receivables		**4,363**	**3,852**
Cash and cash equivalents	12	**4,664**	**5,010**
Current assets		**13,010**	**13,289**
Assets		**56,976**	**37,407**

Statement of financial position – equity and liabilities

At 31 December

	Notes	2024 DKKm	2023 DKKm
Share capital	13	996	996
Foreign currency translation reserve		1,888	1,109
Hedging reserve	20	(208)	63
Retained earnings		22,334	19,877
Equity		**25,010**	**22,045**
Retirement benefit obligations	14	223	216
Deferred tax liabilities	6	5,530	2,283
Provisions	16	583	388
Bank debt and bond debt	18	16,174	3,714
Lease liabilities	9	437	351
Other payables	19	439	420
Non-current liabilities		**23,386**	**7,372**
Retirement benefit obligations	14	1	1
Provisions	16	1,351	934
Trade payables		4,370	4,410
Lease liabilities	9	82	86
Income taxes payable		316	571
Other payables	19	2,460	1,988
Current liabilities		**8,580**	**7,990**
Liabilities		**31,966**	**15,362**
Equity and liabilities		**56,976**	**37,407**

Statement of changes in equity

At 31 December

	Notes	Share capital DKKm	Foreign currency translation reserve DKKm	Hedging reserve DKKm	Retained earnings DKKm	Total equity DKKm
2024						
Equity at 1 January		**996**	**1,109**	**63**	**19,877**	**22,045**
Profit for the year		**-**	-	-	3,143	3,143
Other comprehensive income	13	**-**	779	(271)	1	509
Comprehensive income		**-**	**779**	**(271)**	**3,144**	**3,652**
Distributed dividends, gross	13	-	-	-	(697)	(697)
Dividends received, treasury shares	13	-	-	-	3	3
Buyback of treasury shares	13	-	-	-	(46)	(46)
Incentive programs	15	-	-	-	45	45
Tax on other transactions in equity	6	-	-	-	8	8
Other transactions		**-**	**-**	**-**	**(687)**	**(687)**
Equity at 31 December		**996**	**1,888**	**(208)**	**22,334**	**25,010**

	Notes	Share capital DKKm	Foreign currency translation reserve DKKm	Hedging reserve DKKm	Retained earnings DKKm	Total equity DKKm
2023						
Equity at 1 January		**996**	**1,438**	**156**	**18,189**	**20,779**
Profit for the year		-	-	-	2,290	2,290
Other comprehensive income	13	-	(329)	(93)	(20)	(442)
Comprehensive income		**-**	**(329)**	**(93)**	**2,270**	**1,848**
Distributed dividends, gross		-	-	-	(578)	(578)
Dividends received, treasury shares		-	-	-	2	2
Buyback of treasury shares	13	-	-	-	(43)	(43)
Incentive programs	15	-	-	-	38	38
Tax on other transactions in equity	5	-	-	-	(1)	(1)
Other transactions		**-**	**-**	**-**	**(582)**	**(582)**
Equity at 31 December		**996**	**1,109**	**63**	**19,877**	**22,045**

Statement of cash flows

At 31 December

	Notes	2024 DKKm	2023 DKKm
Profit from operations (EBIT)		**3,270**	**3,195**
Adjustment for non-cash items:			
Amortization and depreciation		1,876	2,012
Impairment losses		547	-
Incentive programs		45	38
Change in provisions		552	37
Other adjustments		87	265
Change in working capital:			
Change in inventories		497	(760)
Change in receivables		(630)	(167)
Change in short-term debt		(77)	(2)
Adjustments related to acquisition of business	2	(2,756)	-
Cash flows from operations before financial receipts and payments		**3,411**	**4,618**
Financial receipts		589	84
Financial payments		(91)	(156)
Cash flows from ordinary activities		**3,909**	**4,546**
Income taxes paid		(583)	(466)
Cash flows from operating activities		**3,326**	**4,080**
Acquisition of business, net of acquired cash	2	(15,704)	-
Purchase of intangible assets	7	(57)	(224)
Purchase of property, plant and equipment	8	(508)	(277)
Sale of property, plant and equipment		5	3
Proceeds from securities and other financial assets		978	-
Cash flows from investing activities		**(15,286)**	**(498)**
Cash flows from operating and investing activities (free cash flow)		**(11,960)**	**3,582**

	Notes	2024 DKKm	2023 DKKm
Proceeds from loans and issue of bonds	18	12,458	-
Repayment of bank loans and borrowings	18	-	(1,377)
Repayment of lease liabilities	9	(89)	(89)
Buyback of treasury shares	13	(46)	(43)
Dividends paid in the financial year, net		(694)	(576)
Cash flows from financing activities		**11,629**	**(2,085)**
Net cash flows for the year		**(331)**	**1,497**
Cash and cash equivalents at 1 January		5,010	3,548
Unrealized exchange gains/losses on cash and cash equivalents		(15)	(35)
Net cash flows for the year		(331)	1,497
Cash and cash equivalents at 31 December		**4,664**	**5,010**
Interest-bearing debt, cash and cash equivalents, net, is composed as follows:			
Cash and cash equivalents	12	4,664	5,010
Interest-bearing debt		(16,846)	(4,299)
Interest-bearing debt, cash and cash equivalents, net, at 31 December – net cash/(net debt)		**(12,182)**	**711**

Note 1

1 Basis of preparation

1.1 Reporting entity

H. Lundbeck A/S (herein denominated the "Parent Company" or "Company") is domiciled in Denmark. The Company's registered office is at Ottiliavej 9, 2500 Valby. These consolidated Financial Statements comprise the Parent Company and its subsidiaries (together referred to as the "Group" or "Lundbeck"). The Group is engaged in research, development, production and sale of pharmaceuticals for the treatment of psychiatric and neurological disorders. *See note 3 Revenue and segment information.*

1.2 Basis of accounting

The consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. The consolidated Financial Statements were approved by the Board of Directors and authorized for issue on 5 February 2025.

The statement of financial position is also referred to as the "balance sheet".

Details of the Group's material accounting policies are included in *note 26 Material accounting policy information* and in *note 1.7 Changes in material accounting policy information*.

1.3 Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated Financial Statements are presented in Danish kroner (DKK), which is also the functional and presentation currency of the Parent Company. All amounts have been rounded to the nearest DKK million, unless otherwise indicated.

1.4 Principal accounting policies

Apart from the general accounting policies, which are described *in note 26 Material accounting policy information*, some other relevant information is specified in each of the individual notes to the consolidated Financial Statements. The accounting policies have been applied consistently in the preparation of the consolidated Financial Statements for all the years presented.

1.5 Use of judgments and estimates

In preparing the consolidated Financial Statements, Management has made estimates and judgments that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Key accounting estimates, assumptions and judgments		Notes
Provision for discounts and rebates	Estimate of discounts and rebates in the U.S.	16
Income taxes and deferred income taxes	Judgment and estimate of deferred tax assets and liabilities and provision for uncertain tax positions	6
Impairment of product rights	Estimate of the value-in-use methodology for impairment of product rights	7
Inventory obsolescence	Judgment and estimate of the provision for obsolescence	10
Provisions and contingent assets and liabilities	Estimate of ongoing legal disputes, environmental provisions, litigations and investigations	16, 17
Business combinations	Management judgement is particularly involved in the assessment of whether or not the net assets acquired constitute a business and, in the recognition, and fair value measurement of assets acquired, liabilities assumed and contingent consideration. In making this assessment, management considers the underlying economic substance of the items concerned in addition to the contractual terms.	2

Note 1

1 Basis of preparation - continued

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of estimates are recognized prospectively. Management believes that the following accounting estimates, assumptions and judgments are significant to the consolidated Financial Statements.

1.6 Measurement of fair values
Some of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The fair values of quoted investments are based on current bid prices at the end of the reporting period. Financial assets for which no active market exists are carried at fair value based on a valuation methodology.

The fair value of derivative financial instruments is measured on the basis of quoted market prices of financial instruments traded in active markets. If an active market exists, the fair value is based on the most recently observed market price at the end of the reporting period. If a financial instrument is quoted in a market that is not active, the Group bases its valuation on the most recent transaction price.

If an active market does not exist, the fair value of standard and simple financial instruments such as foreign exchange forward contracts, interest rate swaps, currency swaps and unlisted bonds, is measured according to generally accepted valuation techniques. Market-based parameters are used to measure the fair value.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Group uses observable market data to the extent possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

1.7 Changes in material accounting policy information
New and amended standards adopted by the Group
Effective 1 January 2024, a number of amendments to the accounting standards were implemented.

None of the amendments have a material impact on the accounting policies and/or on the consolidated Financial Statements. Consequently, no material changes to the accounting policies or retrospective adjustments have been made as a result of adopting these standards and/or amendments. For details, see below.

- Classification of liabilities as current or non-current and non-current liabilities with covenants (Amendments to IAS 1 *Presentation of Financial Statements*)

Note 1

1 Basis of preparation - continued

The amendment clarifies when to consider contractual conditions (covenants) that may affect the unconditional right to defer the settlement of the liabilities for at least 12 months after the reporting period and includes disclosure requirements for liabilities with covenants classified as non-current. These changes are effective for fiscal years starting 1 January 2024, with retrospective application and there are no impacts on the consolidated Financial Statements.

- Supplier finance arrangements (Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*)

Requires additional disclosure of information about Group supplier finance arrangements to enable users to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. The Group does not have such transactions and there are no expected impacts on the consolidated Financial Statements.

- Lease liability in a sale and leaseback (Amendments to IFRS 16 *Leases*)

The amendments introduce a new accounting model for variable payments and will require seller-lessee to reassess and potentially restate sale-and-leaseback transactions entered since 2019. The Group does not have such transactions and there are no expected impacts on the consolidated Financial Statements.

1.8 New standards and amendments issued but not yet effective
A number of new standards and amendments are effective for annual periods beginning after 1 January 2024 though not mandatory for annual reporting periods ending on 31 December 2024. Earlier application is permitted; however, the new or amended standards have not been early adopted by the Group.

The amended standards are as follows:

- Lack of exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)
- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures)
- IFRS 18 Presentation and Disclosure in Financial Statements

The Group expects to adopt the new standards, improvements, amendments and interpretations when they become mandatory. Possible impacts are being evaluated and will be completed by the date the standard becomes effective.

None of the amended standards or new accounting pronouncements are expected to significantly impact the accounting policies and/or on the consolidated Financial Statements.

1.9 European Single Electronic Format (ESEF)
The Annual Report is prepared in XHTML format, and the consolidated Financial Statements are tagged using inline eXtensible Business Reporting Language (iXBRL). The iXBRL tags comply with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation. Where a Financial Statement line item is not defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions which are subtotals.

The Annual Report submitted to the Danish Financial Supervisory Authority consists of the XHTML document together with certain technical files, all included in a ZIP file named HLUNDBECK-2024-12-31-en.zip.

Note 2

2 Business combination

On 2 December 2024, Lundbeck announced the successful acquisition of Longboard Pharmaceuticals, Inc. (herein denominated "Longboard") as a U.S. listed entity at a total purchase consideration of USD 2.35 billion fully paid (DKK 16.6 billion), on a fully diluted basis. Lundbeck obtained control of Longboard by acquiring of 39,168,546 of issued shares, representing 100% of Longboard's share capital. Under the terms of the agreement, Lundbeck paid an amount of USD 60.00 per share.

Longboard is a clinical-stage biopharmaceutical company focused on developing novel, transformative medicines for neurological diseases. Its lead asset, bexicaserin, has shown encouraging anti-seizure reduction to date in preclinical and clinical studies, with its next-generation superagonist mechanism specifically targeting 5-HT2C receptors, which support bexicaserin's potential to offer a highly differentiated and best-in-class profile. Bexicaserin is now being evaluated in a global phase III clinical program (the DEEp program).

The acquisition of Longboard marks a strategic milestone for Lundbeck, enhancing and complementing our Focused Innovator strategy and advancing our goal of building a neuro-rare disease franchise.

Through the acquisition of Longboard, Lundbeck gains access to bexicaserin, a novel 5-HT2C agonist in development for the treatment of seizures associated with Developmental and Epileptic Encephalopathies (DEEs), including Dravet syndrome, Lennox-Gastaut syndrome, and other rare epilepsies. This aligns with Lundbeck's expertise in delivering innovative treatments and re-establishes our scientific and commercial leadership in rare epilepsies. Bexicaserin has entered a global phase III trial (DEEp SEA program) evaluating bexicaserin for the treatment of seizures associated with Dravet syndrome in participants two years of age and older. The DEEp SEA Study is part of a broader DEEp Program (DEEp SEA, DEEp OCEAN and DEEp OLE) which is planned to take place across ~80 sites globally and include ~480 participants with a range of DEEs. Bexicaserin has received a Breakthrough Therapy Designation (BTD) from the U.S. FDA and is set to become a cornerstone of Lundbeck's new neuro-rare disease franchise. Recent nine-month open-label data further supports the de-risked nature of its 5-HT2C mode-of-action, highlighting its superior target product profile.

As a result of the acquisition, Longboard has become an entirely subsidiary of Lundbeck and the common stock of Longboard has been delisted from the NASDAQ Global Market.

Lundbeck has funded the acquisition through its existing cash resources and bank financing facilities (see *note 18 Bank debt, bond debt and borrowings*).

The identifiable assets acquired, and liabilities assumed are set out in the table below. The amounts are provisional and based on preliminary information. Identification and valuation of intangible assets, other assets and liabilities will be adjusted during 2025.

Note 2

2 Business combination – continued

	PPA fair value DKKm
Right-of-use assets	25
Provisional intangible assets	16,453
Other receivables	33
Deferred tax asset	991
Prepayments	100
Cash and cash equivalents	886
Securities	941
Lease liabilities	(26)
Deferred tax liabilities	(3,949)
Trade payables	(83)
Other payables	(2,730)
Net identifiable assets acquired	**12,641**
Goodwill	3,949
Total consideration paid in cash	**16,590**
Cash and cash equivalents	886
Net outflow of cash – investing activities	**15,704**

The purchase price allocation assessment has not yet been finalized as the acquired entity was listed and the access to certain information was only granted after the transaction closing. The estimated fair values primarily consisting of intangible assets, the respective effect of deferred tax liabilities and goodwill as noted above are, therefore, not to be considered as final. These amounts are provisional and shall be adjusted during 2025 when the purchase price allocation process is finalized.

Goodwill represents the acquired work force and the expected synergies. None of the goodwill is expected to be deductible for income tax purposes.

Transaction costs related to the Longboard acquisition amounted DKK 206 million and were recognized as 'Other operating expenses, net' in the statement of profit or loss. Additionally, integration costs of the acquisition of Longboard amounts to DKK 214 million and were recognized as 'Other operating expenses, net' in the statement of profit or loss.

The acquired business contributed with no revenue and a net loss of DKK 60 million to the Group for the period from 2 December to 31 December 2024. If the acquisition had occurred on 1 January 2024, consolidated pro-forma revenue and loss impact for the year ended 31 December 2024 would have been DKK 0 and DKK 3,250 million, respectively. The pro-forma loss impact from the acquisition of Longboard is mainly due to the Longboard’s transaction costs and long-term incentive program, as they were accelerated prior to acquisition and fully settled in December 2024.

Settlement of Longboard's long-term incentive program liabilities and transaction costs on 31 December 2024, resulted in a DKK 2.7 billion cash outflow, impacting operating cash flows.

Note 3

3 Revenue and segment information

The Group is engaged in research, development, production and sale of pharmaceuticals for the treatment of psychiatric and neurological disorders, which is the Group's single business (operating) segment. The business segment reflects the way in which Management makes decisions and assesses the business performance.

The Group is organized in geographical regions. The tables below show the Group's revenue from external customers broken down by key products and geographical regions.

2024	Europe DKKm	United States DKKm	International Markets DKKm	Group DKKm
Abilify LAI franchise*	1,579	1,311	614	3,504
Brintellix®/Trintellix®	1,750	1,596	1,501	4,847
Cipralex®/Lexapro®	675	-	1,373	2,048
Rexulti®	82	4,811	309	5,202
Vyepti®	239	2,557	113	2,909
Other pharmaceuticals	821	1,050	1,309	3,180
Revenue by product	**5,146**	**11,325**	**5,219**	**21,690**
Other revenue				366
Effects from hedging				(52)
Total revenue				**22,004**
Of this amount:				
Royalty				719
Down payments and milestone received				-

* Abilify long-acting injectable (LAI) franchise comprises following products: Abilify Maintena®, Abilify Maintena® 960 mg and Abilify Asimtufii®

As of 1 January 2024, Sabril® is being reported together with Other pharmaceuticals. The comparative figures for 2023 have been adjusted accordingly.

2023	Europe DKKm	United States DKKm	International Markets DKKm	Group DKKm
Abilify LAI franchise	1,445	1,182	560	3,187
Brintellix®/Trintellix®	1,507	1,432	1,385	4,324
Cipralex®/Lexapro®	687	-	1,448	2,135
Rexulti®	59	4,206	260	4,525
Vyepti®	77	1,578	42	1,697
Other pharmaceuticals	853	1,431	1,296	3,580
Revenue by product	**4,628**	**9,829**	**4,991**	**19,448**
Other revenue				327
Effects from hedging				137
Total revenue				**19,912**
Of this amount:				
Royalty				694
Down payments and milestone received				7

In 2024, Denmark generated revenue from external customers in the amount of DKK 16,070 million (DKK 13,752 million in 2023) of which DKK 15 million (DKK 14 million in 2023) is generated from customers in the country of domicile. The U.S. generated revenue from external customers located in the U.S. in the amount of DKK 3,335 million (DKK 3,603 million in 2023).

Notes 3-4

3 Revenue and segment information - continued

The U.S. and Denmark are the only countries where sales contribute 10% or more of the total revenue.

In 2024 and 2023, no single customer contributed 10% or more of the total revenue.

Intangible assets, property, plant and equipment and right-of-use assets by geographic region	2024 DKKm	2023 DKKm
Denmark	8,931	10,021
United States	32,893	12,026
Other countries	1,525	1,526
Total	**43,349**	**23,573**

4 Employee costs

Breakdown of employee costs	2024 DKKm	2023 DKKm
Short-term employee benefits	5,087	4,588
Retirement benefits	346	278
Social security costs	400	372
Equity- and cash-settled incentive programs	47	41
Severance and restructuring costs	115	59
Total	**5,995**	**5,338**

For details on payments related to share-based incentive programs, see *note 15 Incentive programs.*

Employee costs for the year are included in the following functions in the statement of profit or loss:

Employee costs	2024 DKKm	2023 DKKm
Cost of sales	761	828
Sales and distribution costs	3,171	2,755
Administrative expenses	831	750
Research and development costs	1,232	1,005
Total	**5,995**	**5,338**

Information on employees

	2024 Number	2023 Number
Average number of full-time employees in the financial year	5,694	5,566
Number of full-time employees at 31 December		
In Denmark	1,980	1,897
In other countries	3,727	3,784
Total	**5,707**	**5,681**

Note 4

4 Employee costs - continued

Remuneration of registered Executive Management and key management personnel

	Registered Executive Management		Key management personnel[1)]	
	2024	2023	2024	2023
	DKKm	DKKm	DKKm	DKKm
Short-term staff benefits	44	62	127	157
Retirement benefits	3	4	11	13
Other social security costs	-	-	1	1
Equity- and cash-settled incentive programs	10	12	22	24
Severance and other employee costs	20	36	20	40
Total	**77**	**114**	**181**	**235**

1) Key management personnel are defined as Registered Executive Management and people who report directly to the Registered Executive Management.

In 2024, a severance payment of DKK 12.7 million was made to a former member of the Executive Management. Additionally, a cost of approximately DKK 7.4 million was recognized as part of the compensation agreement to the Lundbeck's current CEO, Charl Van Zyl. This cost will be recognized over the period 2024–2026, amounting to a total of DKK 22.2 million before taxes and subject to certain conditions.

Furthermore, in 2023, severance payment and other related costs totaling DKK 33.6 million were paid to the former President and CEO, Deborah Dunsire, who departed from Lundbeck at the end of August 2023.

Remuneration of the Board of Directors

The total remuneration of the Board of Directors for 2024 amounted to DKK 9.0 million (DKK 9.6 million in 2023). The amount includes fees for participation in the Audit Committee of DKK 0.7 million (DKK 0.7 million in 2023), the Remuneration Committee of DKK 0.7 million (DKK 0.7 million in 2023), the Scientific Committee of DKK 1.0 million (DKK 1.1 million in 2023) and travel allowances of DKK 0.9 million (DKK 1.2 million in 2023) for board members with permanent residence outside of Europe. The total remuneration of the chair of the Board of Directors amounted to DKK 1.7 million (DKK 1.7 million in 2023). The total remuneration of the deputy chair of the Board of Directors amounted to DKK 1.2 million (DKK 1.2 million in 2023). These amounts include fees for participation in Board committees. The remuneration for 2024 is consistent with the remuneration presented at the Annual General Meeting held on 20 March 2024.

The members of the Board of Directors held a total of 295,101 Lundbeck shares at 31 December 2024 (292,518 shares at 31 December 2023).

Notes 5-6

5 Financial income and expenses

	2024	2023
	DKKm	DKKm
Interest income from financial assets measured at amortized costs	218	86
Gain on other financial assets, measured at fair value through profit or loss	392	4
Fair value adjustment of contingent consideration	60	4
Financial income	**670**	**94**
Interest expenses from financial liabilities measured at amortized costs	100	43
Interest expenses relating to lease liabilities	13	11
Loss on other financial assets, measured at fair value through profit or loss	14	25
Fair value adjustment of contingent consideration	39	10
Exchange losses (net)	14	164
Other financial expenses	41	43
Financial expenses	**221**	**296**
Net financials, (income)/expenses	**(449)**	**202**

As part of the business combination, the Group entered into a deal-contingent forward (foreign exchange contract) to mitigate the foreign exchange risks associated to the acquisition of Longboard. The derivative was designated at fair value through profit or loss. The contract was entirely settled with the closing and cash payment of the Longboard's acquisition. The accounting impact of the derivative was recognized as a 'gain on other financial assets, measured at fair value through' in the statement of profit or loss, at an amount of DKK 380 million.

6 Income taxes

Tax on profit for the year

	2024	2023
	DKKm	DKKm
Current tax	386	520
Prior-year adjustments, current tax	(27)	7
Prior-year adjustments, deferred tax	35	(23)
Change in deferred tax for the year	110	172
Change in deferred tax as a result of changed income tax rates	-	1
Total tax for the year	**504**	**677**
Tax for the year is composed of:		
Tax on profit for the year	576	703
Tax on other comprehensive income	(64)	(27)
Tax on other transactions in equity	(8)	1
Total tax for the year	**504**	**677**

For a specification of tax on comprehensive income, see *note 13 Equity*.

Uncertain tax positions

The Group operates in a multinational tax environment. Complying with tax rules can be complex as the interpretation of legislation and case law may not always be clear or may change over time. In addition, transfer pricing disputes with tax authorities may occur. Management's judgments are applied when estimating the expected outcome of disputes or interpretational uncertainties. Provisions for uncertain tax positions are determined by using the 'most probable outcome' or 'single best estimate' method depending on the type of uncertainty.

Note 6

6 Income taxes – continued

In 2024, uncertain tax positions comprise a liability of DKK 221 million and an asset of DKK 21 million (a liability of DKK 521 million and an asset of DKK 52 million in 2023). Management believes that the provision is adequate. However, the actual obligation may differ from the provision made and depends on the outcome of litigations and settlements with the relevant tax authorities.

Explanation of the Group's effective tax rate

	DKKm	%
2024		
Profit before tax	**3,719**	
Calculated tax, 22%	818	22.0
Tax effect of:		
Differences in the income tax rates of foreign subsidiaries from the Danish corporate income tax rate	54	1.5
Non-deductible expenses/non-taxable income and other permanent differences	68	1.8
Research and development incentives	(68)	(1.8)
Foreign-derived intangible income benefit	(32)	(0.9)
Pillar Two top-up tax	1	-
Change in valuation of net tax assets	10	0.3
Change in uncertain tax positions[1]	(283)	(7.6)
Prior-year tax adjustments etc., total effect on operations	8	0.2
Effective tax/tax rate for the year	**576**	**15.5**

1 The amount of DKK 283 million in 2024 primarily reflects the reversal of an uncertain tax provision in the UK following the closure of a tax audit during the period.

	DKKm	%
2023		
Profit before tax	**2,993**	
Calculated tax, 22%	658	22.0
Tax effect of:		
Differences in the income tax rates of foreign subsidiaries from the Danish corporate income tax rate	70	2.3
Non-deductible expenses/non-taxable income and other permanent differences	56	1.8
Research and development incentives	(52)	(1.7)
Foreign-derived intangible income benefit	(31)	(1.0)
Change in valuation of net tax assets	17	0.6
Change in deferred tax as a result of changed income tax rates	1	-
Prior-year tax adjustments etc., total effect on operations	(16)	(0.5)
Effective tax/tax rate for the year	**703**	**23.5**

Note 6

6 Income taxes – continued

Deferred tax balances

Temporary differences between assets and liabilities as stated in the consolidated financial statements and in the tax base	Balance at 1 January	Effect of foreign exchange differences	Adjustment of deferred tax at beginning of year	Additions through acquisitions	Movements during the year	Balance at 31 December
	DKKm	DKKm	DKKm	DKKm	DKKm	DKKm
2024						
Intangible assets	13,594	713	-	15,718	(612)	29,413
Property, plant and equipment	660	4	27	26	59	776
Inventories	(4)	14	(29)	-	(49)	(68)
Provisions	(2,575)	(101)	5	-	(771)	(3,442)
Other items[1)]	(381)	(12)	17	(26)	(111)	(513)
Tax loss carryforwards etc.	(1,951)	59	138	(3,348)	1,866	(3,236)
Total temporary differences	**9,343**	**677**	**158**	**12,370**	**382**	**22,930**
Deferred (tax assets)/tax liabilities	2,178	125	35	3,002	71	5,411
Research and development incentives	(133)	(9)	-	(44)	39	(147)
Deferred (tax assets)/tax liabilities	**2,045**	**116**	35	**2,958**	**110**	**5,264**
2023						
Intangible assets	13,902	(254)	3	-	(57)	13,594
Property, plant and equipment	679	(7)	(2)	-	(10)	660
Inventories	(70)	14	8	-	44	(4)
Provisions	(1,772)	43	(217)	-	(629)	(2,575)
Other items[1)]	(402)	40	55	-	(74)	(381)
Tax loss carryforwards etc.	(3,543)	34	53	-	1,505	(1,951)
Total temporary differences	**8,794**	**(130)**	**(100)**	**-**	**779**	**9,343**
Deferred (tax assets)/tax liabilities	2,059	(32)	(23)	-	174	2,178
Research and development incentives	(137)	5	-	-	(1)	(133)
Deferred (tax assets)/tax liabilities	**1,922**	**(27)**	**(23)**	**-**	**173**	**2,045**

1) Movements during the year include DKK 3 million (DKK 15 million in 2023) recognized as other comprehensive income.

Note 6

6 Income taxes – continued

	2024			2023		
Deferred (tax assets)/tax liabilities	**Deferred tax assets** DKKm	**Deferred tax liabilities** DKKm	**Net** DKKm	**Deferred tax assets** DKKm	**Deferred tax liabilities** DKKm	**Net** DKKm
Intangible assets	(281)	7,255	6,974	(95)	3,274	3,179
Property, plant and equipment	(3)	181	178	(8)	159	151
Inventories	(108)	75	(33)	(89)	76	(13)
Provisions	(814)	-	(814)	(613)	-	(613)
Other items	(196)	64	(132)	(164)	61	(103)
Tax loss carry forwards etc.	(762)	-	(762)	(423)	-	(423)
Research and development incentives	(147)	-	(147)	(133)	-	(133)
Deferred (tax assets)/ tax liabilities	**(2,311)**	**7,575**	**5,264**	**(1,525)**	**3,570**	**2,045**
Offset within legal tax entities and jurisdictions	2,045	(2,045)	-	1,287	(1,287)	-
Total net deferred (tax assets)/tax liabilities	**(266)**	**5,530**	**5,264**	**(238)**	**2,283**	**2,045**

Management estimates future income according to budgets, forecasts, business plans and initiatives scheduled for the coming years supporting the recognition of deferred tax assets. When forecasting the utilization of tax assets, the Group applies the same assumptions as for impairment testing. See *note 7 Intangible assets*.

Accordingly, at 31 December 2024 all deferred tax assets relating to tax losses carried forward in Denmark from 2015, 2016, 2018 and 2021 have been utilized and only a small tax loss from 2023 remains recognized with DKK 2 million (DKK 314 million in 2023).

U.S. tax losses and tax credits stemming from acquisitions have been recognized at an amount of DKK 907 million (DKK 242 million in 2023), equaling the expected utilization within a foreseeable future, whereas an amount of DKK 20 million (DKK 15 million in 2023) has not been recognized in the balance sheet.

Global minimum top-up tax (Pillar Two)

The Group is within the scope of the OECD Pillar Two model rules, and it applies the IAS 12 exception for recognize and disclose information about deferred tax assets and tax liabilities related to Pillar Two income taxes. The Group will incur top-up taxes due to the Pillar Two legislation that became effective 1 January 2024. Under the legislation the Group is liable to pay a top-up tax for the difference between its GloBE effective tax rate in each jurisdiction and the 15% minimum rate.

The Group has estimated that the effective tax rates exceed 15% in all jurisdictions in which it operates, except for Panama, Hong Kong and Hungary. The Group's assessment indicates for Panama that the effective rate based on accounting profit is 0%, for Hong Kong 13% and for Hungary 9% for the financial year ended 31 December 2024. Considering the impact of specific adjustments in the Pillar Two legislation, the Group recognized a current income tax expense of DKK 1 million, which is included in the income tax in the statement of profit or loss.

Unrecognized deferred tax assets

	2024 DKKm	**2023** DKKm
Unrecognized deferred tax assets at 1 January	93	76
Additions through acquisitions	4	-
Additions	8	20
Recognized	(2)	(3)
Unrecognized deferred tax assets at 31 December	**103**	**93**

Unrecognized deferred tax assets primarily relate to net operating losses and tax credits not expected to be utilized within the foreseeable future.

Note 7

7 Intangible assets

Intangible assets	Goodwill DKKm	Product rights[1] DKKm	Other rights DKKm	Projects in progress DKKm	Total intangible assets DKKm
2024					
Cost at 1 January	5,507	32,332	1,858	198	39,895
Effect of foreign exchange differences	376	1,305	9	-	1,690
Transfers	-	-	130	(130)	-
Additions through acquisitions	3,949	16,453	-	-	20,402
Additions	-	-	30	27	57
Disposals	-	-	(27)	-	(27)
Cost at 31 December	**9,832**	**50,090**	**2,000**	**95**	**62,017**
Amortization and impairment losses at 1 January	-	17,429	1,774	-	19,203
Effect of foreign exchange differences	-	615	7	-	622
Amortization	-	1,433	52	-	1,485
Impairment losses	-	547	-	-	547
Disposals	-	-	(7)	-	(7)
Amortization and impairment losses at 31 December	**-**	**20,024**	**1,826**	**-**	**21,850**
Carrying amount at 31 December	**9,832**	**30,066**	**174**	**95**	**40,167**

1) At 31 December 2024, product rights not yet commercialized amounted to DKK 18,150 million (DKK 1,973 million at 31 December 2023). This amount does not include the effect of the provisional intangible assets acquired from Longboard.

Intangible assets acquired as part of the acquisition of Longboard amounts DKK 20,402 million at the acquisition date and, this amount reflect the provisional purchase price allocation as disclosed in *note 2 Business combinations*.

Intangible assets	Goodwill DKKm	Product rights[1] DKKm	Other rights DKKm	Projects in progress DKKm	Total intangible assets DKKm
2023					
Cost at 1 January	5,667	32,719	1,836	131	40,353
Effect of foreign exchange differences	(160)	(499)	(3)	-	(662)
Transfers	-	-	39	(39)	-
Additions	-	112	6	106	224
Disposals	-	-	(20)	-	(20)
Cost at 31 December	**5,507**	**32,332**	**1,858**	**198**	**39,895**
Amortization and impairment losses at 1 January	-	16,130	1,723	-	17,853
Effect of foreign exchange differences	-	(260)	(4)	-	(264)
Amortization	-	1,559	60	-	1,619
Disposals	-	-	(5)	-	(5)
Amortization and impairment losses at 31 December	**-**	**17,429**	**1,774**	**-**	**19,203**
Carrying amount at 31 December	**5,507**	**14,903**	**84**	**198**	**20,692**

In 2023, Abilify Maintena® achieved a sales milestone of EUR 300 million triggering the recognition of an addition in the product rights of Abilify Maintena® of DKK 112 million (EUR 15 million). The milestone was paid in 2023.

Note 7

7 Intangible assets - continued

Description of material product rights

Vyepti®

The eptinezumab product rights (Vyepti®), which is an investigational monoclonal antibody (mAb) for migraine prevention targeting the calcitonin gene-related peptide (CGRP), were acquired in 2019. The value of those product rights was DKK 13,421 million at the time of acquisition. At 31 December 2024, the carrying amount of the Vyepti® product rights, net of amortization, amounted DKK 10,154 million (DKK 10,667 million at 31 December 2023). The remaining amortization period of the Vyepti® product rights is around 11 years.

Rexulti®

Rexulti® is a prescription medication used as an adjunctive therapy to antidepressants for the treatment of Major Depressive Disorder (MDD) and as a treatment for adults with schizophrenia in certain markets. Rexulti® is co-marketed in a partnership collaboration with Otsuka Pharmaceuticals Co., Ltd. The carrying amount of the Rexulti® product rights, net of amortization, amounted DKK 1,762 million at 31 December 2024 (DKK 2,143 million at 31 December 2023). The remaining amortization period of the Rexulti® product rights is around five years.

Family of MAGLi compounds

A family of compounds; a first-in-class, small-molecule inhibitor of monoacylglycerol lipase (MAGLi/MGLL) currently being investigated in clinical trials for the treatment of neurological disorders, and various compounds in the pre-clinical phase, was acquired in 2019. The value of the family of compounds recognized as product rights was DKK 1,853 million at the time of acquisition.

At 31 December 2024, the carrying amount was DKK 1,324 million (DKK 1,871 million at 31 December 2023) and refers to Lu AG12947, the remaining molecule from the acquisition, as described in the *Impairment testing outcome* below. Lu AG12947 is not yet commercialized, consequently amortization has not commenced.

Bexicaserin

Bexicaserin is a novel 5-HT2C agonist in development for the treatment of seizures associated with Developmental and Epileptic Encephalopathies (DEEs), including Dravet syndrome, Lennox-Gastaut syndrome, and other rare epilepsies, acquired in December 2024 along with the acquisition Longboard acquisition. See *note 2 Business combination*.

Amortization and impairment losses

Amortization and impairment losses for the year are included in the following functions in the statement of profit or loss:

	2024	2023
Amortization and impairment losses	DKKm	DKKm
Cost of sales	1,474	1,593
Sales and distribution costs	17	14
Administrative expenses	5	5
Research and development costs	556	23
Total	**2,052**	**1,635**

Amortization expenses amount to DKK 2,052 million in 2024 (DKK 1,635 million in 2023). Amortization expenses disclosed in the table above are increased or decreased by the effect of disposal of intangible assets.

Impairment testing

Goodwill

The Group is considered a single cash-generating unit (CGU) as this is how Management makes decisions and assesses business performance. All subsidiaries are considered fully integrated into the Group as no entity has a 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 is performed annually based on Lundbeck being one single CGU.

Note 7

7 Intangible assets - continued

Product rights
In addition to the impairment test for goodwill (based on the CGU), the Group performs impairment tests of product rights not yet commercialized and for product rights available for use, in case a significant indication of impairment is identified.

Methodology
Goodwill
In the impairment test of the CGU, based on the fair value less cost of disposal, the market price of Lundbeck is compared with its carrying amount. The Group performed its annual impairment test as of 31 December 2024 and 2023, which did not result in the need to recognize impairment losses on the carrying value of goodwill.

Product rights
In the impairment tests of product rights, based on the value-in-use, the discounted expected future cash flows for the specific asset tested are compared with the carrying amount of the intangible asset. The expected future cash flows are based on a forecast period, 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 cash flow period.

Significant assumptions and estimates are applied to the discounted expected future cash flows from the product rights. The assumptions are based on experience, external source of information and industry-relevant observations for each product right.

The four category elements in the table below are considered when determining the key parameters for the value-in-use calculation.

Financial elements	**Market elements**
Prices	Healthcare reforms
Rebates	Price reforms
Quantities	Market access
Patient population	Pharma restrictions
Market shares	Launch success
Competition	Product positioning
Fill rates	Competing pharmaceuticals
Prescription rates	Generics on the market
Lundbeck costs (including promotion costs)	
R&D elements	**Other elements**
R&D spend	Supply chain effectiveness
Collaborations	Strength and abilities of partners
Pipeline success rate	
Product labeling	
Liaison with regulatory bodies	

The calculation of the value-in-use for product rights is based on a weighted average discount rate pre-tax of 7.75% (8.64% in 2023).

2024 testing outcome
During 2024, an impairment loss of DKK 547 million was recognized, as a result of the negative read-out of a Compound of MAGLi family (Lu AG06474 and Lu AG12947) that was acquired in 2019 through a business combination. Management decided to close the development of the molecule Lu AG06474 after readout, as results

Note 7-8

7 Intangible assets – continued

did not support additional studies, resulting in the individual asset being impaired presented as research and development costs in the statement of profit or loss. At 31 December 2024, no impact is expected for Lu AG12947.

The carrying amount of the family of compounds recognized as product rights prior to impairment was DKK 1,871 million. As of 31 December 2024, the remaining gross carrying amount to DKK 1,324 million, exclusively related to Lu AG12947.

Sensitivity analysis
Management performed a sensitivity analysis, considering a 5% decrease in growth rate or a 0.5 percentage point decrease in the after-tax discount rate. These scenarios resulted in additional impairment losses of DKK 170 million and DKK 160 million, respectively. For other product rights, the headroom would have continued to be positive.

Besides the impairment loss disclosed above, for other product rights not yet commercialized, no impairment were observed in 2024.

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. The method and types of assumptions used in preparing the sensitivity analyses did not change compared to the prior period. The potential changes in key assumptions are considered within historic variations experienced by the Group and thus considered reasonably possible.

8 Property, plant and equipment

Property, plant and equipment	Land and buildings[1)]	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and assets under construction	Total property, plant and equipment
	DKKm	DKKm	DKKm	DKKm	DKKm
2024					
Cost at 1 January	3,829	2,135	912	635	7,511
Effect of foreign exchange differences	-	4	4	(2)	6
Transfers	139	34	50	(223)	-
Additions	17	53	32	406	508
Disposals	(1)	(33)	(15)	-	(49)
Cost at 31 December	**3,984**	**2,193**	**983**	**816**	**7,976**
Depreciation and impairment losses at 1 January	2,570	1,694	748	-	5,012
Effect of foreign exchange differences	-	3	2	-	5
Depreciation	123	102	61	-	286
Disposals	(1)	(33)	(14)	-	(48)
Depreciation and impairment losses at 31 December	**2,692**	**1,766**	**797**	**-**	**5,255**
Carrying amount at 31 December	**1,292**	**427**	**186**	**816**	**2,721**

1) No land and buildings were mortgaged at 31 December 2024 and at 31 December 2023.

Note 8

8 Property, plant and equipment– continued

Property, plant and equipment	Land and buildings DKKm	Plant and machinery DKKm	Other fixtures and fittings, tools and equipment DKKm	Prepayments and assets under construction DKKm	Total property, plant and equipment DKKm
2023					
Cost at 1 January	3,685	2,049	849	706	7,289
Effect of foreign exchange differences	1	-	(5)	-	(4)
Transfers	130	60	59	(249)	-
Additions	13	54	32	178	277
Disposals	-	(28)	(23)	-	(51)
Cost at 31 December	**3,829**	**2,135**	**912**	**635**	**7,511**
Depreciation and impairment losses at 1 January	2,449	1,614	711	-	4,774
Effect of foreign exchange differences	1	-	(3)	-	(2)
Depreciation	120	108	61	-	289
Disposals	-	(28)	(21)	-	(49)
Depreciation and impairment losses at 31 December	**2,570**	**1,694**	**748**	**-**	**5,012**
Carrying amount at 31 December	**1,259**	**441**	**164**	**635**	**2,499**

Useful lives of Property, plant and equipment are disclosed in *note 26 Material accounting policy information*.

Depreciation and impairment losses

Depreciation and impairment losses for the year are included in the following functions in the statement of profit or loss:

Depreciation and impairment losses	2024 DKKm	2023 DKKm
Cost of sales	194	212
Sales and distribution costs	19	23
Administrative expenses	13	11
Research and development costs	57	41
Total	**283**	**287**

Depreciation expenses amounted to DKK 283 million in 2024 (DKK 287 million in 2023). Depreciation expenses disclosed in the table above are increased or decreased by the effect of disposal of property, plant and equipment.

Notes 9

9 Right-of-use assets and lease liabilities

Land and buildings	2024 DKKm	2023 DKKm
Cost at 1 January	756	731
Effect of foreign exchange differences	9	(12)
Additions	17	15
Additions through acquisitions	25	-
Disposals	(20)	(15)
Adjustment to right-of-use assets during the year[1)]	125	37
Cost at 31 December	**912**	**756**
Depreciation and impairment losses at 1 January	374	304
Effect of foreign exchange differences	6	(7)
Depreciation	89	90
Disposals	(18)	(13)
Depreciation and impairment losses at 31 December	**451**	**374**
Carrying amount at 31 December	**461**	**382**

1) Comprises reassessment of lease terms and renewal of lease agreements

Amounts recognized in profit or loss	2024 DKKm	2023 DKKm
Expenses relating to short-term leases, not capitalized	3	1
Depreciation of right-of-use assets, land and buildings	89	90
Interest expenses relating to lease liabilities	13	11
Total recognized in profit or loss	**105**	**102**

Development in lease liabilities	Balance at 1 January DKKm	Cash outflow DKKm	Non-cash flow DKKm	Balance at 31 December DKKm
2024				
Lease liabilities	437	(89)	171	519
Total lease liabilities	**437**	**(89)**	**171**	**519**
2023				
Lease liabilities	483	(89)	43	437
Total lease liabilities	**483**	**(89)**	**43**	**437**

	2024 DKKm	2023 DKKm
Current lease liabilities	82	86
Non-current lease liabilities	437	351
Total lease liabilities	**519**	**437**

The total cash outflow from recognized lease agreements amounted to DKK 102 million (DKK 100 million in 2023) and includes repayment of lease liabilities and interest.

The maturity analysis of lease liabilities is provided in the table 'Classification of and contractual maturity dates for financial assets and financial liabilities' in *note 20 Financial instruments.*

Notes 10

10 Inventories

	2024	2023
	DKKm	DKKm
Raw materials and consumables	197	214
Work in progress	2,335	2,580
Finished goods and goods for resale	1,451	1,633
Total	**3,983**	**4,427**

Inventories recognized as cost of sales amounted to DKK 2,800 million (DKK 2,919 million in 2023).

Inventories balance is reduced by DKK 540 million in 2024 (DKK 540 million in 2023) due to a provision for Vyepti®'s risk of obsolescence recognized in the prior years. No additional provision was recognized in 2024 for Vyepti®. Management's estimate takes into consideration assumptions on inventory-estimated usage, approval dates, expected shelf life, etc.

Inventories of DKK 1,988 million (DKK 2,277 million in 2023) are expected to be recovered after more than 12 months, mostly due to the Vyepti fixed batch quantity supply agreement, which ended in 2023.

Note 11-12

11 Trade receivables

	2024	2023
	DKKm	DKKm
Trade receivables	3,472	2,990
Writedowns	(40)	(25)
Trade receivables, net	**3,432**	**2,965**

Credit risks

Lundbeck's products are sold primarily to distributors of pharmaceuticals, pharmacies and hospitals. The payment conditions for the customers, including credit periods and any payment of interest in case of non-payment, vary, but are always based on industry practice in the relevant market. Due to special trading conditions in specific markets, the credit period may be up to about 210 days. The weighted average credit period is approximately 51 days (50 days in 2023).

Changes to the Group's customer portfolio are limited. When collaboration is established with a new customer, credit assessment is done either by Lundbeck or an external credit rating agency. At the time of revenue recognition, Lundbeck assesses the full lifetime-expected credit losses. In addition, overdue and due receivables are analyzed in an ongoing process. Based on the credit assessment, receivables analysis, historical and industry experience, it is estimated whether the receivables are recoverable, or write-downs are needed. Historically, bad debts have been insignificant.

Fluctuations in foreign exchange rates, including the impact from currency devaluations, represent an inherent risk as Lundbeck also operates in volatile economies. Lundbeck's management monitors and takes action to mitigate risks associated with receivables.

Market risks

The pharmaceutical market is characterized by authorities aiming to reduce or cap healthcare costs in general. Market changes such as price reductions and the ever-earlier launch of generics, may have a considerable impact on the earnings potential of pharmaceuticals.

12 Cash and cash equivalents

	2024	2023
	DKKm	DKKm
Cash and cash equivalents	**4,664**	**5,010**

Liquidity risk and capital structure

The credit risk on cash and cash equivalents and derivatives (forward exchange contracts, currency options and interest rate swaps) is limited as Lundbeck only deals with banks with a solid credit rating. The counterparty risk towards banks with a short-term credit rating lower than A-1 (Standard & Poor's) is kept to a minimum, only allowing balances necessary for operating needs within the immediate future. To further limit the risk of loss, internal limits have been defined for the credit exposure accepted towards the banks with whom Lundbeck collaborates. Credit lines are part of the Treasury Policy.

The Treasury Policy covers financial resources, foreign currency exposure, interest rate risk, securities, loan and bond portfolios as well as capitalization of subsidiaries. The Treasury Policy is presented to the Audit Committee annually for subsequent approval by the Board of Directors. In addition, the Board of Directors approves the framework for selecting financial collaboration partners and the credit lines and types of transactions allowed.

Notes 12-13

12 Cash and cash equivalents - continued

Pursuant to its Treasury Policy, Lundbeck must ensure that a minimum of DKK 1.0 billion is held in cash or cash equivalents. If this amount is not available in cash, fixed-term deposits or bonds, Lundbeck will enter into committed credit facilities with its banking partners.

At 31 December 2024, Lundbeck had unutilized committed credit facilities of DKK 2.5 billion.

In addition, Lundbeck has a number of uncommitted credit facilities to cover its day-to-day operations. At 31 December 2024 and 31 December 2023, these credit facilities were unutilized.

When managing the capital structure, Lundbeck's main objective is to support the 'Focused Innovator' strategy; use capital resources for required research and development and for investments to realize the strategy; and to generate long-term attractive return for the shareholders. Lundbeck also wishes to be a strong financial counterparty to debt providers and other stakeholders by maintaining an investment grade credit rating (BBB-).

To maintain or adjust the capital structure, Lundbeck may adjust dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or increase debt. To minimize the refinancing risk, Lundbeck strives to have diversified funding, both in terms of duration and source.

13 Equity

Share capital

Lundbeck shares have a nominal value of DKK 1. The A-share is carrying ten votes, and the B-share is carrying one vote. The A-shares and the B-shares are ordinary, fully paid shares carrying equal economic rights in all respects.

	2024	2023
Share capital	DKKm	DKKm
At 1 January	996	996
At 31 December	**996**	**996**

	A-shares	B-shares	Total issued shares
Issued shares	Number	Number	Number
At 1 January 2023	199,148,222	796,592,888	995,741,110
At 31 December 2023	**199,148,222**	**796,592,888**	**995,741,110**
At 31 December 2024	**199,148,222**	**796,592,888**	**995,741,110**

Note 13

13 Equity - continued

Treasury shares

Treasury shares	A-shares of DKK 1 nom. Number	B-shares of DKK 1 nom. Number	Nominal value DKKm	Proportion of share capital %	Cost DKKm
2024					
Shareholding at 1 January	466,028	3,264,112	3	0.37	133
Share buyback	-	1,400,000	1	0.14	46
Shares used for funding incentive programs	(117,212)	(499,295)	(1)	(0.06)	(30)
Shareholding at 31 December	**348,816**	**4,164,817**	**3**	**0.45**	**149**
2023					
Shareholding at 1 January	580,280	2,321,120	3	0.29	120
Share buyback	-	1,400,000	1	0.14	43
Shares used for funding incentive programs	(114,252)	(457,008)	(1)	(0.06)	(30)
Shareholding at 31 December	**466,028**	**3,264,112**	**3**	**0.37**	**133**

In 2024, the Parent Company acquired treasury shares at a value of DKK 46 million (DKK 43 million in 2023), corresponding to 1,400,000 B-shares (1,400,000 B-shares in 2023). The shares were acquired to fund Lundbeck's long-term share-based incentive programs. A total of 117,212 A-shares and 499,295 B-shares were used for this purpose in 2024 (114,252 A-shares and 457,008 B-shares in 2023).

The Board of Directors is authorized to issue new shares and raise the share capital of the Parent Company as set out in article 4 of the Parent Company's Articles of Association.

The share capital is following the capital requirements of the Danish Companies Act and the rules of Nasdaq Copenhagen.

Distribution of profit

The Board of Directors is proposing distribution of dividends for 2024 of 30% (30% in 2023) of the net profit for the year allocated to the shareholders, equivalent to DKK 0.95 per share (DKK 0.70 per share in 2023) or DKK 946 million (DKK 697 million in 2023), inclusive of dividends on treasury shares. Total dividends are based on the current share capital.

Earnings per share

	2024	2023
Profit for the year (DKKm)	**3,143**	**2,290**
Average number of shares ('000 shares)	995,741	995,741
Average number of treasury shares ('000 shares)	(4,303)	(3,506)
Average number of shares, excl. treasury shares ('000 shares)	**991,438**	**992,235**
Earnings per share, basic (EPS) (DKK)	**3.17**	**2.31**
Earnings per share, diluted (DEPS) (DKK)	**3.17**	**2.31**

Note 13

13 Equity - continued

Tax on other comprehensive income

	Before tax	Tax	After tax
	DKKm	DKKm	DKKm
2024			
Other comprehensive income recognized under foreign currency translation reserve in the statement of changes in equity			
Exchange rate gains/losses on investments in foreign subsidiaries	733	-	733
Exchange rate gains/losses on additions to net investments in foreign subsidiaries	58	(12)	46
Total	**791**	**(12)**	**779**
Other comprehensive income recognized under hedging reserve in the statement of changes in equity			
Deferred gains/losses on cash flow hedge, exchange rate	(378)	83	(295)
Deferred gains/losses on cash flow hedge, interest rate	(7)	1	(6)
Deferred gains/losses on cash flow hedge, price	(14)	3	(11)
Exchange gains/losses, hedging (transferred to revenue)	52	(11)	41
Total	**(347)**	**76**	**(271)**
Other comprehensive income recognized under retained earnings in the statement of changes in equity			
Actuarial gains/losses	1	-	1
Total	**1**	**-**	**1**
Recognized in other comprehensive income	**445**	**64**	**509**

	Before tax	Tax	After tax
	DKKm	DKKm	DKKm
2023			
Other comprehensive income recognized under foreign currency translation reserve in the statement of changes in equity			
Exchange rate gains/losses on investments in foreign subsidiaries	(336)	-	(336)
Exchange rate gains/losses on additions to net investments in foreign subsidiaries	(7)	1	(6)
Hedging of net investments in foreign subsidiaries	17	(4)	13
Total	**(326)**	**(3)**	**(329)**
Other comprehensive income recognized under hedging reserve in the statement of changes in equity			
Deferred gains/losses on cash flow hedge, exchange rate	117	(26)	91
Deferred gains/losses on cash flow hedge, interest rate	(21)	5	(16)
Deferred gains/losses on cash flow hedge, price	(78)	17	(61)
Exchange gains/losses, hedging (transferred to revenue)	(137)	30	(107)
Total	**(119)**	**26**	**(93)**
Other comprehensive income recognized under retained earnings in the statement of changes in equity			
Actuarial gains/losses	(24)	4	(20)
Total	**(24)**	**4**	**(20)**
Recognized in other comprehensive income	**(469)**	**27**	**(442)**

Exchange rate gains/losses on investments in foreign subsidiaries, a gain of DKK 733 million in 2024 (loss of DKK 336 million in 2023), and exchange rate gains/losses on additions to net investments in foreign subsidiaries, a gain of DKK 58 million (loss of DKK 7 million in 2023), are primarily driven by developments in USD/DKK and GBP/DKK exchange rates.

Note 14

14 Retirement benefit obligations and similar obligations

Defined contribution plans

The major defined contribution plans cover employees in Australia, Canada, China, Denmark, Finland, South Korea, Sweden, the UK and the U.S. The cost of defined contribution plans, representing contributions to the plans, amounted to DKK 334 million in 2024 (DKK 269 million in 2023).

Defined benefit plans

The Group has defined benefit plans in a few countries. The most significant plans comprise current and former employees in Germany and the UK.

The defined benefit plan in Germany is unfunded and administered by Lundbeck Germany. The defined benefit plan in the UK is funded and constituted under a trust, whose assets are legally separated from the Group. Both plans entitle the employees to an annual pension on retirement based on the service and salary level until retirement.

	2024	2023
Retirement benefit obligations and similar obligations	DKKm	DKKm
Present value of defined benefit plans	436	425
Fair value of plan assets	(316)	(293)
Limitations due to asset ceiling	1	-
Defined benefit plans at 31 December	**121**	**132**
Other obligations of a retirement benefit nature	34	31
Retirement benefit obligations and similar obligations at 31 December	**155**	**163**
Retirement benefit obligations and similar obligations break down as follows:		
Non-current assets	(69)	(54)
Non-current obligations	223	216
Current obligations	1	1
Net retirement benefit obligations and similar obligations at 31 December	**155**	**163**

Actuarial assumptions

The following were the key actuarial assumptions at the reporting date.

	2024	2023
Key assumptions for the most significant plans	%	%
Discount rate	3.45-5.50	3.30-4.50
Inflation rate	2.05-2.20	2.25-3.05

Assumptions regarding future longevity are set based on actuarial advice in accordance with published statistics and experience in each country. The longevities underlying the values of the defined benefit obligation for the most significant plans were as follows:

	2024	2023
Longevity at age 65 for current pensioners	Years	Years
Female	23.70-24.30	23.90-24.20
Male	20.90-21.20	20.80-21.40
Longevity at age 65 for current members aged 45		
Female	24.80-26.50	25.30-26.40
Male	22.10-23.60	22.60-23.50

Note 14

14 Retirement benefit obligations and similar obligations – continued

Sensitivity analysis

The most significant assumptions used in the calculation of the obligation for defined benefit plans are discount rate, inflation rate and mortality. The sensitivity of the defined benefit obligation to changes in the most significant assumptions is shown below:

	2024		2023	
Effect in DKKm	Increase[1)]	Decrease[1)]	Increase[1)]	Decrease[1)]
Discount rate (0.25% movement)	13	(14)	12	(13)
Inflation rate (0.25% movement)	(4)	4	(5)	5
Life expectancy (1 year movement)	(14)	14	(15)	14

1) Positive amounts indicate a decrease in the actuarial obligations. Negative amounts indicate an increase in the actuarial obligations

The sensitivity analysis indicates how a change in the individual assumptions would change the obligation. However, the assumptions will most likely be correlated and consequently result in a different obligation.

	2024	2023
Fair value of plan assets	DKKm	DKKm
Shares	33	100
Bonds	44	55
Property	18	38
Insurance contracts	65	65
Other assets	156	35
Total	**316**	**293**

Shares, bonds, property and other assets are measured at fair value based on quoted prices in an active market. Insurance contracts are not based on quoted prices in an active market.

The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year are as follows.

	2024	2023
Change in present value of defined benefit plans	DKKm	DKKm
Present value of defined benefit plans at 1 January	425	392
Effect of foreign exchange differences	5	9
Pension expenses	7	5
Interest expenses relating to the obligations	16	17
Experience adjustments	17	(2)
Adjustments relating to financial assumptions	(14)	25
Adjustments relating to demographic assumptions	(2)	(2)
Benefits paid	(20)	(20)
Employee contributions	2	1
Present value of defined benefit plans at 31 December	**436**	**425**

	2024	2023
Change in fair value of plan assets	DKKm	DKKm
Fair value of plan assets at 1 January	293	277
Effect of foreign exchange differences	7	11
Interest income on plan assets	12	14
Experience adjustments	3	(6)
Administration fees	(1)	(1)
Contributions	20	8
Benefits paid	(20)	(11)
Employee contributions	2	1
Fair value of plan assets at 31 December	**316**	**293**

Note 14

14 Retirement benefit obligations and similar obligations – continued

Net expense recognized in profit or loss	2024 DKKm	2023 DKKm
Pension expenses	7	5
Finance costs	4	3
Administration fees	1	1
Total	**12**	**9**

Amount recognized in other comprehensive income	2024 DKKm	2023 DKKm
Actuarial (gains)/losses	(1)	24

	2024 DKKm	2023 DKKm
Realized return on plan assets	15	8

The benefit under unfunded defined benefit plans is paid directly by the Group. In some countries, the future contribution to funded defined benefit plans depends on the development in salaries, administrative fees and regular premiums, and in other countries on the surplus/deficit according to local requirements. The weighted average duration of the obligation is 11 years (12 years in 2023). The expected contribution to defined benefit plans for 2025 is DKK 13 million (DKK 16 million for 2024).

Other obligations of a retirement benefit nature

In 2024, an obligation of DKK 34 million (DKK 31 million in 2023) was recognized to cover other obligations of a retirement benefit nature, which primarily include post-employment benefits in a number of subsidiaries. These benefit payments are conditional upon specified requirements being met.

Note 15

15 Incentive programs

To attract, retain and motivate key employees and align their interests with those of its shareholders, Lundbeck has established a number of long-term incentive programs. Lundbeck uses equity- and cash-settled programs.

Equity-settled programs

As from 2023, the Group has established a performance share units (PSU) program in substitution for the previous restricted share units (RSU) program for Lundbeck's Registered Executive Management and key employees, as part of Lundbeck's recurring long-term incentive program. The general terms and conditions for the PSU program are similar to those applying to the RSU program. In 2024, Registered Executive Management and some key employees were granted PSUs. The total number of options granted to the above-mentioned employees are disclosed below. The price of the granted shares is referenced to the price of B-shares. The participants were selected based on job level. All the PSUs/RSUs vest three years after grant. Vesting is subject to the Board of Directors' decision on vesting, to Lundbeck achieving certain strategic and financial targets specified by the Board of Directors and to continuing employment with the Group during the vesting period. The fair value of PSUs and RSUs has been calculated based on the share price reduced by an expected dividend yield of 2.00% p.a. The fair value is disclosed below for each date of grant. At 31 December 2024, a total of 1.4 million shares (1.1 million in 2023) were outstanding for key management, including all ongoing programs.

PSU and RSU programs[1)]	2024	2023	2022	2021	2020
Number of persons included in the program	215	166	176	139	135
Total number of PSUs/RSUs granted	2,165,649	1,738,514	1,592,060	801,365	695,595
Number of PSUs/RSUs granted to the Registered Executive Management	470,009	407,514	385,659	173,905	149,615
Vesting date	01.02.27	01.02.26	01.02.25	01.02.24	01.02.23
Fair value at the date of grant, DKK	31.07	28.29	28.43	47.24	51.68

1) The Group introduced a performance share units (PSU) program in 2023. Consequently, information for 2023 comprises details on PSUs and prior information comprises details on RSUs. Comparative figures for 2020 and 2021 have been restated to reflect the result of the share split completed on 8 June 2022.

Cash-settled programs

In 2024, the cash-settled programs consisted of performance cash units (PCUs) and restricted cash units (RCUs). The cash-settled programs cannot be converted into shares as this program is settled in cash.

In 2023, the Group established a PCUs program for a few key employees in the subsidiaries. Previously, a restricted cash units (RCU) program was applied. The general terms and conditions for the PCUs program are similar to those applying to the RCUs program. The price of the granted PCUs is referenced to the price of B-shares. At 31 December 2024, the PCUs granted to the key employees, totaled 18,842 PCUs (39,152 PCUs for the 2023 program). All PCUs/RCUs will vest 3 years after the grant. Vesting is subject to the Board of Directors' decision on vesting, to Lundbeck achieving certain strategic and financial targets specified by the Board of Directors and to continuing employment with the Group during the vesting period. The size of the amount depends on the value of the Lundbeck share on the vesting date. The fair value at the time of the initial grant was DKK 31.07 per PCU (DKK 28.29 per PCU for the 2023 program).

Fair value, liability and expense recognized in the statement of profit or loss

The PSUs/RSUs granted are recognized in profit or loss for 2024 and 2023 at an expense corresponding to the fair value at the time of grant for the part of the vesting period attributable to each one. The total expense recognized in respect of equity-settled programs amounted to DKK 45 million (DKK 36 million in 2023).
At 31 December 2024, the fair value of the remaining equity-settled programs was DKK 192 million (DKK 120 million at 31 December 2023).

The PCUs/RCUs granted are recognized in the statement of profit or loss at an expense corresponding to the value adjustment for the year based on the performance of the Lundbeck share. The total expense recognized in respect of cash-settled programs amounted to DKK 2 million (DKK 5 million in 2023) and covers all cash-settled programs in force at 31 December 2024. At 31 December 2024, the total liability in respect of cash-settled programs was DKK 2 million (DKK 1 million at 31 December 2023).

The total expense recognized in profit or loss for all incentive programs amounted to DKK 47 million in 2024 (DKK 41 million in 2023).

Notes 16-17

16 Provisions

	Discounts and rebates[1]	Product returns[2]	Other provisions	Total
	DKKm	DKKm	DKKm	DKKm
2024				
Provisions at 1 January	618	206	498	1,322
Effect of foreign exchange differences	48	13	6	67
Additional provisions recognized	1,415	101	805	2,321
Provisions used during the year	(1,236)	(67)	(444)	(1,747)
Reversal of unused provisions	-	(13)	(16)	(29)
Provisions at 31 December	**845**	**240**	**849**	**1,934**
Provisions break down as follows:				
Non-current provisions	-	174	409	583
Current provisions	845	66	440	1,351
Provisions at 31 December	**845**	**240**	**849**	**1,934**

1) For discounts and rebates, the most significant sales deductions are in the U.S. and comprise discounts and rebates given in connection with sales under the U.S. Federal and State Government Healthcare programs, primarily Medicaid.
2) For product returns, the Group has product return obligations normal for the industry. Management does not expect any major losses from these obligations apart from the amount already recognized.

Discounts and rebates

Management's estimate of discounts and rebates is based on a calculation which includes a combination of historical product/population utilization mix, price increases, program/market growth and state-specific information. Further, the calculation of rebates involves legal interpretation of relevant regulations and is subject to changes in interpretive guidance from governmental authorities. The obligations for discounts and rebates are incurred at the time the sale is recorded; however, the actual rebate related to a specific sale may be invoiced by the authorities six to nine months later. In addition to this billing time lag, there is no statute of limitations for states to submit rebate claims; thus, rebate adjustments in any specific period may relate to sales from a prior period. Moreover, when a product loses exclusivity, shifts in payer mix may cause Medicaid claims/estimates to be more volatile.

Other provisions

As of 31 December 2024, other provisions primarily included legal claim provisions of DKK 293 million (DKK 139 million in 2023); restructuring provisions of DKK 265 million (DKK 62 million in 2023) and environmental provisions of DKK 88 million (DKK 97 million in 2023).

17 Contingent assets and contingent liabilities

Pending legal proceedings

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

Note 17

17 Contingent assets and contingent liabilities - continued

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 violation of competition law, often arise when decisions and fines issued by the European Commission are upheld by the European Court of Justice. The below mentioned "follow-on claims" are ongoing or threatened. Lundbeck disagrees with all claims and intends to defend itself against them.

At the end of first quarter 2023, the UK health authorities served their claim form on Lundbeck and several generic companies, and Lundbeck filed its defense in the third quarter of 2023. The hearing on whether the claim is time-barred was held in the second quarter of 2024 and the Competition Appeal Tribunal has subsequently issued a decision in favor of the UK health authorities. Lundbeck has been granted permission to appeal the decision to the Court of Appeal and the substantive proceedings have remained pending the appeal.

In late October 2021, Lundbeck received a writ of summons from a German health-care company claiming compensation for an alleged loss of profit plus interest payments, allegedly resulting from Lundbeck's conclusion of agreements with two of the four generic competitors, which were comprised by the EU Court of Justice ruling. Lundbeck filed its first defense in May 2022, and the parties have subsequently exchanged additional pleadings. The first instance court hearing was held in the second quarter of 2024, and Lundbeck currently expects that additional procedural steps will be taken before a first instance court ruling, likely in 2025. The first instance court ruling may be appealed, and it make take several years before a final conclusion is reached by the German courts.

In October 2024, Lundbeck received a claim form from the health authority in one of the regions (*comunidades autónomas*) in Spain and in November 2024 Lundbeck filed its defense. A Case Management Conference is scheduled in the first quarter of 2025.

Lundbeck has been informed about potential claims in several other European countries, however, it is still uncertain whether the potential claims will be actively pursued.

In Canada, Lundbeck is involved in two product liability class-action lawsuits relating to Cipralex®/Celexa® (one case 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). Lundbeck strongly disagrees with the claims. The Celexa birth defect litigation has been discontinued in Quebec. A settlement agreement has been signed by the parties in the Abilify Maintena® cases and is pending approval by the courts.

In 2018, Lundbeck entered into settlements with three of four generic companies involved in an Australian federal court case, in which Lundbeck was pursuing patent infringement and damages claims over the sale of escitalopram products in Australia. Lundbeck's case against the last of the four generic companies, Sandoz Pty Ltd, went up to the High Court of Australia, who has decided that Sandoz Pty Ltd infringed Lundbeck's escitalopram patent between 2009 and 2012. The High Court has sent the case back to the first instance court for recalculation of the damages awarded to Lundbeck in first instance which amounted to AUD 26.3 million (DKK 121 million). Lundbeck's appeal of the Australian Patent Office's decision to grant Sandoz a license has now been decided, and the license was substantially limited. Sandoz can still appeal the license decision to the Federal Court.

Otsuka and Lundbeck have received paragraph IV certifications from Sun Pharma and Apotex with respect to certain patents listed for Abilify Maintena® in the U.S. and commenced patent infringement proceedings against both companies. The FDA will stay approval to Sun and Apotex until 30 months from receipt of the respective paragraph IV certifications or a court decision in Sun's and/or Apotex' favor.

Note 17

17 Contingent assets and contingent liabilities - continued

Lundbeck received a Civil Investigative Demand ("CID") from the U.S. Department of Justice ("DOJ") in March 2020. The CID seeks information regarding the sales, marketing, and promotion (including the promotional speaker program) of Trintellix®. Lundbeck is cooperating with the DOJ.[1)]

In June 2022 in the U.S., several entities, created for the purpose of receiving assignment of claims from payors providing health insurance coverage pursuant to Medicare Parts C and D and Medicaid, filed a complaint against Lundbeck and others. The complaint alleges that Lundbeck and the other defendants conspired to increase the unit price and quantity dispensed of Xenazine®. The case was dismissed with prejudice earlier in 2023 and is currently under appeal.[1)]

In June 2023 in the U.S., Humana Inc., an insurer, filed a complaint against Lundbeck U.S. legal entities. The complaint alleges that Lundbeck engaged in an illegal kickback scheme to increase the sales and sale price of Lundbeck's Xenazine®. The complaint alleges that Lundbeck's activities targeted Humana Inc. and other private Medicare insurers who were forced to bear the costs of the alleged illegally subsidized drug sales. Lundbeck denies the allegations in the complaint and intends to defend itself.[1)]

Environmental matters

PFAS pollution has been identified at Lundbeck's site in Lumsås, pollution to the soil and water has occurred from the use of PFAS-containing firefighting foam in the factory's fire extinguishing system, which was used until 2011 in compliance with applicable law and following recommendations by the fire authorities at that time. The case is being managed in accordance with the requirements set by the authorities and in line with Lundbeck's HSE, Compliance and Sustainability Policies. Since the pollution was detected, Lundbeck has been engaged in a close dialogue with the Danish Environmental Protection Agency (EPA) regarding the mapping and remediation of the pollution. Lundbeck has proactively taken steps to reduce PFAS level while is continuously engaged with neighbors and the municipality to address concerns in the local community. As remediation and mitigation action advances, our knowledge and understanding of PFAS pollution will continue to evolve and we are committed to continue to take further steps to reduce PFAS levels in the area.

Joint taxation

H. Lundbeck A/S and Danish subsidiaries are part of a Danish joint taxation scheme with Lundbeckfonden (Lundbeckfond Invest A/S including subsidiaries of Lundbeckfond Invest A/S), according to which the Company partly has a joint and several liability and partly a secondary liability with respect to corporate income taxes etc. for the jointly taxed companies. In addition, H. Lundbeck A/S partly has a joint and several liability and partly a secondary liability with respect to any obligations to withhold tax on interest, royalties and dividends for these companies. However, in both cases the secondary liability is capped at an amount equal to the share of the capital of the Company directly or indirectly owned by the ultimate Parent Company. The total tax obligation under the joint taxation scheme is shown in the Financial Statements of Lundbeckfond Invest A/S.

1) Legal case not related to the Parent Company.

Note 18

18 Bank debt, bond debt and borrowings

	2024	2023
	DKKm	DKKm
Bank debt and bond debt	16,174	3,714
Total	**16,174**	**3,714**

Development in bank debt, bond debt and borrowings

Development in bank debt, bond debt and borrowings	Balance at 1 January	Cash inflow	Cash outflow	Non-cash flow[1]	Balance at 31 December
	DKKm	DKKm	DKKm	DKKm	DKKm
2024					
Bank loans	-	12,458	-	(4)	12,454
Issued bonds	3,714	-	-	6	3,720
Total bank debt and bond debt	**3,714**	**12,458**	**-**	**2**	**16,174**
2023					
Bank loans	1,393	-	(1,377)	(16)	-
Issued bonds	3,703	-	-	11	3,714
Total bank debt and bond debt	**5,096**	**-**	**(1,377)**	**(5)**	**3,714**

1) Non-cash flow comprise development in the exchange rates and amortizations

For maturity analysis of loans, see *note 20 Financial instruments.*

	Currency	Expiry of commitment	Fixed/ floating	Weighted average effective interest rate	Amortized cost	Nominal value	Fair value
				%	DKKm	DKKm	DKKm
2024							
Bank loan	EUR	Jun 2026	Floating	3.51	8,725	8,726	8,726
Bank loan	EUR	Apr 2026	Floating	3.34	3,729	3,729	3,729
Issued bonds	EUR	Oct 2027	Fixed	0.88	3,720	3,729	3,521
Total					**16,174**	**16,184**	**15,976**
2023							
Issued bonds	EUR	Oct 2027	Fixed	0.88	3,714	3,727	3,385
Total					**3,714**	**3,727**	**3,385**

In 2019, Lundbeck entered into a revolving credit facility (RCF) of EUR 1.5 billion with its strategic banks. The RCF expires in 2026. The flexible structure of the RCF enables Lundbeck to repay the debt in full at short notice, normally not more than three months, and still maintain the facility until expiration of the credit commitment. The RCF is subject to covenants, and no breaches were encountered during the year.

In October 2020, Lundbeck issued a seven-year eurobond in the amount of EUR 500 million with a fixed coupon of 0.875%. The bond was issued under Lundbeck´s euro medium-term note (EMTN) program of EUR 2 billion.

In October 2024, Lundbeck entered into a bridge facility of EUR 500 million with its strategic banks. The bridge facility expires in April 2026 (with utilization of six-month extension). The bridge facility provides short-term committed funding until long-term financing is secured. Similar to the RCF, the bridge facility is subject to covenants, and no breaches were encountered during the year. Lundbeck's exposure to interest rate risk derives mainly from the EUR drawdown under the revolving credit facility. To hedge the currency risk of the EUR loans, Lundbeck swapped EUR 1.100 million into DKK by a cross-currency swap with an amortized profile

Note 18

18 Bank debt, bond debt and borrowings - continued

matching the expected payback profile of the underlying loan. The floating DKK debt amount is swapped into fixed interest by an interest rate swap with same amortized profile and an average fixed interest rate of 2.20%.

Amortized cost is calculated as the proceeds received less instalments paid, plus or minus amortization of capital gains or losses.

The Group is subject to a leverage covenant, as outlined in its financing agreements. Key terms of the leverage covenant are as follows:

- Leverage Ratio Limit (based on net-debt-to-EBITDA): The Group's leverage ratio may not exceed 4.0:1, subject to specific conditions as detailed below.
- Spike Provision:
    - Following any acquisition, the leverage ratio may temporarily increase to a maximum of 4.5:1 for the first two full financial quarters.
    - After the utilization of the Spike provision, the leverage ratio must reduce to no more than 3.0:1 for two consecutive financial quarters before the Spike provision can be reactivated.

The Group continuously monitors its leverage ratio to ensure compliance with the above covenant.

Notes 19-20

19 Other payables

	2024	2023
	DKKm	DKKm
Contingent consideration	339	338
Other payables	100	82
Non-current payables	**439**	**420**
Contingent consideration	1	-
Employee costs payable	1,055	985
Debt with public authorities	262	236
Financial instruments	358	51
Other	784	716
Current payables	**2,460**	**1,988**

Contingent consideration recognized through acquisitions

As part of the acquisition of Alder BioPharmaceuticals, Inc. (subsequently renamed Lundbeck Seattle BioPharmaceuticals, Inc.), Lundbeck has recognized a contingent consideration liability related to sales milestone dependent on predefined milestones being reached. At 31 December 2024, the fair value of this contingent consideration related to this acquisition amounted to DKK 306 million (DKK 306 million at 31 December 2023).

As part of the acquisition of Abide Therapeutics, Inc., (subsequently renamed Lundbeck La Jolla Research Center, Inc.), Lundbeck has recognized a contingent consideration liability related to sales milestones dependent on predefined milestones being reached. At 31 December 2024, the fair value of this contingent consideration related to this acquisition amounted to DKK 33 million (DKK 32 million at 31 December 2023).

Contingent considerations are recognized at fair value. The calculation of the fair value is based on the discounted cash flow method (DCF method) which comprises significant assumptions and estimates. Expected timing of payment (using a specific discount rate) and probability of success are key inputs to the fair value of the contingent considerations.

The fair value adjustment of all contingent considerations amounted to a net gain of DKK 21 million, being DKK 39 million of financial expenses and DKK 60 million of financial income. The liability was impacted by unfavorable exchange variations of DKK 23 million.

20 Financial instruments

Market risks

Credit risks

Credit risks are predominantly associated with Trade receivables and Cash and cash equivalents. The structure, policies and the approach established by the Group to manage and monitor those risks are disclosed in *notes 11 Trade receivables* and *12 Cash and cash equivalents*.

Foreign currency risks

Foreign currency management is handled centrally by the Parent Company. Currency management focuses on risk mitigation and is carried out in conformity with the Group's Treasury Policy, as approved by the Board of Directors. The overall objective is to assess and mitigate foreign currency risks to protect Lundbeck against impacts from changing conditions in the foreign exchange markets. Foreign currency risks in 2024 comprise cash flow risk in several currencies and USD translation risk emanating from net investments in foreign subsidiaries.

The Parent Company hedges part of the Group’s anticipated revenue in selected currencies for a period of 12-18 months, using forward exchange contracts and currency options. The majority of foreign currency risks arise from USD, CAD, CNY and KRW. Hedging is performed on a rolling basis each month. The forward exchange contracts and currency options are classified as hedging instruments when meeting the accounting criteria for hedge accounting according to IFRS 9 *Financial Instruments*. Unhedged cash flows are sold spot.

Changes in the fair value of all instruments meeting the criteria for hedge accounting are recognized in the statement of other comprehensive income as they arise, together with the forward points and option premiums. At maturity of the hedge contracts, the final effect is transferred from other comprehensive income and recognized in the profit or loss or balance sheet together with the hedged item.

Forward exchange contracts and currency options that do not meet the hedge accounting criteria are classified as trading contracts, and changes in the fair value are recognized under financial income or financial expenses as they arise.

Cash flow timing and changes to the forecasted amounts are the main sources for evaluating the risk of hedge ineffectiveness. When concluding a hedge transaction, and each time presenting the Financial Statements thereafter, it is assessed whether the hedged exposure and the hedging instrument are still financially correlated. If the hedged cash flows are no longer expected to be realized, the accumulated value change is transferred to financial income or financial expenses.

Lundbeck did not have any hedge ineffectiveness in 2024 or 2023.

The Group's hedge position at the end of the reporting period was as follows:

Forward exchange contracts (against DKK)	**Contract amount according to hedge accounting** DKKm	**Fair value at year-end recognized in the statement of comprehensive income/ other receivables** DKKm	**Fair value at year-end recognized in the statement of comprehensive income/ other payables** DKKm	**Realized exchange gains/losses for the year recognized in the statement of profit or loss/ statement of financial position** DKKm	**Average hedge prices of existing forward exchange contracts** DKK	**Maturity**
2024						
CAD (sell position)	291	1	(0)	1	497.19	Nov. 2025
CNY (sell position)	429	-	(6)	10	96.12	Nov. 2025
KRW (sell position)	255	22	-	16	0.52	Dec. 2025
USD (sell position)	6,802	-	(309)	(45)	678.19	Nov. 2025
Other currencies	1,393	33	(20)	7		Dec. 2025
Total		**56**	**(335)**	**(11)**		
2023						
CAD (sell position)	550	1	(3)	6	502.33	Nov. 2024
CNY (sell position)	364	12	(1)	43	98.04	Oct. 2024
KRW (sell position)	230	3	(2)	4	0.53	Dec. 2024
USD (sell position)	4,009	52	(4)	120	676.06	Nov. 2024
Other currencies	1,123	9	(28)	(34)		Dec. 2024
Total		**77**	**(38)**	**139**		

Note 20

20 Financial instruments - continued

Currency option contracts (against DKK)	Contract amount according to hedge accounting	Fair value at year-end recognized in the statement of comprehensive income/ other receivables	Fair value at year-end recognized in the statement of comprehensive income/ other payables	Realized exchange gains/losses for the year recognized in the statement of profit or loss /statement of financial position	Average hedge price range of existing option contracts[1)]	Maturity
	DKKm	DKKm	DKKm	DKKm	DKK	
2024						
CAD (sell position)	322	1	(2)	(3)	486.36 - 504.39	Oct. 2025
USD (sell position)	431	-	(9)	(35)	652.43	Aug. 2025
Other	127	-	(2)	(3)		
		1	**(13)**	**(41)**		

Currency option contracts (against DKK)	Contract amount according to hedge accounting	Fair value at year-end recognized in the statement of comprehensive income/ other receivables	Fair value at year-end recognized in the statement of comprehensive income/ other payables	Realized exchange gains/losses for the year recognized in the statement of profit or loss /statement of financial position	Average hedge price range of existing option contracts[1)]	Maturity
	DKKm	DKKm	DKKm	DKKm	DKK	
2023						
CAD (sell position)	137	-	(3)	8	482.97 - 495.64	Apr. 2024
USD (sell position)	1,855	7	(10)	(11)	654.31 - 708.61	Nov. 2024
Other	204	-	-	1		
		7	**(13)**	**(2)**		

1) Lundbeck's option structures for 2024 and 2023 all consist of a (1) purchased put option and a sold call option, which protect against downside movements in currency and limit the upside or a (2) purchased put option, which protects against downside movements. The hedge price range is shown net of premium.

Note 20

20 Financial instruments - continued

Estimated impact from financial instruments on profit for the year and equity from a 5% increase in year-end exchange rates of the major currencies

	CAD[1)]	CNY[1)]	USD[1)]
	DKKm	DKKm	DKKm
2024			
Profit for the year	(2)	9	156
Equity	(24)	(16)	(205)
2023			
Profit for the year	1	-	37
Equity	(22)	(29)	(207)

1) An immediate 5% decrease would have the opposite impact of the above.

The sensitivities shown only comprise impact from Lundbeck's financial instruments and reflect a relative change of the exchange rates at 31 December 2024 and 2023. The sensitivity analysis includes derivatives, bank loans, trade receivable, trade payables, intercompany lending and borrowing as those are the financial instruments to which the Group has the most currency exposure.

The profit impact comprises financial instruments that remained open at the balance sheet date and which have an impact on profit in the current financial year. It includes foreign exchange differences relating to intra-group balances that are not eliminated in the consolidated Financial Statements. The calculation of the estimated impact is based on the functional currency of the entities in which the financial instruments are located.

The profit impact is limited as the largest liabilities are the exchange rate adjusted in other comprehensive income, being part of Lundbeck's hedging structure.

The equity impact includes financial instruments that remained open at the balance sheet date and which are exchange rate adjusted in other comprehensive income. The equity effect in 2024 and 2023 primarily consists of exchange rate adjustments in USD on outstanding cash flow hedging contracts.

Due to Denmark's long-standing fixed exchange rate policy against the euro and the expected continuation of this policy, the foreign currency risk for euro is considered immaterial, and euro is therefore not included in the table above.

Interest rate risks

Lundbeck ensures that the interest rate risk is managed according to the Treasury Policy. Interest rate risk relates mainly to outstanding interest-bearing debt with floating interest rates. Interest rate risk management is handled centrally by the Parent Company. Through the Group's Treasury Policy, the Board of Directors has approved the limits for borrowing and investment. Loans secured by property must be approved by the Board of Directors. Only a limited part of the total loan portfolio is allowed to have floating interest rates, and to hedge the interest rate risk on loans, the Board of Directors has approved the use of Interest Rate Swaps (IRS), Caps, Floors and Forward Rate Agreements (FRAs).

Lundbeck's exposure to interest rate risk is low, as the EUR 500 million bond has a fixed coupon, and EUR bank loans are swapped into fixed DKK interest through a cross-currency swap and interest rate swap. For more information see *note 18 Bank debt, bond debt and borrowings*.

An interest rate change on bank debt and bond debt, including the cross-currency swap and interest rate swap, of +/- 1 percentage point would decrease/increase profit for the year before tax by DKK 36 million (DKK 0 million in 2023) and increase/decrease equity by DKK 32 million at 31 December 2024 (DKK 0 million at 31 December 2023).

See *note 19 Other payables* for details on the obligations relating to contingent consideration and *note 18 Bank debt, bond debt and borrowings* for details on the bank debt and bond debt.

Note 20

20 Financial instruments - continued

The table below includes undiscounted cash flows, including interest payments, and assumes liabilities to be repaid at their contractual maturity dates.

Classification of and contractual maturity dates for financial assets and financial liabilities

2024	Within 1 year DKKm	Between 1 and 5 years DKKm	After 5 years DKKm	Total DKKm	Effective interest rates %
Financial assets					
Derivatives to hedge future cash flows – exchange rate	57	-	-	57	-
Derivatives to hedge future cash flows – interest rate	-	1	-	1	-
Derivatives to hedge future cash flows - price	6	30	-	36	-
Financial assets measured at FVTOCI[1]	**63**	**31**	**-**	**94**	
Other financial assets	-	-	37	37	-
Other financial assets measured at FVTPL[2]	**-**	**-**	**37**	**37**	
Receivables[3]	3,502	216	-	3,718	-
Cash and cash equivalents	4,664	-	-	4,664	0-10
Financial assets measured at amortized cost	**8,166**	**216**	**-**	**8,382**	
Total financial assets	**8,229**	**247**	**37**	**8,513**	

2024	Within 1 year DKKm	Between 1 and 5 years DKKm	After 5 years DKKm	Total DKKm	Effective interest rates %
Financial liabilities					
Derivatives to hedge future cash flows – exchange rate	348	5	-	353	-
Derivatives to hedge future cash flows – interest rate	-	5	-	5	2-3
Financial liabilities measured at FVTOCI[1]	**348**	**10**	**-**	**358**	
Contingent consideration[4]	-	-	340	340	
Other financial liabilities measured at FVTPL[2]	**-**	**-**	**340**	**340**	
Bank and bond debt	510	16,437	-	16,947	0-4
Lease liabilities	82	266	171	519	1-13
Trade and other payables	5,274	98	-	5,372	-
Financial liabilities measured at amortized cost	**5,866**	**16,801**	**171**	**22,838**	
Total financial liabilities	**6,214**	**16,811**	**511**	**23,536**	

1) Fair value through other comprehensive income. 2) Fair value through profit or loss. 3) Including other receivables recognized in non-current assets. Excluding financial instruments measured at fair value or designated as hedge. 4) See *note 19 Other payables*.

Note 20

20 Financial instruments - continued

2023	Within 1 year DKKm	Between 1 and 5 years DKKm	After 5 years DKKm	Total DKKm	Effective interest rates %
Financial assets					
Derivatives to hedge future cash flows – exchange rate	85	-	-	85	-
Derivatives to hedge future cash flows - price	10	39	-	49	-
Financial assets measured at FVTOCI[1]	**95**	**39**	**-**	**134**	
Other financial assets	-	-	60	60	-
Other financial assets measured at FVTPL[2]	**-**	**-**	**60**	**60**	
Receivables[3]	3,037	154	-	3,191	-
Cash and equivalents	5,010	-	-	5,010	0-10
Financial assets measured at amortized cost	**8,047**	**154**	**-**	**8,201**	
Total financial assets	**8,142**	**193**	**60**	**8,395**	

2023	Within 1 year DKKm	Between 1 and 5 years DKKm	After 5 years DKKm	Total DKKm	Effective interest rates %
Financial liabilities					
Derivatives to hedge future cash flows – exchange rate	51	-	-	51	-
Financial liabilities measured at FVTOCI[1]	**51**	**-**	**-**	**51**	
Contingent consideration[4]	-	-	338	338	
Other financial liabilities measured at FVTPL[2]	**-**	**-**	**338**	**338**	
Bank and bond debt	33	3,824	-	3,857	0-1
Lease liabilities	86	203	148	437	0-13
Trade and other payables	5,037	82	-	5,119	-
Financial liabilities measured at amortized cost	**5,156**	**4,109**	**148**	**9,413**	
Total financial liabilities	**5,207**	**4,109**	**486**	**9,802**	

1) Fair value through other comprehensive income. 2) Fair value through profit or loss. 3) Including other receivables recognized in non-current assets. Excluding financial instruments measured at fair value or designated as hedge. 4) See *note 19 Other payables*.

Notes 20-21

20 Financial instruments - continued

Financial assets and financial liabilities measured or disclosed at fair value	Level 1 DKKm	Level 2 DKKm	Level 3 DKKm
2024			
Financial assets			
Other financial assets[1]	7	-	30
Derivatives[1]	-	58	36
Total	**7**	**58**	**66**
Financial liabilities			
Contingent consideration[1]	-	-	340
Derivatives[1]	-	358	-
Bank debt[2]	-	12,455	-
Bond debt[2]	3,521	-	-
Total	**3,521**	**12,813**	**340**
2023			
Financial assets			
Other financial assets[1]	33	-	27
Derivatives[1]	-	84	49
Total	**33**	**84**	**76**
Financial liabilities			
Contingent consideration[1]	-	-	338
Derivatives[1]	-	51	-
Bond debt[2]	3,380	-	-
Total	**3,380**	**51**	**338**

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

The fair value of listed securities is based on publicly quoted prices of the invested assets. The fair value of derivatives is calculated by applying recognized measurement techniques, whereby assumptions are based on the market conditions prevailing at the balance sheet date.

The fair value of contingent consideration is calculated as the discounted cash outflows (DCF method) from future milestone payments, taking probability of success into consideration. The fair value of other financial assets is calculated through the financial performance of the market inputs and other market conditions prevailing at the balance sheet date.

The carrying amount of other receivables, trade receivables, prepayments, bank debt, other debt, trade payables and other payables is believed to be equal to or close to fair value.

There are no changes in the valuation techniques to determine the fair values of assets recognized and disclosed.

21 Audit fees

	2024 DKKm	2023 DKKm
Statutory audit	12	11
Assurance engagements other than audit	2	1
Tax advisory	1	2
Other services	1	1
Fee to PricewaterhouseCoopers	**16**	**15**

The fee for non-audit services provided to the Group by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, Denmark, amounted to DKK 2 million (DKK 1 million in 2023) and consisted of limited assurance of the sustainability statement, other assurance services, other accounting and tax advisory services. Certain subsidiaries of the Group are not subject to audit by PricewaterhouseCoopers.

Notes 22-23

22 Contractual obligations

Research and development milestones and collaborations
The Group has entered into a number of agreements relating to research and development of new products and intellectual property rights from acquisitions, as well as other collaborations. According to these agreements, Lundbeck is committed to pay certain milestones. Such amounts entail uncertainties in relation to the period in which payments are due because a proportion of the obligations is dependent on the milestone achievements.

At 31 December 2024, potential future milestone payments amounted to DKK 1,029 million (DKK 1,106 million at 31 December 2023).

Sales milestones, royalties and other payments
Lundbeck is committed to paying certain commercial sales milestones, royalties or other payments based on a percentage of sales generated from the sale of goods following marketing approval. These amounts are excluded from the contractual obligations because of their contingent nature, being dependent on future sales.

Other purchase obligations
The Group has undertaken purchase obligations relating to property, plant and equipment in the amount of DKK 637 million (DKK 692 million at 31 December 2023). Contractual obligations with intangible assets, excluding commitments with R&D milestones and collaborations, amounted to DKK 24 million and other obligations relating to licensing agreements amounted to DKK 7 million at 31 December 2024 (DKK 0 at 31 December 2023).

23 Related parties

Lundbeck's related parties
- The Parent Company's principal shareholder, Lundbeckfonden (Lundbeckfond Invest A/S), Scherfigsvej 7, 2100 Copenhagen, Denmark.
- Companies in which Lundbeckfonden exercises controlling influence, including ALK-Abelló A/S and Falck A/S.
- Members of the Parent Company's Registered Executive Management and Board of Directors as well as close relatives of these people.
- Companies in which members of the Parent Company's Registered Executive Management and Board of Directors as well as close relatives of these people exercise controlling influence.

Transactions and balances with Lundbeckfonden
There have been the following transactions and balances with Lundbeckfonden:

- Payment of dividends of DKK 481 million in 2024 (DKK 398 million in 2023).
- Payment of on account tax of DKK 200 million in 2024 (DKK 140 million in 2023) for the Parent Company and Danish subsidiaries.
- Refund of residual tax of DKK 40 million in 2024 (DKK 14 million in 2023) for the Parent Company and Danish subsidiaries.

Lundbeckfonden exercises controlling influence on H. Lundbeck A/S.

Transactions and balances with the ALK group
There have been no transactions or balances with the ALK group.

Transactions and balances with the Falck group
There have been no material transactions or balances with the Falck group.

Transactions and balances with the Registered Executive Management and the Board of Directors
In addition to the transactions with members of the Registered Executive Management and the Board of Directors outlined in *note 4 Employee costs* and *15 Incentive programs*, the Parent Company has paid dividends on shares held by members of the Registered Executive Management and the Board of Directors in H. Lundbeck A/S.

Transactions and balances with other related parties
Other than the above, there have been no material transactions or balances with other related parties.

Note 24

24 List of subsidiaries

The list below shows the subsidiaries in the Group.

	Purpose	Share of voting rights and ownership %
Lundbeck Argentina S.A., Argentina	Sales and distribution	100
Lundbeck Australia Pty Ltd, Australia, including	Sales and distribution	100
- CNS Pharma Pty Ltd, Australia	Sales and distribution	100
Lundbeck Austria GmbH, Austria	Sales and distribution	100
Lundbeck S.A., Belgium	Sales and distribution	100
Lundbeck Brasil Ltda., Brazil	Sales and distribution	100
Lundbeck Canada Inc., Canada	Sales and distribution	100
Lundbeck Chile Farmacéutica Ltda., Chile	Sales and distribution	100
Lundbeck (Beijing) Pharmaceuticals Consulting Co., Ltd., China	Sale services	100
Lundbeck Colombia S.A.S., Colombia	Sales and distribution	100
Lundbeck Croatia d.o.o., Croatia	Sale services	100
Lundbeck Czech Republic s.r.o., Czech Republic	Sales and distribution	100
Lundbeck Export A/S, Denmark	Sales and distribution	100
Lundbeck Pharma A/S, Denmark	Sales and distribution	100
Lundbeck Eesti A/S, Estonia	Sales and distribution	100
OY H. Lundbeck AB, Finland	Sales and distribution	100
Lundbeck SAS, France	Sales and distribution	100
Sofipharm SAS, France, including	Other	100
- Elaiapharm SAS, France	Production	100
Lundbeck GmbH, Germany	Sales and distribution	100
Lundbeck Hellas S.A., Greece	Sales and distribution	100

	Purpose	Share of voting rights and ownership %
Lundbeck HK Limited, Hong Kong	Sales and distribution	100
Lundbeck Hungária KFT, Hungary	Sales and distribution	100
Lundbeck India Private Limited, India	Other	100
Lundbeck (Ireland) Ltd., Ireland	Sales and distribution	100
Lundbeck Israel Ltd., Israel	Sales and distribution	100
Lundbeck Italia S.p.A., Italy	Sales and distribution	100
Lundbeck Pharmaceuticals, Italy S.p.A., Italy, including	Production	100
- Archid S.A., Luxembourg	Sales and distribution	100
Lundbeck Japan K.K., Japan	Sale services	100
Lundbeck Korea Co., Ltd., Republic of Korea	Sales and distribution	100
SIA Lundbeck Latvia, Latvia	Sale services	100
UAB Lundbeck Lietuva, Lithuania	Sale services	100
Lundbeck Malaysia SDN. BHD., Malaysia	Sales and distribution	100
Lundbeck México, SA de CV, Mexico	Sales and distribution	100
Lundbeck B.V., The Netherlands	Sales and distribution	100
Prexton Therapeutics B.V., The Netherlands, including	Other	100
- Prexton Therapeutics A.G., Switzerland	Other	100
Lundbeck New Zealand Limited, New Zealand	Other	100
H. Lundbeck AS, Norway	Sales and distribution	100
Lundbeck Pakistan (Private) Limited, Pakistan	Sales and distribution	100
Lundbeck America Central S.A., Panama	Sales and distribution	100

Notes 24-25

24 List of subsidiaries – continued

	Purpose	Share of voting rights and ownership %
Lundbeck Peru S.A.C., Peru	Sales and distribution	100
Lundbeck Philippines Inc., Philippines	Sales and distribution	100
Lundbeck Business Service Centre Sp.z.o.o., Poland	Other	100
Lundbeck Poland Sp.z.o.o., Poland	Sales and distribution	100
Lundbeck Portugal - Produtos Farmacêuticos Unipessoal Lda, Portugal	Sales and distribution	100
Lundbeck Romania SRL, Romania	Sales and distribution	100
Lundbeck RUS LLC, Russian Federation	Sale services	100
Lundbeck Regional Headquarters, Saudi Arabia	Other	100
Lundbeck Singapore PTE. LTD., Singapore	Sales and distribution	100
Lundbeck Slovensko s.r.o., Slovakia	Sales and distribution	100
Lundbeck Pharma d.o.o., Slovenia	Sales and distribution	100
Lundbeck South Africa (Pty) Limited, South Africa, including	Sales and distribution	100
- H. Lundbeck (Proprietary) Limited, South Africa	Other	100
Lundbeck España S.A., Spain	Sales and distribution	100
H. Lundbeck AB, Sweden	Sales and distribution	100
Lundbeck (Schweiz) AG, Switzerland	Sales and distribution	100
Lundbeck İlaç Ticaret Limited Şirketi, Turkey	Sales and distribution	100
Lundbeck Group Ltd. (Holding), UK, including	Other	100
- Lundbeck Limited, UK	Sales and distribution	100
- Lundbeck Pharmaceuticals Ltd., UK	Other	100
- Lifehealth Limited, UK	Other	100
- Lundbeck UK LLP, UK[1]	Other	100
Lundbeck USA Holding LLC, USA, including	Other	100
- Lundbeck LLC, USA, including	Sales and distribution	100
- Chelsea Therapeutics International, Ltd., USA, including	Other	100
- Lundbeck NA Ltd., USA	Other	100
- Lundbeck Pharmaceuticals LLC, USA	Other	100
- Lundbeck Research USA, Inc., USA	Other	100
- Lundbeck La Jolla Research Center, Inc., USA, including	Research and development	100
- Abide Therapeutics (UK) Limited, UK	Other	100
- Lundbeck Seattle BioPharmaceuticals, Inc., USA, including	Research and development	100
- Alder Biopharmaceuticals Pty., Ltd., Australia	Other	100
- Alderbio Holdings LLC ("ANEV"), USA	Other	100
- Longboard Pharmaceuticals, Inc, USA	Research and development	100
Lundbeck de Venezuela, C.A., Venezuela	Other	100

1) Lundbeck UK LLP is owned by Lundbeck Group Ltd. (Holding), Lundbeck Limited and Lifehealth Limited, all of which have H. Lundbeck A/S as their direct or ultimate parent company.

25 Subsequent events

No subsequent events have occurred after the balance sheet date that required adjustment to or disclosure in the consolidated Financial Statements.

Note 26

26 Material accounting policy information

The Group has consistently applied the following accounting policies to all periods presented in these consolidated Financial Statements, unless otherwise mentioned (see *note 1.8 New standards and amendments issued but not yet effective*).

Basis of consolidation
The consolidated Financial Statements comprise the Parent Company H. Lundbeck A/S and entities controlled by the Parent Company.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of income and of comprehensive income, statement of changes in equity and balance sheet respectively.

Business combinations
The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the:

• fair values of the assets transferred;
• liabilities incurred to the former owners of the acquired business;
• equity interests issued by the Group;
• fair value of any asset or liability resulting from a contingent consideration arrangement; and
• fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the statement of income as a bargain purchase.

Foreign currency
On initial recognition, transactions denominated in foreign currencies are translated at standard rates which approximate the exchange rates at the transaction date. Exchange differences arising between the exchange rates at the transaction date and the exchange rates at the date of payment are recognized in profit or loss under financial income or financial expenses.

Note 26

26 Material accounting policy information – continued

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. The differences between the exchange rates at the balance sheet date and the rates at the time of recognition or settlement are recognized in profit or loss under financial income or financial expenses.

On recognition of foreign subsidiaries having a functional currency different from the one used by the Parent Company, items in profit or loss are translated at monthly average exchange rates, and non-monetary and monetary balance sheet items are translated at the exchange rates at the balance sheet date. Exchange differences arising when translating profit or loss and the balance sheet of foreign subsidiaries, are recognized in other comprehensive income.

Exchange gains/losses on translation of receivables from and payables to subsidiaries that are considered part of the Parent Company's overall net investment in subsidiaries are recognized in other comprehensive income.

Exchange gains/losses on that part of the bank debt in foreign currency which is used for hedging of the net investments in subsidiaries, and which provides an effective hedging of the exchange gains/losses of the net investments are recognized in other comprehensive income.

Statement of cash flows
The consolidated statement of cash flows is presented in accordance with the indirect method and shows the composition of cash flows, divided into operating, investing and financing activities, and cash and cash equivalents at the beginning and end of the year.

Cash comprises cash and cash equivalents.

Cash flows denominated in foreign currencies, including cash flows in foreign subsidiaries, are translated at the average exchange rates for the year as they approximate the actual exchange rates at the date of payment. Cash and cash equivalents at year-end are translated at the exchange rates at the balance sheet date, and the effect of exchange gains/losses on cash and cash equivalents is shown as a separate line item in the statement of cash flows.

Financial instruments
Forward exchange contracts and other derivatives are initially recognized in the balance sheet at fair value on the contract date and subsequently remeasured at fair value at the balance sheet date. The fair value of derivatives is determined by applying recognized measurement techniques, whereby assumptions are based on the market conditions prevailing at the balance sheet date. Positive and negative fair values are included in other receivables and other payables, respectively.

Changes in the fair value of derivatives classified as hedging instruments and meeting the criteria for hedge accounting are recognized in other comprehensive income. On recognition of hedged items, income and expenses relating to such hedging transactions are transferred from other comprehensive income and recognized in the same line item as the hedged item.

Changes in the fair value of derivatives not qualifying for hedge accounting are recognized in the statement of profit or loss under financial income or financial expenses as they arise.

Securities, equity investments recognized in other financial assets, derivatives and contingent consideration measured at fair value are classified according to the fair value hierarchy as belonging to levels 1-3 depending on the valuation method applied.

Statement of profit or loss
Revenue
Revenue comprises invoiced sales less expected return of goods for the year, discounts, rebates and revenue-based taxes. Revenue is recognized when the goods are released from the Group's warehouse, meaning that control of products has transferred to the buyer, and it is probable that the Group will collect the consideration to which it is entitled for transferring the products.

Note 26

26 Material accounting policy information – continued

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the products. Revenue is recognized net of sales deductions, including product returns as well as discounts, rebates and revenue-based taxes.

Moreover, revenue includes licensing income and royalties from out-licensed products, non-refundable down payments and milestone payments relating to research and development collaborations, and income from collaborations on commercialization of products.

Sales-based licensing income and royalties from out-licensed products are recognized in profit or loss under revenue, when the Group provides access to its product rights as they exist throughout the license period.

Revenue from sales-based licensing income is recognized when the performance obligation is satisfied, i.e., when transferred to the customer. For royalties, revenue is recognized when the subsequent sale occurs.

As the performance obligations are satisfied over time, revenue is also recognized over time.

When the Group provides a customer the right to use the product rights as they exist at the point in time at which the license is granted, revenue is recognized at a point in time when control is transferred to the licensee and the license period begins when the customer's right to the intellectual property is transferred. Non-refundable down payments and milestone payments received relating to research collaborations are recognized in profit or loss under revenue as other revenue.

Cost of sales
Cost of sales comprises cost of goods sold, which includes the cost of raw materials, transportation costs, consumables and goods for resale, direct labor and indirect costs of production, including operating costs, and amortization/depreciation and impairment losses relating to product rights and manufacturing facilities.

Sales and distribution costs
Sales and distribution costs comprise costs incurred for the sale and distribution of the Group's products sold during the year. This includes costs incurred for sales campaigns, training and administration of the sales force and for direct distribution, marketing and promotion. Sales and distribution also include salaries and other costs for the sales, distribution and marketing functions, amortization/depreciation and impairment losses and other indirect costs.

Administrative expenses
Administrative expenses comprise expenses incurred for the management and the administration of the Group, i.e., salaries and other expenses relating to, for example, management, HR, IT and finance functions as well as amortization/depreciation and impairment losses and other indirect costs.

Research and development costs
Research and development costs comprise costs incurred for the Group's research and development functions, i.e., employee costs, amortization/depreciation and impairment losses and other indirect costs as well as costs relating to research and development collaborations.

Research costs are always recognized in profit or loss as they incur.

Due to a very long development period and the significant uncertainties inherent in the development of new products, development costs are expensed as incurred in line with industry practice. Consequently, the development costs do not qualify for capitalization as intangible assets until marketing approval by a regulatory authority is obtained or considered highly probable.

Note 26

26 Material accounting policy information – continued

Other operating expenses
Other operating expenses comprise other income and expenses relating to operating activities of a secondary nature to the Group. Other operating expenses include integration and transaction costs relating to material acquisitions, income and expenses relating to legal settlements and material gains and losses on the sale or retirement of items of property, plant and equipment.

Financial income and financial expenses
Financial income and financial expenses include interest income and expenses, net gain or loss on securities and other financial assets, including dividends, fair value adjustment of contingent consideration, fair value adjustment of other financial liabilities, foreign currency gains or losses and other financial income and expenses. Interest income or expenses are recognized using the effective interest method.

Income tax
The Parent Company and Danish subsidiaries are jointly taxed with the principal shareholder, Lundbeckfonden (Lundbeckfond Invest A/S), and its Danish subsidiaries. The current Danish corporate income tax liability is allocated among the companies of the tax pool in proportion to their taxable income (full allocation subject to reimbursement in respect of tax losses). At the time of the preparation of the Financial Statements, the allocation of the reimbursement from jointly taxed companies not controlled by the Parent Company is not finalized. Consequently, adjustments to the initial estimates made, if any, will be included as adjustments to prior years in the following financial year.

Tax for the year, which consists of the year's current tax and the change in deferred tax, is recognized in the statement of profit or loss as regards the amount that can be attributed to the net profit or loss for the year, in other comprehensive income as regards the amount that can be attributed to items in other comprehensive income, and in equity as regards the amount that can be attributed to items in equity. The effect of foreign exchange differences on deferred tax is recognized in the statement of financial position as part of the movements in deferred tax. The Group has determined that the global minimum top-up tax, which it is required to pay under Pillar Two legislation, is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and will account for it as a current tax when it incurs.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances based on either the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Current tax for the year is calculated based on the income tax rates and rules applicable at the reporting date.

Current tax payables and receivables, including contributions payable and receivable under the Danish joint taxation scheme, are recognized in the balance sheet, computed as tax calculated on the taxable income for the year adjusted for provisional tax paid.

On initial recognition, the amendments to IAS 12 require companies to recognize deferred tax on transactions that give rise to equal amounts of taxable and deductible temporary differences.

Deferred tax is recognized on all temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not recognized on temporary differences arising either on initial recognition of goodwill or from a transaction that is not a business combination, if the temporary difference ascertained at the time of the initial recognition affects neither the financial result nor the taxable income. The tax value of the assets is calculated based on the planned use of the individual assets.

Note 26

26 Material accounting policy information – continued

Deferred tax is measured based on the income tax rates and tax rules in force in the respective countries at the balance sheet date. Changes in deferred tax resulting from changed income tax rates or tax rules are recognized in profit or loss.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognized in the balance sheet at the value at which the assets are expected to be realized, either through an offset against deferred tax liabilities or as net tax assets to be offset against future positive taxable income.

Changes in deferred tax concerning expenses for share-based payments are generally recognized in profit or loss. However, if the amount of the tax deduction exceeds the related cumulative expense, it indicates that the tax deduction relates not only to an operating expense, but also to an equity item. In such a case, the excess of the associated current or deferred tax is recognized directly in equity.

Deferred tax in respect of recaptured losses previously deducted in foreign subsidiaries is recognized based on a specific assessment of each individual subsidiary.

Balances on interest deductibility limitations calculated according to the provisions of the Danish Corporation Tax Act are allocated between the jointly taxed companies according to a joint taxation agreement and are allocated between the companies that are subject to limitation of deductibility in proportion to their share of the total limitation. Deferred tax liabilities in respect of these balances are recognized in the balance sheet, whereas deferred tax assets are recognized only if the criteria for recognition of deferred tax assets are met.

Statement of financial position

Intangible assets

Goodwill

On initial recognition, goodwill is measured and recognized as the excess of the cost over the fair value of the acquired assets, liabilities and contingent liabilities.

Development projects

Development costs are recognized in profit or loss as they incur unless the conditions for capitalization have been met. Development costs are capitalized only if the development projects are clearly defined and identifiable and where the technical rate of utilization of the project, the availability of adequate resources and a potential future market or development opportunity can be demonstrated. Furthermore, such costs are capitalized only where the intention is to manufacture, market or use the project, when the cost can be measured reliably and when it is probable that future earnings can cover production, sales and distribution costs, administrative expenses and development costs.

After completion of the development work, development costs are amortized over the estimated useful life. The maximum amortization period for development projects protected by intellectual property rights is consistent with the remaining patent protection period of the rights concerned. Ongoing development projects are tested for impairment at least annually or when there is indication of impairment.

Product rights and other intangible assets

Acquired intellectual property rights in the form of product rights, patents, licenses, customer relationships and software are measured at cost less accumulated amortization and impairment losses. The cost of software comprises the cost of planning, labor costs and costs directly attributable to the project. Subsequent milestone-related expenditures are considered contingent consideration and the Group follows the cost accumulation approach.

Note 26

26 Material accounting policy information – continued

Product rights are amortized over the economic lives of the underlying products, which in all material aspects follow the patent terms, which are currently between five and fifteen years. Other rights are amortized over the period of agreement. Amortization commences when the asset is ready to be brought into use.

Amortization is recognized in profit or loss under cost of sales and research and development costs, respectively.

Borrowing costs to finance the manufacture of intangible assets are recognized in the cost price, if such borrowing costs relate to the production period. Other borrowing costs are expensed.

Gains and losses on the disposal of development projects, patents and licenses are measured as the difference between the selling price less cost to sell and the carrying amount at the time of sale. Gains and losses are recognized in profit or loss; normally in a separate line item or, if considered immaterial to the understanding of the consolidated Financial Statements, in the same line item as the associated amortization. In general, amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Property, plant and equipment
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost includes the costs of acquisition and expenses directly attributable to the acquisition until the asset is ready for use. The cost of self-constructed assets includes costs directly attributable to the construction of the asset.

Borrowing costs to finance the construction of property, plant and equipment are recognized in the cost price, if such borrowing costs relate to the production period. Other borrowing costs are expensed.

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets:

• Buildings	30 years
• Installations	10 years
• Plant and machinery	3-10 years
• Other fixtures and fittings, tools and equipment	3-10 years
• Leasehold improvements, max.	10 years

Depreciation methods, useful lives and residual values are reassessed annually and adjusted if appropriate.

Costs incurred that increase the recoverable amount of an asset are added to the value of the asset as an improvement and are depreciated over the estimated useful life of the improvement.

Gains or losses on the sale or retirement of items of property, plant and equipment are calculated as the difference between the carrying amount and the selling price less cost to sell or discontinuance costs. Gains and losses are recognized in profit or loss; normally in a separate line item or, if considered immaterial to the understanding of the consolidated Financial Statements, in the same line item as the associated depreciation.

Right-of-use assets are initially measured at cost, which comprises the initial amount of the liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term. Depreciation is recognized in profit or loss. Right-of-use assets are presented as part of property, plant and equipment.

Note 26

26 Material accounting policy information – continued

Impairment
Intangible assets with indefinite useful lives and intangible assets not yet commercialized are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they may be impaired. The annual impairment test is performed irrespective of whether there is any indication of impairment.

Intangible assets and property, plant and equipment in use with finite useful lives are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating unit). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Impairment losses are reversed only if the assumptions and estimates underlying the impairment calculation have changed. Indications of impairment or reversal of impairment include the following:

- Research and development results for a product
- Changes in expected cash flows due to lower sales expectations
- Changes in technology
- Changes in assumptions about future use
- Changes in market and legal risks
- Changes in cost structure

Other financial assets
Equity investments that are not investments in associates are classified as other financial assets.

On initial recognition, equity investments are measured at fair value. Subsequently, they are measured at fair value at the balance sheet date, and changes to the fair value are recognized under financial income or financial expenses or in other comprehensive income according to an individual decision for each equity investment.

Inventories
Raw materials, packaging and goods for resale are measured at the latest known cost at the balance sheet date, which is equivalent to cost computed according to the FIFO method. Work in progress and finished goods manufactured by Lundbeck are measured at cost, i.e., the cost of raw materials, consumables, direct labor and indirect costs of production. Indirect costs of production include materials, labor, maintenance of and depreciation on machines, factory buildings and equipment used in the manufacturing process as well as the cost of factory administration and management. Indirect costs of production are allocated based on the normal capacity of the production plant.

Inventories are written down to net realizable value if it is lower than the cost price. The net realizable value of inventories is calculated as the selling price less costs of completion and costs incurred to execute the sale. The net realizable value is determined by marketability, obsolescence and expected selling price developments.

Receivables
Current receivables comprise trade receivables and other receivables arising in the Group's normal course of business.

Other receivables recognized in financial assets are financial assets with fixed or determinable cash flows that are not quoted in an active market and are not derivative financial instruments.

Note 26

26 Material accounting policy information – continued

On initial recognition, receivables are measured at fair value and subsequently at amortized cost, which usually corresponds to the nominal value less write-downs to counter the risk of losses. Write-downs are calculated using the 'full lifetime-expected credit losses' method, whereby the likelihood of non-fulfilment throughout the lifetime of the financial instrument is taken into consideration. A provision account is used for this purpose.

Securities
On initial recognition, securities (including the bond portfolio), which are included in the Group's documented investment strategy for excess liquidity and recognized under current assets, are measured at fair value. Subsequently, the securities are measured at fair value at the balance sheet date. The fair value is based on publicly quoted prices of the invested assets. Both realized and unrealized gains and losses are recognized in profit or loss under financial income or financial expenses.

Equity
Dividends
Proposed dividends are recognized as a liability at the time of adoption of the dividend resolution at the Annual General Meeting (the time of declaration). Dividends expected to be paid in respect of the year are included in the line item *Profit for the year* in the statement of changes in equity.

Treasury shares
Acquisition and sale of treasury shares as well as dividends are recognized directly in equity under retained earnings.

Share-based payments
Share-based incentive programs in which shares are granted to employees and in which employees may opt to buy shares in the Parent Company (equity-settled programs) are measured at the equity instruments' fair value at the date of grant and recognized under employee costs as and when the employees obtain the right to receive/buy the shares. The offsetting item is recognized directly in equity under retained earnings.

Share price-based incentive programs in which employees have the difference between the agreed price and the actual share price settled in cash (cash-settled programs) are measured at fair value at the date of grant and recognized under employee costs as and when the employees obtain the right to such difference settlement. The cash-settled programs are subsequently remeasured on each balance sheet date and upon final settlement, and any changes in the fair value of the programs are recognized under employee costs. The offsetting item is recognized under liabilities until the time of the final settlement.

Retirement benefit obligations and similar obligations
Defined contribution plans
Payments to defined contribution plans are recognized in profit or loss at the due date, and any contributions payable are recognized in the balance sheet under current liabilities.

Defined benefit plans
The present value of the Group's liabilities relating to future pension payments under defined benefit plans is measured on an actuarial basis once a year based on the pensionable period of employment up to the time of the actuarial valuation. The calculation of present value is based on assumptions of future developments of salary, interest, inflation, mortality and disability rates and other factors. Present value is computed exclusively for the benefits to which the employees have earned entitlement through their employment with Lundbeck. Pension expenses, finance costs and administration fees are recognized in profit or loss under employee costs. Actuarial gains and losses are recognized in other comprehensive income as they are calculated and cannot subsequently be recycled through profit or loss.

The present value of the defined benefit plan liability is recognized less the fair value of the plan assets, and any net obligation is recognized in the balance sheet under non-current liabilities. Any net asset is recognized in the balance sheet as a financial asset, considering, where relevant, the provisions of IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

Note 26

26 Material accounting policy information – continued

Provisions
Provisions mainly consist of provisions for discounts and rebates, product returns, pending lawsuits, environmental, integrations and restructuring and integration provisions. A provision is a liability of uncertain timing or amount.

Unsettled discounts and rebates are recognized as provisions, when the timing or amount is uncertain. Where absolute amounts are known, the discounts and rebates are recognized as trade payables.

Return obligations imposed on the Group are recognized as provisions in the balance sheet.

Amounts relating to provisions are recognized when the outflow is probable and the amount is measured as the best estimate of the costs required to settle the liabilities at the balance sheet date.

In connection with restructurings in the Group, provisions are made only for liabilities set out in a specific restructuring plan based on which the parties affected can reasonably expect that the Group will carry out the restructuring, either by starting to implement the plan or announcing its main components.

Debt
Bank debt and bond debt are recognized at the time of the raising of a loan/issuing of bonds at the fair value of the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost, which is equivalent to the capitalized value when the effective rate of interest is used. The difference between the proceeds and the nominal value is recognized in profit or loss under financial income or financial expenses over the loan period.

Other payables
Other payables include employee costs payables, contingent consideration, derivative financial instruments, debt to public authorities, payables to shareholders, etc.

Contingent consideration is recognized as part of the business combination and is recognized at fair value considering the passage of time and changes in the applied probability of success. The fair value is assessed at each reporting date and the effect of any adjustments relating to the timing of payment and the probability of success is recognized under financial income or financial expenses.

Payables to shareholders and other payables are measured at amortized cost.

Lease liabilities
Lease liabilities are recognized at the present value of future payments in accordance with the lease agreements and include the present value of future payments relating to reasonably certain extensions. Interest on the lease liabilities is calculated using Lundbeck's incremental borrowing rate and recognized under financial income or financial expenses. The lease liabilities are reduced by any instalments paid to the lessor.

Lundbeck uses the same incremental borrowing rate for lease agreements with similar characteristics.

Changes to lease agreements after initial recognition are accounted for either as a modification to an existing agreement, a separate agreement or a partial disposal depending on the nature of the change. Changes will result in changes to both the lease liability and the right-of-use asset.

Financial Statements of the Parent Company

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Notes

Statement of profit or loss

1 January – 31 December

	Notes	2024 DKKm	2023 DKKm
Revenue	1	15,703	14,117
Cost of sales	2	3,144	3,633
Gross profit		**12,559**	**10,484**
Sales and distribution costs	2	4,776	4,313
Administrative expenses	2	1,073	941
Research and development costs	2	4,144	3,066
Other operating expenses, net		205	-
Profit from operations (EBIT)		**2,361**	**2,164**
Income from investments in subsidiaries	3	332	2,155
Financial income	4	1,168	564
Financial expenses	4	764	736
Profit before tax		**3,097**	**4,147**
Tax on profit for the year	5	584	456
Profit for the year	6	**2,513**	**3,691**

Statement of financial position – assets

At 31 December

	Notes	2024 DKKm	2023 DKKm
Intangible assets	7	**7,183**	**8,493**
Property, plant and equipment	8	**1,951**	**1,720**
Right-of-use assets	9	**146**	**157**
Investments in subsidiaries	3	11,840	10,468
Receivables from subsidiaries		16,316	5,918
Other financial assets		66	98
Other receivables		4	4
Financial assets		**28,226**	**16,488**
Non-current assets		**37,506**	**26,858**
Inventories	10	**3,085**	**3,226**
Trade receivables		800	776
Receivables from subsidiaries		5,141	3,810
Other receivables		348	349
Prepayments		158	120
Receivables		**6,447**	**5,055**
Cash and cash equivalents		**3,936**	**4,341**
Current assets		**13,468**	**12,622**
Assets		**50,974**	**39,480**

Statement of financial position – equity and liabilities

At 31 December

	Notes	2024 DKKm	2023 DKKm
Share capital		996	996
Proposed dividends		946	697
Hedging reserve		(127)	144
Retained earnings		18,314	16,744
Equity		**20,129**	**18,581**
Deferred tax liabilities	5	1,417	1,182
Provisions	11	369	219
Bank debt and bond debt	13	16,174	3,714
Lease liabilities	9	137	147
Payables to subsidiaries	14	5,307	8,827
Other payables		12	12
Non-current liabilities		**23,416**	**14,101**
Provisions	11	308	77
Trade payables		1,808	1,796
Lease liabilities	9	13	12
Payables to subsidiaries		4,046	4,112
Income tax payables		138	74
Other payables		1,116	727
Current liabilities		**7,429**	**6,798**
Liabilities		**30,845**	**20,899**
Equity and liabilities		**50,974**	**39,480**

Statement of changes in equity

At 31 December

	Notes	Share capital	Proposed dividends	Hedging reserve	Retained earnings	Equity
		DKKm	DKKm	DKKm	DKKm	DKKm
Equity at 1 January		**996**	**697**	**144**	**16,744**	**18,581**
Profit for the year	6	-	946	-	1,567	2,513
Distributed dividends, gross		-	(697)	-	-	(697)
Dividends received, treasury shares		-	-	-	3	3
Deferred gains/losses on cash flow hedge, exchange rate		-	-	(378)	-	(378)
Deferred gains/losses on cash flow hedge, interest rate		-	-	(7)	-	(7)
Deferred gains/losses on cash flow hedge, price		-	-	52	-	52
Exchange gains/losses, hedging (transferred to revenue)		-	-	(14)	-	(14)
Buyback of treasury shares		-	-	-	(46)	(46)
Incentive programs		-	-	-	40	40
Tax on transactions in equity	5	-	-	76	6	82
Equity at 31 December		**996**	**946**	**(127)**	**18,314**	**20,129**

For further details, see *note 13 Equity* in the consolidated Financial Statements.

Notes 1-2

1 Revenue

Revenue by region	2024 DKKm	2023 DKKm
Europe	5,267	4,759
United States	8,011	7,028
International markets	2,384	2,090
Total	**15,662**	**13,877**
Other revenue	93	103
Effects from hedging	(52)	137
Total revenue	**15,703**	**14,117**

2 Employee costs

Breakdown of employee costs	2024 DKKm	2023 DKKm
Short-term employee benefits	1,769	1,594
Retirement benefits	161	133
Social security costs	25	18
Equity- and cash-settled incentive programs	37	33
Severance and other employee costs from restructuring activities	115	59
Total	**2,107**	**1,837**

Employee costs for the year are included in the following functions in the statement of profit or loss:

Employee costs	2024 DKKm	2023 DKKm
Cost of sales	571	512
Sales and distribution costs	225	126
Administrative expenses	496	450
Research and development costs	815	749
Total	**2,107**	**1,837**

Information on employees

	2024 Number	2023 Number
Average number of full-time employees in the financial year	**1,919**	**1,822**
Number of full-time employees at 31 December	**1,962**	**1,875**

Remuneration of the Registered Executive Management

See *notes 4 Employee costs* and *15 Incentive programs* in the consolidated Financial Statements.

Remuneration of the Board of Directors

See *note 3 Employee costs* in the consolidated Financial Statements.

Incentive programs

See *note 15 Incentive programs* in the consolidated Financial Statements.

Notes 3-4

3 Investments in subsidiaries

	2024
	DKKm
Cost at 1 January	10,732
Capital contributions to subsidiaries	1,372
Cost at 31 December	**12,104**
Impairment at 1 January	264
Impairment at 31 December	**264**
Carrying amount at 31 December	**11,840**

In 2024, income from investments in subsidiaries relates to dividends of DKK 332 million. In 2023, income from investments in subsidiaries related to dividends of DKK 2,155 million.

See *note 24 List of subsidiaries* in the consolidated Financial Statements for an overview of subsidiaries.

4 Financial income and expenses

	2024	2023
	DKKm	DKKm
Financial income	1,168	564
Financial expenses	764	736
Net financials, (income)/expenses	**(404)**	**172**

In 2024, out of total financial income and financial expenses, DKK 574 million (DKK 483 million in 2023) and DKK 630 million (DKK 616 million in 2023) relate to intra-group interest income and expenses, respectively.

In 2024, financial income and financial expenses are impacted by a net exchange gain of DKK 106 million (loss of DKK 4 million in 2023) relating to translation of receivables from and payables to subsidiaries that are considered part of the overall investment in subsidiaries.

Further, in 2024, financial income and financial expenses are not impacted (gain of DKK 17 million in 2023) by the translation of external loans used for hedging net investments in foreign operations in the U.S.

Note 5

5 Income taxes

Tax on profit for the year

	2024	2023
	DKKm	DKKm
Current tax, joint taxation contribution	332	164
Prior-year adjustments, current tax	(65)	6
Prior-year adjustments, deferred tax	32	(4)
Change in deferred tax for the year	203	263
Total tax for the year	**502**	**429**
Tax for the year is composed of:		
Tax on profit for the year	584	456
Tax on transactions in equity	(82)	(27)
Total tax for the year	**502**	**429**

Deferred tax balances

Temporary differences between assets and liabilities as stated in the Financial Statements and in the tax base	**Balance at 1 January**	**Adjustment of deferred tax at beginning of year**	**Movements during the year**	**Balance at 31 December**
	DKKm	DKKm	DKKm	DKKm
Intangible assets	6,405	-	95	6,500
Property, plant and equipment	438	-	12	450
Inventories	481	(32)	29	478
Other items	(526)	5	(464)	(985)
Tax loss carry forwards etc.	(1425)	172	1,253	-
Total temporary differences	**5,373**	**145**	**925**	**6,443**
Deferred (tax assets)/tax liabilities	**1,182**	**32**	**203**	**1,417**

The major assumptions relating to the recognition and measurement of tax assets are described in *note 6 Income taxes* in the consolidated Financial Statements.

Movements in deferred tax	**2024**	**2023**
	DKKm	DKKm
Balance at 1 January	1,182	923
Movements related to transactions recognized in profit or loss	244	276
Movements related to transactions recognized in equity	(9)	(17)
Balance at 31 December	**1,417**	**1,182**

Notes 6-7

6 Distribution of profit

	2024	2023
Proposed distribution of profit for the year	DKKm	DKKm
Proposed dividends for the year	946	697
Transferred to/from distributable reserves	1,567	2,994
Total profit for the year	**2,513**	**3,691**
Proposed dividend per share (DKK)	**0.95**	**0.70**

See *note 13 Equity* in the consolidated Financial Statements for details on treasury shares.

7 Intangible assets

	Product rights[1)]	Other rights	Projects in progress	Total intangible assets
Intangible assets	DKKm	DKKm	DKKm	DKKm
Cost at 1 January	16,924	1,777	173	18,874
Transfers	-	106	(106)	-
Additions	-	29	25	54
Disposals	-	-	(3)	(3)
Cost at 31 December	**16,924**	**1,912**	**89**	**18,925**
Amortization and impairment losses at 1 January	8,676	1,705	-	10,381
Amortization	770	44	-	814
Impairment losses	547	-	-	547
Amortization and impairment losses at 31 December	**9,993**	**1,749**	**-**	**11,742**
Carrying amount at 31 December	**6,931**	**163**	**89**	**7,183**

1) At 31 December 2024, product rights not yet commercialized amounted to DKK 1,775 million (DKK 2,322 million at 31 December 2023).

For details on material product rights and impairment testing, see *note 7 Intangible assets* in the consolidated Financial Statements.

Notes 8-9

8 Property, plant and equipment

Property, plant and equipment	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and assets under construction	Total property, plant and equipment
	DKKm	DKKm	DKKm	DKKm	DKKm
Cost at 1 January	3,432	1,067	564	416	5,479
Transfers	138	19	44	(201)	-
Additions	13	24	9	359	405
Disposals	(1)	(4)	(4)	-	(9)
Cost at 31 December	**3,582**	**1,106**	**613**	**574**	**5,875**
Depreciation and impairment losses at 1 January	2,381	891	487	-	3,759
Depreciation	107	41	25	-	173
Disposals	-	(4)	(4)	-	(8)
Depreciation and impairment losses at 31 December	**2,488**	**928**	**508**	**-**	**3,924**
Carrying amount at 31 December	**1,094**	**178**	**105**	**574**	**1,951**

Pledged assets

No land and buildings were mortgaged at 31 December 2024. No other assets have been pledged.

9 Right-of-use assets and lease liabilities

Land and buildings	2024	2023
	DKKm	DKKm
Cost at 1 January	222	227
Additions	-	2
Disposals during the year	-	(1)
Adjustment to right-of-use assets during the year[1)]	2	(6)
Cost at 31 December	**224**	**222**
Depreciation and impairment losses at 1 January	65	53
Depreciation	13	13
Depreciation and impairment on disposals	-	(1)
Depreciation and impairment losses at 31 December	**78**	**65**
Carrying amount at 31 December	**146**	**157**

1) Comprises reassessment of lease term and renewal of lease agreements.

Amounts recognized in profit or loss	2024	2023
	DKKm	DKKm
Expense relating to short-term leases, not capitalized	2	1
Depreciation of right-of-use assets, land and buildings	13	13
Interest expense relating to lease liabilities	3	3
Total recognized in profit or loss	**18**	**17**

Notes 9-11

9 Right-of-use assets and lease liabilities - continued

	2024	2023
Maturity analysis of lease liabilities	DKKm	DKKm
Within one year	13	12
Between one year and five years	52	50
After five years	85	97
Lease liabilities at 31 December	**150**	**159**

10 Inventories

	2024	2023
	DKKm	DKKm
Raw materials and consumables	173	192
Work in progress	2,301	2,540
Finished goods and goods for resale	611	494
Total	**3,085**	**3,226**

11 Provisions

	2024
	DKKm
Provisions at 1 January	296
Additional provisions recognized	655
Provisions used during the year	(270)
Reversal of unused provisions	(4)
Provisions at 31 December	**677**

The Parent Company has entered into agreements with individual subsidiaries, under which it will cover expected losses and obligations concerning restructuring programs and integrations costs related to the acquisition of Longboard. The provisions in the Parent Company therefore cover such losses and obligations.

Notes 12-15

12 Contingent assets and contingent liabilities

Pending legal proceedings
See *Go to note 17 Contingent assets and contingent liabilities* in the consolidated Financial Statements for details on pending legal proceedings and environmental matters.

Joint taxation
The Parent Company is part of a Danish joint taxation scheme with Lundbeckfonden (Lundbeckfond Invest A/S including subsidiaries), according to which the Parent Company partly has a joint and several liability and partly a secondary liability with respect to corporate income taxes, etc. for the jointly taxed companies. In addition, the Parent Company partly has a joint and several liability and partly a secondary liability with respect to any obligations to withhold tax on interest, royalties and dividends for these companies. However, in both cases the secondary liability is capped at an amount equal to the share of the capital of the company directly or indirectly owned by the ultimate parent company. The total tax obligation under the joint taxation scheme is shown in the Financial Statements of Lundbeckfond Invest A/S.

Letters of intent
The Parent Company has entered into agreements to cover operating losses in certain subsidiaries.

As collateral for bank guarantees, the Parent Company has issued letters of intent to the banks in the amount of DKK 4 million (DKK 4 million at 31 December 2023) on behalf of subsidiaries.

13 Bank debt and bond debt

There is no bank debt or bond debt falling due after more than five years from the balance sheet date at 31 December 2024 and 2023, respectively.

14 Payables to subsidiaries

Payables to subsidiaries falling due after more than five years from the balance sheet date amounted to DKK 5,307 million at 31 December 2024 (DKK 8,827 million at 31 December 2023).

15 Financial instruments

Foreign currency management is handled by the Parent Company. See *note 20 Financial instruments* in the consolidated Financial Statements.

The fair value of derivatives at year-end is disclosed in *note 20 Financial instruments* in the consolidated Financial Statements. The fair value adjustment recognized in equity is disclosed in the statement of changes in equity in the Financial Statements of the Parent Company. All fair value adjustments are initially recognized in equity.

Notes 16-19

16 Audit fees

	2024	2023
	DKKm	DKKm
Statutory audit	4	4
Assurance engagements other than audit	2	1
Other services	-	1
Fee to PricewaterhouseCoopers	**6**	**6**

The fee for non-audit services provided to the Parent Company by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, Denmark, amounted to DKK 2 million (DKK 1 million in 2023) and consisted of limited assurance of the sustainability statement, other assurance services, other accounting and tax advisory services.

17 Contractual obligations

Research and development milestones and collaborations
The Parent Company has entered into a number of agreements relating to research and development of new products and intellectual property rights from acquisitions, as well as other collaborations. According to the agreements, Lundbeck is committed to paying certain milestones. Such amounts entail uncertainties in relation to the period in which payments are due because a proportion of the obligations is dependent on milestone achievements.

At 31 December 2024, potential future milestone payments totaled DKK 1,029 million (DKK 1,106 million at 31 December 2023).

Sales milestones
The Parent Company is committed to paying certain commercial sales milestones, royalties or other payments based on a percentage of sales generated from the sale of goods following marketing approval. These amounts are excluded from the contractual obligations because of their contingent nature, being dependent on future sales.

Other purchase obligations
The Parent Company has undertaken purchase obligations relating to property, plant and equipment in the amount of DKK 627 million (DKK 688 million at 31 December 2023). Contractual obligations with intangible assets, excluding commitments with R&D milestones and collaborations, amounted to DKK 24 million in 2024 (DKK 0 at 31 December 2023).

18 Related parties

For information on related parties exercising controlling influence on the Parent Company, see *note 23 Related parties* in the consolidated Financial Statements.

The Parent Company is included in the consolidated Financial Statements of Lundbeckfonden.

The Parent Company had transactions with subsidiaries during 2024. The Parent Company's share of ownership of all subsidiaries is 100%. The Parent Company did not enter into any transactions with other related parties that were not on an arm's length basis.

19 Subsequent events

No subsequent events have occurred after the balance sheet date that required adjustment to or disclosure in the Financial Statements of the Parent Company.

Note 20

20 Material accounting policy information

The Financial Statements of the Parent Company H. Lundbeck A/S have been prepared in accordance with the Danish Financial Statements Act applying to enterprises in reporting class D. The Financial Statements are presented in Danish kroner (DKK). All amounts have been rounded to the nearest DKK million, unless otherwise indicated.

Assets and liabilities are presented in the balance sheet according to a current/non-current classification.

The accounting policies for the Financial Statements of the Parent Company remain unchanged from the previous financial year.

Differences relative to the accounting policies for the consolidated Financial Statements
The Parent Company's accounting policies for recognition and measurement are consistent with the accounting policies for the consolidated Financial Statements with the exceptions stated below. For a description of the accounting policies of the Group, please refer to the consolidated Financial Statements.

Statement of profit or loss
Income from investments in subsidiaries
Income from investments in subsidiaries includes dividends from subsidiaries, which are recognized in the Parent Company's statement of profit or loss when the Parent Company's right to receive such dividends has been approved. Further, income from investments in subsidiaries includes proceeds from liquidation of subsidiaries and any impairment losses or reversals of impairment losses on investments in subsidiaries.

Exchange gains/losses
Exchange gains/losses on translation of receivables from and payables to subsidiaries that are considered part of the overall investment in subsidiaries are recognized in profit or loss under financial income or financial expenses.

Exchange gains/losses on that part of the bank debt in foreign currency which is used for hedging of the net investments in subsidiaries and which provides an effective hedging of the exchange gains/losses of the net investments, are recognized in profit or loss under financial income or financial expenses.

Statement of financial position
Investments in subsidiaries
Investments in subsidiaries are measured at cost in the Parent Company's Financial Statements. Where the recoverable amount of the investments is lower than cost, the investments are written down to this lower value. In addition, cost is written down to the extent that dividends distributed exceed the accumulated earnings in the subsidiary since the acquisition date.

Other financial assets
On initial recognition, investments are measured at cost, corresponding to fair value plus directly attributable costs. Subsequently, they are measured at fair value at the balance sheet date. Any fair value adjustments on equity investments recognized in other comprehensive income in the consolidated Financial Statements are recognized under financial income or financial expenses in the Parent Company's statement of profit or loss.

Provisions
Provisions mainly consist of provisions for discounts and rebates, product returns, pending lawsuits, environmental, integration and restructuring obligations. A provision is a liability of uncertain timing or amount.

Unsettled discounts and rebates are recognized as provisions when the timing or amount is uncertain. Where absolute amounts are known, the discounts and rebates are recognized as trade payables.

Return obligations imposed on the Group are recognized as provisions in the balance sheet.

Amounts relating to provisions are recognized when the outflow is probable and the amount is measured as the best estimate of the costs required to settle the liabilities at the balance sheet date.

Note 20

20 Material accounting policy information - continued

In connection with restructurings in the Group, provisions are made only for liabilities set out in a specific restructuring plan based on which the parties affected can reasonably expect that the Group will carry out the restructuring, either by starting to implement the plan or announcing its main components.

Statement of changes in equity
Pursuant to the Danish Financial Statements Act, entries recognized in the statement of comprehensive income in the consolidated Financial Statements are recognized directly in the statement of changes in equity in the Parent Company's Financial Statements, except for entries concerning exchange gains/losses on translation of receivables from and payables to subsidiaries, entries providing an effective hedge against foreign exchange gains/losses on the net investment and entries concerning other financial assets.

Statement of cash flows
In accordance with the exemption clause in section 86(4) of the Danish Financial Statements Act, no separate statement of cash flows has been prepared for the Parent Company as it is included in the consolidated statement of cash flows.

Management statement

The Board of Directors and the Registered Executive Management have today considered and adopted the Annual Report of H. Lundbeck A/S for the financial year 1 January – 31 December 2024.

The Consolidated Financial Statements for H. Lundbeck A/S has been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. The Management Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Group and the Parent Company and the results of the Group and the Parent Company operations and consolidated cash flows for the financial year 1 January to 31 December 2024.

In our opinion, the Management Review includes a fair review of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty, which the Group and the Parent Company are facing.

Additionally, the sustainability statement, which is part of Management's Review, has been prepared, in all material respects, in accordance with paragraph 99 a of the Danish Financial Statements Act. This includes compliance with the European Sustainability Reporting Standards (ESRS) including that the process undertaken by Management to identify the reported information (the "Process") is in accordance with the description set out in the section titled "Double Materiality Assessment". Furthermore, disclosures within subsection "Reporting according to the EU Taxonomy" in the environmental section of the sustainability statement are, in all material respects, in accordance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

The year 2024 marks the initial implementation of paragraph 99 a of the Danish Financial Statements Act concerning compliance with ESRS. As such, more clear guidance and practice are anticipated in various areas, which are expected to be issued in the coming years. Furthermore, the sustainability statement includes forward-looking statements based on disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

In our opinion, the annual report of H. Lundbeck A/S for the financial year 1 January to 31 December 2024 with the file name HLUNDBECK-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the Annual Report be adopted at the Annual General Meeting on 26 March 2025.

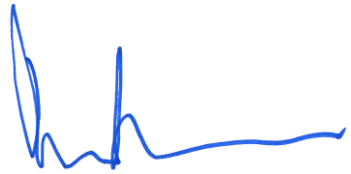
Copenhagen, 5 February 2025

Registered executive management

Charl Gerhard Van Zyl
President and CEO

Lars Bang
Executive Vice President,
Product, Development & Supply

Joerg Hornstein
Executive Vice President,
CFO



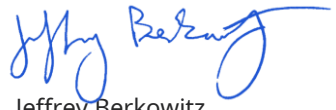
Per Johan Luthman
Executive Vice President,
Research & Development

Board of directors

Lars Søren Rasmussen
Chair of the Board

Lene Skole-Sørensen
Deputy Chair

Santiago Arroyo



Jeffrey Berkowitz

Lars Erik Holmqvist

Jakob Riis

Ilse Dorothea Wenzel

Camilla Gram Andersson
Employee representative

Hossein Armandi
Employee representative

Dorte Clausen
Employee representative

Lasse Skibsbye
Employee representative

Independent Auditor's Reports

To the shareholders of H. Lundbeck A/S

Report on the audit of the Financial Statements

Our opinion

In our opinion, the Consolidated Financial Statements (pages 146-201) give a true and fair view of the Group's financial position at 31 December 2024 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements (pages 202-215) give a true and fair view of the Parent Company's financial position at 31 December 2024 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2024 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements of H. Lundbeck A/S for the financial year 1 January to 31 December 2024 comprise the consolidated statement of profit or loss and statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes, including material accounting policy information.

The Parent Company Financial Statements of H. Lundbeck A/S for the financial year 1 January to 31 December 2024 comprise the statement of profit or loss, the statement of financial position, the statement of changes in equity, and the notes, including material accounting policy information.

Collectively referred to as the "Financial Statements".

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 Financial Statements* 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and 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.

Appointment

We were first appointed auditors of H. Lundbeck A/S on 24 March 2020 for the financial year 2020. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 5 years including the financial year 2024.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements for 2024. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Reports

Key audit matter	How our audit addressed the key audit matter
Sales deductions in the U.S. The Group provides rebates and discounts to customers in the U.S. that fall under certain government mandated reimbursement arrangements, of which the most significant is Medicaid. These arrangements result in deductions to gross sales in arriving at net revenue. The period passing between the sales to distributors and payment of the related rebates under the U.S. Federal and State Government Healthcare programs may be several months and requires the unsettled amounts to be recognized as a provision. The provision for rebates and discounts is based on several significant assumptions, including estimated rebate percentages and estimation of time from sale of the individual products to receipt of invoice under the U.S. Federal and State Government Healthcare programs. We focused on these arrangements because they are complex and require significant estimation by Management in establishing an appropriate provision for the unsettled amounts. This included estimation of sales volumes subject to the rebates and discounts, estimation of applicable rebate and discount rates, and estimation of the lag time described above. We refer to note 1.5, 16 and 26 in the Consolidated Financial Statements.	We performed risk assessment procedures to obtain an understanding of the IT systems, business processes and relevant controls for rebates and discounts in the U.S. We assessed whether the controls were designed and implemented to effectively address the risk of material misstatements. For selected controls, which we planned to rely on, we tested whether these were performed on a consistent basis. We obtained Management's calculations under the reimbursement arrangements and evaluated the accuracy of the calculations made. Further, we assessed, tested and challenged key data inputs and the significant assumptions applied by management, including the estimate of the period from sale to receipt of invoice. We considered the Group's historical provisions by comparing the actual rebates and discounts with the rebate and discount percentage estimate used by Management to recognize the provision, including performing a retrospective review of the prior period provisions compared to subsequent payments to evaluate the accuracy of Management's estimate and to identify any potential management bias. We evaluated the presentation and disclosures of sales deductions in the U.S. in the Consolidated Financial Statements.
Impairment of product rights Product rights are tested when there is an indication of impairment, and product rights not yet commercialized are tested annually for impairment. The recoverability of the carrying amount of product rights is contingent on future cash flows and/or the outcome of research and development activities. The determination of the recoverable amounts includes significant estimates, which are highly sensitive and depend upon key assumptions and judgments, including the probability of technical and regulatory success, amount and timing of projected future cash flows, patent expiry, and discount rate assumptions. Changes in these assumptions could have a significant impact on the recoverable amount of product rights. We focused on this area as the amounts involved are material and there is a risk that the product rights will be impaired if the key assumptions deviate negatively from the expectations. We refer to note 1.5, 7 and 26 in the Consolidated Financial Statements.	We performed risk assessment procedures to obtain an understanding of the business processes and relevant controls for identification of impairment indicators and the determination of the recoverability amount of product rights. We assessed whether the controls were designed and implemented to effectively address the risk of material misstatements. For selected controls, which we planned to rely on, we tested whether these were performed on a consistent basis. For product rights with impairment indicators and product rights not yet commercialized, we among others: • Tested Management's process for determining the recoverable amount; • Evaluated the appropriateness of the methodology used in determining the recoverable amount; • Evaluated Management's significant assumptions and judgments used in the impairment tests, including probability of technical and regulatory success, amount and timing of projected future cash flows, and expected impact of loss of exclusivity; • Tested the underlying data used in the impairment tests; and • Included our in-house valuation experts to assess the valuation techniques used and to assist with the evaluation of certain key assumptions, including the discount rates applied. We evaluated the disclosures of impairment testing in the Consolidated Financial Statements.

Independent Auditor's Reports

Key audit matter

Acquisition of Longboard Pharmaceuticals

On 2 December 2024, Lundbeck acquired 100 % of the shares in Longboard Pharmaceuticals Inc. ("Longboard") for a consideration of DKK 16.6 billion.

The preparation of the opening balance and the preliminary purchase price allocation ("PPA") requires significant judgements in identifying the net assets to be included in the opening balance and PPA, and significant estimates of the fair value of the net assets acquired.

We focused on the acquisition as it involves significant accounting complexity and estimates and constitutes a significant part of Lundbeck's total assets.

We refer to note 1.5, 2 and 26 in the Consolidated Financial Statements

How our audit addressed the key audit matter

We assessed whether the acquisition met the criteria for a business combination.

We tested the acquisition price and verified the book value of the assets and liabilities recognized in the opening balance, and evaluated the preliminary purchase price allocation ("PPA"), including the judgement of allocating the main part of the purchase price above net book value to product rights.

Furthermore, we tested other elements of the transaction including financing of the transaction, the related hedging and acquisition costs.

We evaluated the disclosures of the acquisition of Longboard in the Consolidated Financial Statements.

Independent Auditor's Reports

Statement on Management review
Management is responsible for Management's Review (pages 3-144 and page 227, respectively).

Our opinion on the Financial Statements does not cover Management's Review, and we do not as part of the audit express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act. This does not include the requirements in paragraph 99 a related to the Sustainability Statement covered by the separate Auditor's limited assurance report hereon.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act, except for the requirements in paragraph 99 a related to the sustainability statement, cf. above. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the financial statements
Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, 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 financial statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are 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 Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, 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.

Independent Auditor's Reports

- 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 Financial Statements 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 Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of H. Lundbeck A/S for the financial year 1 January to 31 December 2024 with the filename HLUNDBECK-2024-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgment where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on

Independent Auditor's Reports

the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements, including notes.

In our opinion, the annual report of H. Lundbeck A/S for the financial year 1 January to 31 December 2024 with the file name HLUNDBECK-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 5 February 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Lars Baungaard
State Authorized Public Accountant
mne23331

Torben Jensen
State Authorized Public Accountant
mne18651

Independent auditor's limited assurance report on the Sustainability Statement

To the stakeholders of H. Lundbeck A/S

Limited assurance conclusion

We have conducted a limited assurance engagement on the sustainability statement of H. Lundbeck A/S (the "Group") included in the Management Review (the "Sustainability Statement"), page 58 – 144, for the financial year 1 January – 31 December 2024.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with the Danish Financial Statements Act paragraph 99 a, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the management to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in the section "Double Materiality Assessment"; and
- Compliance of the disclosures in subsection "Reporting according to the EU taxonomy" within the environmental section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information ("ISAE 3000 (Revised)") and the additional requirements applicable in Denmark.

The procedures in a limited assurance engagement vary in nature and timing form, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Auditor's responsibilities for the assurance engagement section of our report.

Our independence and quality management

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

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Management's responsibilities for the Sustainability Statement

Management is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this Process as included in the section "Double Materiality Assessment" of the Sustainability Statement. This responsibility includes:

- Understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- The identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;

Independent auditor's limited assurance report on the Sustainability Statement

- The assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- Making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability Statement, which includes the information identified by the Process, in accordance with the Danish Financial Statements Act paragraph 99 a including:

- Compliance with the ESRS;
- Preparing the disclosures as included in subsection "Reporting according to the EU taxonomy" within the environmental section of the Sustainability Statement, in compliance with Article 8 of the Taxonomy Regulation;
- Designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- The selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Inherent limitations in preparing the Sustainability Statement

In reporting forward-looking information in accordance with ESRS, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Auditor's responsibilities for the assurance engagement

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional skepticism throughout the engagement.

Our responsibilities in respect of the Process include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in the section "Double Materiality Assessment".

Our other responsibilities in respect of the Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. 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.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

Independent auditor's limited assurance report on the Sustainability Statement

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by performing inquiries to understand the sources of the information used by management; and review the Group's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Group was consistent with the description of the Process set out in the section "Double Materiality Assessment".

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group' reporting processes relevant to the preparation of its Sustainability Statement including the consolidation processes by obtaining an understanding of the Group' control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Evaluated whether the information identified by the Process is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement are in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- Performed limited substantive assurance procedures on selected information in the Sustainability Statement;
- Where applicable, compared disclosures in the Sustainability Statement with the corresponding disclosures in the Financial Statements and management's review;
- Evaluated the methods, assumptions and data for developing estimates and forward-looking information; and
- Obtained an understanding of the Group's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement.

Other Matter

The comparative information included in the Sustainability Statement of the Group for the financial year 1 January – 31 December 2023 was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

Hellerup, 5 February 2025
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
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Adjusted EBITDA Reconciliation

(part of Management Review – not audited)

For financial guidance for 2023 and onwards, Lundbeck focuses on revenue performance and adjusted EBITDA.

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

Integration expenses

Restructuring costs

Gains/losses on divestment of businesses

Acquisition expenses

Other adjustments

Adjusted EBITDA is a non-IFRS performance measure.

	2024		2023	
	Reported	**Adjusted**	**Reported**	**Adjusted**
Adjusted EBITDA reconciliation	DKKm	DKKm	DKKm	DKKm
Revenue	22,004	22,004	19,912	19,912
Cost of sales	4,230	2,551	4,485	2,332
Gross profit	**17,774**	**19,453**	**15,427**	**17,580**
Sales and distribution costs	8,146	7,969	7,482	7,341
Administrative expenses	1,437	1,265	1,293	1,202
Research and development costs	4,501	3,872	3,457	3,385
Other operating expenses, net	420	-	-	-
Profit from operations (EBIT)	**3,270**	**-**	**3,195**	**-**
Depreciation/amortization	1,876	-	2,012	-
EBITDA	**5,146**	**6,347**	**5,207**	**5,652**
EBITDA margin	*23.4%*	*28.8%*	*26.2%*	*28.4%*
Adjustments to EBITDA				
Integration costs	214	-	-	-
Restructuring expenses	84	-	64	-
Gains/losses on divestment of businesses	-	-	-	-
Acquisition expenses	206	-	-	-
Other adjustments	697	-	381	-
Adjusted EBITDA	**6,347**	**6,347**	**5,652**	**5,652**
Adjusted EBITDA margin	*28.8%*	*28.8%*	*28.4%*	*28.4%*

Lundbeck Annual Report 2024

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