

H. Lundbeck A/S
Ottilavej 9
2500 Valby Denmark
CVR no. 56759913



Remuneration Report 2022

Valerie Barogiannis
Lundbeck employee



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Valerie Barogiannis is a Lundbeck employee and works as a Senior Manager, Information Technology, in our Canada affiliate.

Photo: Chantal Mathieu

Introduction

Remuneration & Nomination committee

Members

Lars Rasmussen,
Chair and member since 2013
Lene Skole, member since 2015
Jeffrey Berkowitz, member since 2019

Responsibilities

- a) Recommending and assisting with relevant remuneration policies and remuneration reports, including (i) such policies and reports as required by the Danish Companies Act and other applicable rules, regulations and recommendations; and (ii) a remuneration policy applicable for the Lundbeck Group in general.
- b) Making proposals to the Board on remuneration for members of the Board and the Management.
- c) Ensuring that the remuneration complies with Lundbeck's remuneration policy and the assessment of the performance of the persons concerned.

REMUNERATION REPORT

This Remuneration Report (the "Report") provides a detailed overview of the total remuneration of the Board of Directors (the "Board") and the Registered Executive Management (the "Management") of H. Lundbeck A/S. Management means all members registered at the Danish Business Authority (Erhvervsstyrelsen). The Report has been prepared in accordance with Article 139(b) of the Danish Companies Act and the principles set out in the updated Lundbeck Remuneration Policy (the "Policy") which was approved at an EGM on 8 June 2022 subsequent to 23 March 2021 where it was approved at the AGM. The Policy can be found on Lundbeck's website.

Link: [Remuneration Policy](#)

This Report has a clear link to the Policy and describes how the Policy has been applied to ensure that Lundbeck's remuneration;

- a) is clear and understandable and contributes to Lundbeck's business strategy, long-term interests and sustainability;
- b) attracts, motivates and retains qualified members of the Board and of the Management;
- c) ensures alignment of the Board's and the Management's interests with the interests of Lundbeck, its shareholders and other stakeholders; and
- d) provides transparency to Lundbeck's shareholders and incorporates shareholder influence.

The Remuneration Report for 2021 was approved at the Annual General Meeting held on 23 March 2022 without any remarks.

Lundbeck's remuneration of the Board and Management is proposed by the Remuneration & Nomination Committee and subsequently approved by the Board. The Management remuneration, including the nature and level of incentive pay, is assessed on an ongoing basis in the light of the remuneration levels of other Danish large-cap companies with international activities and in special circumstances we take into consideration levels in international companies. Benchmarks support setting a market aligned remuneration package when attracting or retaining qualified members.

2022 LUNDBECK COMPANY PERFORMANCE

In 2022, Lundbeck saw exceptional growth of our strategic brands and accelerated revenue growth across our three regions.

Revenue reached DKK 18,246 million in 2022, the highest ever in Lundbeck's history, compared to DKK 16,299 million in 2021. EBIT grew 42% compared to 2021 and reached DKK 2,852 million. EBIT margin reached 15.6%. Net profit for the year ended at DKK 1,916 million (DKK 1,318 million in 2021), corresponding to a growth of 45%.

We continue to see strong growth in our strategic brands which include Abilify Maintena®

(schizophrenia), Brintellix®/Trintellix® (depression), Rexulti®/Rxulti® (depression/schizophrenia) and our newest product, Vyepti® (prevention of migraine).

Lundbeck's early-stage pipeline continued to progress, but also saw data driven terminations. The two projects that entered Proof of Concept (phase II) testing at the end of 2021, Lu AF82422 and Lu AG09222, are progressing well with expected headline results within the next 12 months. Additionally, the clinical program for brexpiprazole provided very positive results from the phase III trial in patients suffering from agitation in Alzheimer's dementia

In 2022, Lundbeck has continued to strengthen our Environmental, Social & Governance (ESG) performance.

The performance against a balanced set of objectives in 2022 is directly reflected in the cash bonus for the financial year. Bonuses for fiscal year 2022 are paid out to Management in February 2023.

FINANCIAL GUIDANCE 2022

DKK Billion	FY 2022 actual	FY 2022 guidance
Net Revenue	18.3 bn	16.7 – 17.3 bn
EBIT	2.9 bn	2.2 – 2.6 bn

Remuneration of the board

Board of Directors

Members

Lars Søren Rasmussen (*Chair*)
 Lene Skole-Sørensen (*Deputy Chair*)
 Lars Erik Holmqvist
 Jeremy Max Levin
 Jeffrey Berkowitz
 Santiago Arroyo
 Dorothea Wenzel
 Camilla Gram Andersson
 (*employee representative*)
 Dorte Clausen
 (*employee representative*)
 Hossein Armandi
 (*employee representative*)
 Lasse Skibsbye
 (*employee representative*)

Responsibilities

The Board is responsible for approving the corporate strategy, setting goals for Management and for ensuring that members of Management and other senior managers have the right qualifications. The Board also evaluates Management performance and remuneration.

BOARD REMUNERATION – KEY POINTS

At the Annual General Meeting on 23 March 2022, remuneration for the Board was approved. The composition of The Board changed in 2022 with the election of four new employee representatives, Camilla Gram Andersen, Dorte Clausen, Hossein Armandi and Lasse Skibsbye, who replaced Rikke Kruse Andreasen, Ludovic Tranholm Otterbein and Henrik Sindal Jensen, increasing the total number of Board members from 10 to 11.

Remuneration is set at a level to attract and retain competent expertise from the international business community, to ensure members are motivated and accountable for the implementation

of Lundbeck's business strategy and to safeguard the long-term interests and sustainability of Lundbeck and its business. The remuneration is primarily fixed by taking market median for comparable companies and the required competencies and workload into consideration. Shareholding details of the Board is stated in the annual report for 2022.

BOARD AND COMMITTEE FEE LEVELS

The Board receive a fixed annual base fee of 400,000 DKK while the Chairman receives three times the fixed annual base fee and the Deputy Chairman receives double the fixed annual base fee. See illustration:

	Role	Multiplier	Annual fee DKK'000
Ordinary board member fee	Member	1	400
	Deputy	2	800
	Chair	3	1,200
Committee fee	Member		200
	Deputy		200
	Chair		300
Additional fixed fee	Board members with permanent residence outside EU receive compensation for time and travel		400

OVERVIEW OF BOARD REMUNERATION

Board members	Ordinary board member fee DKK'000	Audit Committee DKK'000	Remuneration & Nomination Committee DKK'000	Scientific Committee DKK'000	Additional fixed fee DKK'000	Total 2022 DKK'000	Total 2021 DKK'000
Lars Søren Rasmussen, Chair	1,200	200	300			1,700	1,700
Lene Skole-Sørensen, Deputy	800		200	200		1,200	1,200
Lars Erik Holmqvist	400	200				600	600
Jeremy Max Levin	400			300	400	1,100	1,100
Jeffrey Berkowitz	400		200	200	400	1,200	1,200
Dorothea Wenzel (1)	400	300				700	525
Santiago Arroyo (1)	400			200	400	1,000	750
Henrik Andersen (2)							175
Camilla Gram Andersson, Employee representative (3)	300					300	
Dorte Clausen, Employee representative (3)	300					300	
Hossein Armandi, Employee representative (3)	300					300	
Lasse Skibsbye, Employee representative (3)	300					300	
Rikke Kruse Andreasen, Employee representative (4)	100					100	400
Ludovic Tranholm Otterbein, Employee representative (4)	100					100	400
Henrik Sindal Jensen, Employee representative (4)	100					100	400
Total	5,500	700	700	900	1,200	9,000	8,450

1) Joined the Board of Directors 24 March 2021

2) Left the Board of Directors 24 March 2021

3) Joined the Board of Directors 24 March 2022

4) Left the Board of Directors 24 March 2022

Remuneration of Management

MANAGEMENT REMUNERATION - KEY POINTS

All Management remuneration in 2022 was in line with the approved Policy. There has been one change to Management composition during 2022 as former CFO of Lundbeck, Anders Gøtzsche, left Lundbeck by the end of March 2022 and was replaced by Joerg Hornstein who joined Lundbeck in August 2022. The time of service is reflected in the 2022 remuneration accordingly. In the interim period from April to July no remuneration was paid for duties connected with the CFO role.

The total remuneration of Management in 2022 including tax indemnification to the CEO in the amount of DKK 1.9m million amounted to DKK 69.7 million (DKK 97.5 million in 2021) and the total remuneration of Management in 2022 excluding tax indemnification to the CEO amounted to DKK 67.8 million (DKK 63.2 million in 2021). The increase primarily relates to higher STI remuneration as well as salary regulation for 2022. The total remuneration split for the Management was 48% fixed and 52% variable remuneration excluding the tax indemnification amount for the CEO.

In 2022, Management was granted Long-Term Incentives (LTI) in accordance with the share-based incentive program. The value of LTI programs granted in 2022 is in accordance with the guidelines from the Danish Business Authority for each Management member reported as the full grant cash value for the 2022 programme is based on the specific Management member's individual fixed base

salary and grant target. Lundbeck believes that this provides a fair and more transparent overview for its stakeholders. The value of LTI to Management stated in the Annual Report 2022 is reported according to the accounting value based on the IFRS 2 standard, i.e. the annual accounting costs of the program. This is also the reason why the remuneration to Management stated in the Annual Report 2022 differs from the amount stated in this Report.

In 2022, there were no severance pay arrangements to Management.

Lundbeck is entitled to reclaim variable remuneration (STI and LTI) paid in 2022 in full or in part if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.

In 2022, there was no legal or factual basis on which to exercise claw-back of incentives for current or former executives.

Tax indemnification up to DKK 25 million in average

According to the service agreement with Deborah Dunsire, Lundbeck will indemnify Deborah Dunsire from the increase in income taxation on US wages and on realized as well as unrealized investment return from personal assets that will accrue as from the time Deborah Dunsire moved to Denmark and became subject to Danish taxation on worldwide income in accordance with Danish tax legislation and the Denmark/US double taxation agreement.

The tax indemnification is estimated subsequent to the end of the calendar year and paid to Deborah Dunsire, and subject to an end-of-year reconciliation. From 2020 and onwards the indemnification is capped at an average of DKK 25 million per year over Deborah Dunsire's period of service for Lundbeck. Since the cap is calculated as an average, the payment in a given year may exceed DKK 25 million, for example if payments in previous years were lower than DKK 25 million. On an accumulated basis the payment can't exceed DKK 25 million. In 2022, the tax indemnification is currently estimated at DKK 1.9 million. Unless specifically stated, the numbers mentioned in the Report are without the tax indemnification.

The Management remuneration consist of a base salary, pension and other benefits that can be considered fixed pay Remuneration. The fixed remuneration enables Management to take decisions with a long-term perspective, without undue considerations for short-term priorities. The variable remuneration mainly consists of short-term and long-term incentives programs which are designed to promote performance in line with Lundbeck's growth strategy and to further align the interests of Management and shareholders. Employment agreements with members of the Management are ongoing (i.e. without a fixed term). If a member of Management is terminated by Lundbeck, the person is entitled to salary during the notice period of 12 months. In addition to salary during the notice period, the CEO is entitled to 12 months' severance pay.

Remuneration of Management

Overview and description of remuneration components

REMUNERATION PACKAGE DETAILS AND COMPONENTS

The remuneration package to each of the Management members is established on the basis of, and is in compliance with the Policy. The purpose and maximum of each remuneration component, how the components were used in 2022 and the components' compliance with the Policy are outlined in the table.

Changes to the Remuneration Policy will be suggested at the 2023 AGM with the purpose of reallocating total remuneration in the favor of variable pay for future EM members with the possibility of current EM members to opt in.

FIXED	POLICY DESCRIPTION	2022 REMUNERATION	PURPOSE
Base salary	The fixed annual base salary is annually assessed for each Management member. It is competitive and no maximum salary levels apply.	The 2022 fixed base salary was adjusted for the CEO by 4% on 1 January 2022. For other Management members salary was adjusted in average 5% on 1 January 2022.	Attract and retain the talent, competencies and skillsets required to meet Lundbeck's business strategy and long-term interests as well as secure economic, financial, innovational and R&D sustainability.
Pension	Individually negotiated up to 26.1% of the fixed annual base salary.	Company pension contribution to the CEO is 17.0% of the fixed annual base salary and for other Management members the company pension contribution is 26.1% of the fixed annual base salary.	Planning for retirement and long-term savings.
Other benefits	Company car in accordance with company car policy (including running expenses), supplemental training, mobile phone, private home phone, tablet, membership fees, newspapers and health insurance. Typically, not above 10% of the fixed annual base salary. Furthermore, tax indemnification to the CEO.	CEO actual benefits adds up to 2% of the fixed annual base salary, including tax indemnification (1% of total remuneration without tax indemnification) Other Management members benefits add up to approx. 4% of the fixed annual base salary (less than 2% of their total remuneration for 2022).	Attract and retain the talent, competencies and skillsets required to meet Lundbeck's business strategy and long-term interests as well as secure economic, financial, innovational and R&D sustainability.
VARIABLE	POLICY DESCRIPTION	2022 REMUNERATION	PURPOSE
STI	STI payment levels for CEO in percentage of the fixed annual base salary: Min: 0 % - Target: 100 % - Max: 117%. STI payment levels for other Management in percentage of fixed annual base salary: Min: 0 % - Target: 33.33 % - Max: 50 % See STI program design details on the next page.	The total STI payout for the CEO was 115% of base salary. For other Management members the payout was 48% of fixed annual base salary. Financial goals/KPIs (70%) as well as management team goals (30%) ended up above target which resulted in an overall performance payout of 115% of target bonus for the CEO and 145% of target bonus for other Management members. The assessments of KPIs are further described on page 9 and 10.	Ensure focus on important primarily short-term KPIs and reward results that are necessary to successfully implement and execute Lundbeck's business strategy and short-term goals. Ensure that Lundbeck is in a financial position to invest in future long-term growth by meeting short-term financial goals.
LTI	LTI grant levels for CEO in percentage of the fixed annual base salary: Minimum: 0 % - Maximum: 100%. LTI grant levels for other Management in percentage of the fixed annual base salary: Minimum: 0 % - Maximum: 50 % See LTI program design details on the next page.	Grant to the CEO was equal to 100% of fixed annual base salary. Grant to other Management members was equal to 50% of the fixed annual base salary. However, Anders Gøtzche did not receive any grant as he left Lundbeck in March 2022. Joerg Hornstein receive a catch-up grant in October 2022 equal to a value of DKK 1.5m which correspond to 33% of his fixed annual base salary.	Incentivises and reward long-term value creation. Align with shareholders' interests by providing a link to the performance of Lundbeck's shares, for Management to have an incentive to drive innovation to Lundbeck grow on a long-term sustainable basis. Further, the LTI serves the purpose of ensuring loyalty towards Lundbeck and its long-term value creation and ensuring retention of Management members.
Termination/ Severance	The service contracts with Management are as a main rule on-going. Contractual termination notice for Lundbeck will be twelve (12) months and contractual termination notice for each Management member is (6) months. In addition to salary during the notice period, the CEO is entitled to 12 months severance pay.	In 2022, there has been no termination and no severance pay arrangements for Management.	N/A

Remuneration of Management

Description of variable pay programmes

THE CASH-BASED SHORT-TERM INCENTIVE SCHEME

In 2022, the Management participated in a STI program. On an annual basis, the Board assess the performance of the Management in relation to pre-determined company performance financial goals (EBIT and revenue) and Management team goals (pipeline and sustainability).

In 2022, the Management received a company performance payout (accounting for 70% of total cash bonus) based on financial KPI performance, with Revenue and EBIT results at a level above target. KPIs and pay-out levels are described in more details for the Management on pages 9 and 10.

STI DESIGN

Component	CEO	Other Management Members
Instrument	Cash	Cash
Time frame	1 year	1 year
Min cash (of base salary)	0%	0%
Target cash (of base salary)	100%	33%
Max cash (of base salary)	117%	50%
KPIs	Financial goals	Financial goals
	Individual goals	Individual goals
KPI – financial goals	70%	70%
Measure	EBIT	50%
	Revenue	20%
KPI – Management team goals	30%	30%
Measure	• Pipeline goals (20%) • Sustainability goals (10%)	Goals subject to Board assessment
		Goals subject to CEO assessment

THE SHARE-BASED LONG-TERM INCENTIVE SCHEME

In 2022, Lundbeck continued its revolving LTI program. The grant is based on a discretionary assessment made by the Board.

The value of the 2022 LTI program at time of vesting in February 2025 depends on the number of LTI vesting and on the development in Lundbeck's share price.

The numbers of LTI vesting may be reduced or lapse entirely if the vesting conditions are only achieved partially or not achieved at all.

Since the LTI contribute to loyalty and retention of the Management and the value of the LTI is directly linked to the market performance of

LTI DESIGN

Component	CEO	Other Management members
Instrument	Restricted Cash Units	Restricted Shares Units
Max grant (of base salary)	100%	50%
Grant criteria	BoD discretionary assessment	BoD discretionary assessment
Time of vesting	After 3 years	After 3 years
Vesting criteria	Continued employment	Continued employment
	EBIT KPI Board approval	EBIT KPI Board approval

Lundbeck, i.e. the development of the share price itself, and an EBIT KPI, the LTI program contributes to the long-term interests, sustainability and the results of Lundbeck. Provided that the LTI vest, they will be exercised free of charge for the Management members (no exercise price applies) due to the nature of the instrument. There is no possibility to get an additional grant based on any overperformance.

A list of unvested instruments held by Management and LTI programme that vested in 2022 can be found on page 11.

Remuneration of Management

This table comprises an overview of the structure and remuneration to the members of Management in 2022 and includes a comparison to 2021 remuneration:

OVERVIEW OF MANAGEMENT REMUNERATION 2021/2022

	Deborah Dunsire		Joerg Hornstein		Anders Gøtzsche		Jacob Tolstrup		Lars Bang		Per Johan Luthman		Total Management ²⁾	
	President & CEO		EVP & CFO ⁴⁾		EVP & CFO ⁴⁾		EVP, Com Operations		EVP, Product Development & Supply		EVP, R&D		DKKm	%
2022 remuneration	DKKm	%	DKKm	%	DKKm	%	DKKm	%	DKKm	%	DKKm	%	DKKm	%
Base Salary	10.2 ³⁾	33%	2.4 ³⁾	48%	1.3	61%	4.6	44%	4.3	43%	4.8	44%	27.6	40%
Pension	0.0	0%	0.0	0%	0.3	16%	1.2	11%	1.1	11%	1.3	11%	3.9	6%
Other benefits	0.2	1%	0.1	2%	0.1	3%	0.2	2%	0.2	2%	0.2	2%	1.1	2%
Total fixed	10.4	33%	2.5	51%	1.7	80%	6.0	57%	5.7	57%	6.3	57%	32.6	47%
STI	10.1	32%	0.9	19%	0.4	20%	2.2	21%	2.1	21%	2.3	21%	18.1	26%
LTI ¹⁾	8.8	28%	1.5	31%	0.0	0%	2.3	22%	2.1	22%	2.4	22%	17.1	25%
Termination/ Severance pay	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Total variable	18.9	60%	2.4	49%	0.4	20%	4.5	43%	4.2	43%	4.7	43%	35.2	51%
Total without tax indemnification	29.3	94%	4.9	100%	2.1	100%	10.6	100%	9.9	100%	11.0	100%	67.8	97%
Tax indemnification	1.9 ⁵⁾	6%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	1.9	3%
Total with tax indemnification	31.2	100%	4.9	100%	2.1	100%	10.6	100%	9.9	100%	11.0	100%	69.7	100%
2021 Remuneration	DKKm	%	DKKm	%	DKKm	%	DKKm	%	DKKm	%	DKKm	%	DKKm	%
Total without tax indemnification	26.5	44%	N/A	N/A	10.8	100%	8.5	100%	8.8	100%	8.7	100%	63.2	65%
Total with tax indemnification	60.8	100%	N/A	N/A	10.8	100%	8.5	100%	8.8	100%	8.7	100%	97.5	100%

1) The value of the LTI representing the actual full grant value for the 2022 programme based on the individual Management member's fixed base salary and grant target. The amount of shares vesting may be reduced if vesting criteria are not met.

2) The difference in the total remuneration to the Management in the above table compared to Registered Executive Management remuneration in the Annual Report relates to long-term incentives and tax indemnification to the CEO. The value of the long-term incentive program in the Annual Report is calculated using the IFRS 2 accounting principle, where the grant value of the LTI in the year of the grant is distributed and expensed over the three-year vesting period.

3) This includes a 17.0% pension payment amounting to DKK 1.4 million for Deborah Dunsire and 26.1% pension payment amounting to DKK 0.5 million for Joerg Hornstein.

4) In 2022, Anders Gøtzsche held the position as CFO position from January to the end of March and Joerg Hornstein joined from August

5) Tax indemnification is considered as a variable pay component. Total variable remuneration for Deborah Dunsire (including tax indemnification) is DKK 20.9 million corresponding to 67% of total remuneration.

Remuneration of Management

President & Chief Executive Officer (CEO)

BREAKDOWN OF CEO REMUNERATION

Deborah Dunsire – President & CEO

According to the service agreement with Deborah Dunsire, Lundbeck shall pay the difference in taxation on investment returns from personal assets between the US and Denmark. This tax compensation totaled DKK 1.9 million in 2022 (DKK 34.3 million in 2021). The terms and conditions of the tax indemnification are described on page 5.

The remuneration paid to Lundbeck's CEO, Deborah Dunsire totaled DKK 29.3 million in 2022 without tax indemnification (DKK 26.5 million in 2021). The total remuneration with tax indemnification totaled 31.2 million in 2022 (DKK 60.8 million in 2021).

The fixed base salary, including a pension payment of DKK 1.4 million, amounted to DKK 10.4 million being 35% of the total remuneration without tax indemnification.

Other benefits amounted to DKK 0.2 million being 2% of the total fixed salary and 1% of total remuneration without tax indemnification. Other benefits mainly consist of company car allowance and family health insurance coverage.

The STI totaled DKK 10.1 million, corresponding to 99% of the maximum bonus. The bonus payout reflects a Lundbeck performance above target for all KPIs, EBIT (50%), revenue (20%), Pipeline (20%) and Sustainability (10%).

Revenue reached DKK 18,246 million in 2022, the highest ever in Lundbeck's history, compared to DKK 16,299 million in 2021. The strategic brands grew 31% and reached DKK 12,135 million or 66% of total revenue. Our newest brand Vyepi® achieved EMA approval in February and was launched in nine additional markets. In spite of significant challenges in the global supply of materials our product supply enabled Lundbeck to continuously provide products around the world.

Reported EBIT grew by 42% thereby reaching DKK 2,852 million in 2022, far exceeding the top-end of our guidance range published February 2022. The EBIT margin reached 15.6% for the period compared to 12.3% in 2021.

In 2022, Lundbeck continued to advance the R&D strategy to be premier in neuroscience. Lundbeck's early-stage pipeline continued to progress, but also saw data driven terminations. The two projects that entered Proof of Concept (phase II) testing at the

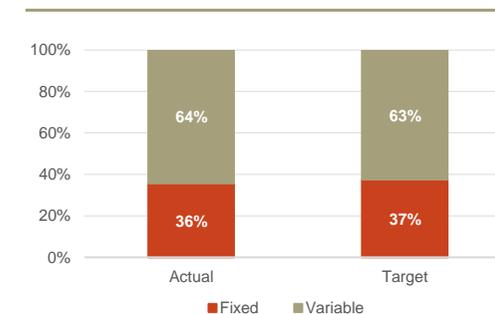
end of 2021, Lu AF82422 and Lu AG09222, are progressing well and completed accrual ahead of schedule, with expected headline results within the next 12 months. Additionally, the clinical program for brexpiprazole provided very positive results from the phase III trial in patients suffering from agitation in Alzheimer's dementia and the data was submitted to the FDA for approval in November 2022.

The pay-out level also reflects an overall dedicated effort with **sustainability and ESG**. The Management continuously set ambitious targets, report progress on the targets and disclose a set of externally reviewed non-financial indicators across all areas of corporate sustainability and business ethics compliance. We made significant progress in diversity and inclusion including increasing the proportion of women in senior leadership positions. Significantly, the electricity for all Danish sites is fully offset by solar energy. In total, 9 out of 11 sustainability targets for 2022 were achieved. You can read more in Lundbeck's pipeline and Sustainability achievement in the Annual report for 2022 ([link](#)).

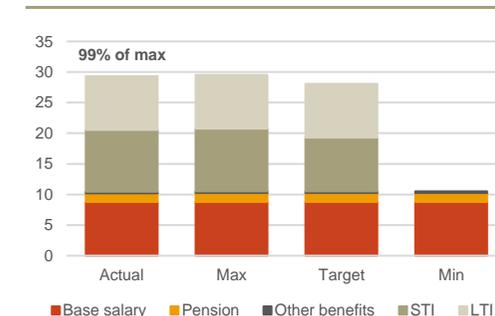
Deborah Dunsire was granted Restricted Cash Units under Lundbeck's LTI program with a value of 100% of the fixed annual base salary.

The grant will vest after three years if the vesting conditions are met. The terms and conditions of the program are described on page 6.

PAYMIX ILLUSTRATION WITHOUT TAX INDEMNIFICATION (%)



PAYMIX ILLUSTRATION WITHOUT TAX INDEMNIFICATION (DKKM)



Remuneration of Management

Other Management Members

BREAKDOWN OF OTHER MANAGEMENT MEMBER REMUNERATION

Joerg Hornstein - EVP & CFO

Remuneration in 2022 totaled DKK 4.9 million covering an employment period from August to December 2022.

The annual fixed salary was DKK 2.4 million contributing with 48% of the total remuneration in 2022.

The STI totaled DKK 0.9 million, corresponding to 97% of the maximum bonus. The bonus payout reflects a Lundbeck performance above target for all KPIs, EBIT (50%), revenue (20%), Pipeline (20%) and Sustainability (10%). For details about achievements see CEO performance description on page 9.

Joerg Hornstein has been granted LTI in the form of Restricted Share Units corresponding to a value of 33% of their fixed annual base salary.

Jacob Tolstrup - EVP, Commercial Operations

Remuneration in 2022 totaled DKK 10.6 million (DKK 8.5 million in 2021).

The annual fixed salary was DKK 4.6 million corresponding to 43% of the total remuneration in 2022.

The STI totaled DKK 2.2 million, corresponding to 97% of the maximum bonus. The bonus payout reflects a Lundbeck performance above target for all KPIs, EBIT (50%), revenue (20%), Pipeline (20%) and Sustainability (10%). For details about achievements see CEO performance description on page 9.

Jacob Tolstrup have been granted LTI in the form of Restricted Share Units corresponding to a value of 50% of their fixed annual base salary.

Lars Bang - EVP, Product Development & Supply

Remuneration in 2022 totaled DKK 9.9 million (DKK 8.8 million in 2021).

The annual fixed salary was DKK 4.3 million corresponding to 43% of the total remuneration in 2022.

The STI totaled DKK 2.1 million, corresponding to 97% of the maximum bonus. The bonus payout reflects a Lundbeck performance above target for all KPIs, EBIT (50%), revenue (20%), Pipeline (20%) and Sustainability (10%). For details about achievements see CEO performance description on page 9.

Lars Bang has been granted LTI in the form of Restricted Share Units corresponding to a value of 50% of their fixed annual base salary.

Per Johan Luthman - EVP, R&D

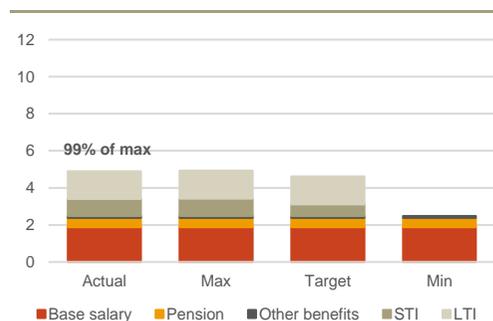
Remuneration in 2022 totaled DKK 11.0 million (DKK 8.7 million in 2021).

The annual fixed salary was DKK 4.8 million corresponding to 44% of the total remuneration in 2022.

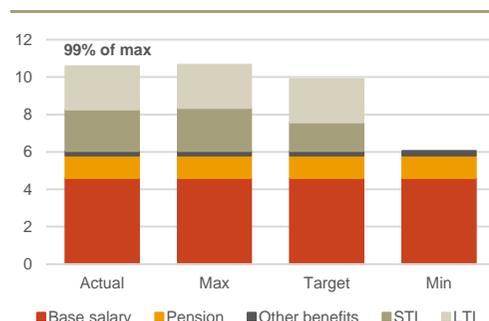
The STI totaled DKK 2.3 million, corresponding to 97% of the maximum bonus. The bonus payout reflects a Lundbeck performance above target for all KPIs, EBIT (50%), revenue (20%), Pipeline (20%) and Sustainability (10%). For details about achievements see CEO performance description on page 9.

Per Johan Luthman has been granted LTI in the form of Restricted Share Units corresponding to a value of 50% of their fixed annual base salary.

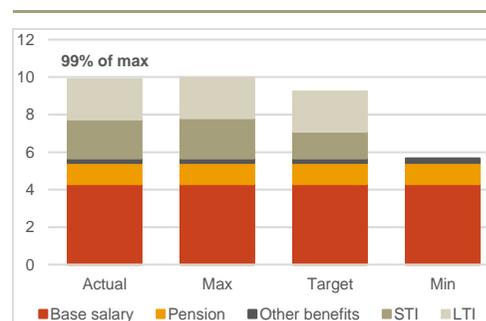
PAYMIX ILLUSTRATION (DKKM)



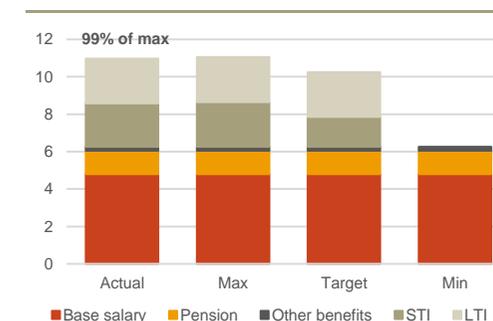
PAYMIX ILLUSTRATION (DKKM)



PAYMIX ILLUSTRATION (DKKM)



PAYMIX ILLUSTRATION (DKKM)



LTI overview

LTI OVERVIEW – VESTED AND UNVESTED PROGRAMS⁸⁾

The Management is – subject to Board decision – eligible to participate in LTI programs when they join Lundbeck. The table below includes an overview of all active LTI programs as of 31 December 2022 and all LTI programs vested in 2022. Provided that the LTI are vested, they will be exercised free of charge for the Management member due to the nature of the instrument. In June 2022, Lundbeck did a 1/5 sharesplit into one A share and four B shares.

Name and position	Program ¹⁾	Grant date	Vesting date	No of instruments primo 2022	No of instruments Granted 2022	No of instruments Cancelled 2022	No of instruments vested 2022 ⁹⁾	No of instruments ultimo 2022	Share price at grant date (DKK) ²⁾	Value at grant (mDKK) ³⁾	Value at vesting (mDKK) ⁴⁾	Value at YE 2022 (mDKK) ⁵⁾
Deborah Dunsire President & CEO	RCU 2018	Feb 2018	Feb 2022	45,875	-	-	45,875	-	63	2.9	1.4	-
	RCU 2019	Feb 2019	Feb 2022	139,585	-	-	139,585	-	57	8.0	4.1	-
	RCU 2020	Feb 2020	Feb 2023	150,060	-	-	-	150,060	55	8.2	-	3.8
	RCU 2021	Feb 2021	Feb 2024	168,105	-	-	-	168,105	50	8.4	-	4.3
	RCU 2022	Feb 2022	Feb 2025	-	290,515	-	-	290,515	30	8.8	-	7.4
Joerg Hornstein EVP & CFO⁷⁾	RCU 2022	Oct 2022	Feb 2025	-	49,659	-	-	49,659	30	1.5	-	1.3
Anders Gøtzsche EVP & CFO⁶⁾	RSU 2018	Feb 2018	Feb 2022	31,110	-	-	31,110	-	63	2.0	0.9	-
	RSU 2019	Feb 2019	Feb 2022	41,875	-	-	41,875	-	57	2.4	1.2	-
Jacob Tolstrup EVP, Commercial Operations	RSU 2018	Feb 2018	Feb 2022	28,850	-	-	28,850	-	63	1.8	0.9	-
	RSU 2019	Feb 2019	Feb 2022	32,560	-	-	32,560	-	57	1.9	1.0	-
	RSU 2020	Feb 2020	Feb 2023	34,835	-	-	-	34,835	55	1.9	-	0.9
	RSU 2021	Feb 2021	Feb 2024	39,725	-	-	-	39,725	50	2.0	-	1.0
	RSU 2022	Feb 2022	Feb 2025	-	76,350	-	-	76,350	30	2.3	-	2.0
Lars Bang EVP, Product Development & Supply	RSU 2018	Feb 2018	Feb 2022	30,060	-	-	30,060	-	63	1.9	0.9	-
	RSU 2019	Feb 2019	Feb 2022	33,925	-	-	33,925	-	57	1.9	1.0	-
	RSU 2020	Feb 2020	Feb 2023	36,290	-	-	-	36,290	55	2.0	-	0.9
	RSU 2021	Feb 2021	Feb 2024	41,155	-	-	-	41,155	50	2.1	-	1.1
	RSU 2022	Feb 2022	Feb 2025	-	71,120	-	-	71,120	30	2.1	-	1.8
Per Johan Luthman EVP, R&D	RSU 2019	Feb 2019	Feb 2022	32,280	-	-	32,280	-	57	1.9	1.0	-
	RSU 2020	Feb 2020	Feb 2023	33,690	-	-	-	33,690	55	1.9	-	0.9
	RSU 2021	Feb 2021	Feb 2024	41,840	-	-	-	41,840	50	2.1	-	1.1
	RSU 2022	Feb 2022	Feb 2025	-	79,455	-	-	79,455	30	2.4	-	2.0

1) RSU (Restricted Share Units) and RCU (Restricted Cash Units).

2) Average share price for the first 10 days following FY announcement. Not adjusted for dividend.

3) Value based on grant date share price (10 days average price after FY announcement).

4) Based on shareprice on 9 February 2022 (the full FY announcement date) – 29.71 per share.

5) Value based on share price as of 31 December 2022 (YE). Value at YE is based on year end shareprice of one A share (shareprice 23.88 per instrument) and four B shares (shareprice 26.05 per instrument). This will be the share split that the participants will receive at vesting.

6) Anders Gøtzsche left Lundbeck end of March and his engagement in Lundbeck's LTI programme ended with the 2018 and 2019 vested in February 2022.

7) Joerg Hornstein joined Lundbeck in August 2022 and he was enrolled in the 2022 LTI programme in October 2022 where he received instruments corresponding to a value of DKK 1.5m which correspond to 33% of his annual fixed base salary. He will be enrolled in the ordinary LTI grant schedule from 2023.

8) All instruments in the overview, both vested and unvested, are converted into the new share structure. When current unvested instruments are vesting, the participants will receive shares equal to the new share structure (receive one A share and four B shares).

9) Vesting of 2018 and 2019 programmes happened before sharesplit, which means that participants received Lundbeck shares corresponding to 1/5 of instruments after the share split

Comparable overviews

Tables illustrating the development in Board, Management, Employee Remuneration and Financial Performance

DEVELOPMENT IN BOARD REMUNERATION 2018-2022

DKK'000 Name of Board member	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	Annualized Change in % 2020 vs 2019	Annualized Change in % 2021 vs 2020	Annualized Change in % 2022 vs 2021
Lars Søren Rasmussen, Chair	1,550	1,550	1,663	1,700	1,700	7%	2%	0%
Lene Skole-Sørensen, Deputy Chair	1,100	1,100	1,175	1,200	1,200	7%	2%	0%
Lars Erik Holmqvist	550	550	588	600	600	7%	2%	0%
Jeremy Max Levin	650	913	1,075	1,100	1,100	18%	2%	0%
Jeffrey Berkowitz	413	963	1,175	1,200	1,200	16%	2%	0%
Dorothea Wenzel ¹⁾	N/A	N/A	N/A	525	700	N/A	N/A	0%
Santiago Arroyo ¹⁾	N/A	N/A	N/A	750	1,000	N/A	N/A	0%
Camilla Gram Anderson, Employee representative ²⁾	-	-	-	-	300	N/A	N/A	N/A
Hossein Armandi, Employee representative ²⁾	-	-	-	-	300	N/A	N/A	N/A
Dorte Clausen, Employee representative ²⁾	-	-	-	-	300	N/A	N/A	N/A
Lasse Skibsbye, Employee representative ²⁾	-	-	-	-	300	N/A	N/A	N/A
Rikke Kruse Andreasen, Employee representative ³⁾	263	350	388	400	100	11%	3%	0%
Ludovic Tranholm Otterbein, Employee representative ³⁾	263	350	388	400	100	11%	3%	0%
Henrik Sindal Jensen, Employee representative ³⁾	117	350	388	400	100	11%	3%	0%

DEVELOPMENT IN MANAGEMENT REMUNERATION 2018-2022

DKK m Name of Management member	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	Annualized Change in % 2020 vs 2019	Annualized Change in % 2021 vs 2020	Annualized Change in % 2022 vs 2021
Deborah Dunsire - President & CEO - <i>without tax indemnification</i>	9.6	26.5	27.4	26.5	29.3	3%	-3%	11%
Deborah Dunsire - President & CEO - <i>with tax indemnification</i>	9.6	62.5	30.1	60.8	31.2	-52%	62% ⁵⁾	-36% ⁵⁾
Anders Gøtzsche - EVP & CFO ⁴⁾	13.4	11.1	11.4	10.8	2.1	1%	-5%	-22%
Joerg Hornstein – EVP & CFO ⁴⁾	-	-	-	-	4.9	N/A	N/A	N/A
Jacob Tolstrup – EVP, Commercial Operations	8.5	8.7	8.7	8.5	10.6	0%	-2%	25%
Lars Bang – EVP, Product Development & Supply	8.7	8.9	9.1	8.8	9.9	2%	-3%	13%
Per Johan Luthman – EVP, R&D	0.0	7.6	8.6	8.7	11.0	3%	1%	26%

1) Joind the Board of Directors 24 March 2021

2) Joined the Board of Directors 24 March 2022

3) Left the Board of Directors 24 March 2022

4) In 2022, Anders Gøtzsche held the position as CFO from January to the end of March and Joerg Hornstein joined from August

5) Annualized 2021 figure adjusted after reconciliation of the 2021 tax idemnification. 2021 actual CEO remuneration adjusted by 12m before calculating annualized change for 2021 vs 2020 and 2022 vs 2021.

Comparable overviews

DEVELOPMENT IN EMPLOYEE REMUNERATION 2019–2022

DKKm	2019 Actual	2020 Actual	2021 Actual	2022 Actual	Annualized Change in % 2020 vs 2019	Annualized Change in % 2021 vs 2020	Annualized Change in % 2022 vs 2021
Average employee remuneration excl. Management ¹⁾	0.80	0.87	0.86	0.85	9%	-1%	-1%
CEO/Employee ratio (H. Lundbeck A/S) - <i>without tax indemnification</i> ²⁾	33.1	31.5	30.8	34.5	-5%	-2%	12%
CEO/Employee ratio (H. Lundbeck A/S) - <i>with tax indemnification</i> ³⁾	78.1	34.6	70.7	36.7	-56%	64% ⁵⁾	-35% ⁵⁾

FINANCIAL PERFORMANCE 2019-2022

DKKm	2019 Actual	2020 Actual	2021 Actual	2022 Actual	Annualized Change in % 2020 vs 2019	Annualized Change in % 2021 vs 2020	Annualized Change in % 2022 vs 2021
Group results							
Net Revenue	17,036	17,762	16,299	18,246	4%	-8%	12%
EBIT	3,608	1,990	2,010	2,852	-45%	1%	42%
Shareprice A (End of year) ⁴⁾	50.9	41.8	33.8	23.9	-18%	-19%	-29%
Shareprice B (End of year) ⁴⁾	50.9	41.8	33.8	26.0	-18%	-19%	-23%
Parent Company results							
Net Revenue	9,464	10,733	11,298	12,722	13%	5%	13%
EBIT	1,092	-592	1,085	1,902	-154%	283%	75%

1) Total H. Lundbeck A/S remuneration excl. Management divided by total number of FTEs in H. Lundbeck A/S.

2) Total CEO remuneration without tax indemnification divided by H. Lundbeck A/S average employee remuneration excl. Management

3) Total CEO remuneration with tax indemnification divided by H. Lundbeck A/S average employee remuneration excl. Management

4) Historical end of year shareprices from 2019, 2020, 2021 has been split 5 times to align with the share split done in 2022 (one A share and four B shares)

5) Annualized 2021 figure adjusted after reconciliation of the 2021 tax indemnification n. 2021 actual CEO remuneration adjusted by 12m before calculating annualized change for 2021 vs 2020 and 2022 vs 2021

Management's Statement on the remuneration report

To the shareholders of H. Lundbeck A/S

MANAGEMENT'S STATEMENT

The Board of Directors has today considered and adopted the Remuneration Report 2022 of H. Lundbeck A/S for the financial year 2022.

The Remuneration Report is prepared in accordance with section 139 of the Danish Companies Act.

The Remuneration Report is submitted to the General Meeting for an indicative vote.

Copenhagen, 8 February 2023

BOARD OF DIRECTORS



Lars Søren Rasmussen
Chair



Lene Skole-Sørensen
Deputy Chair



Santiago Arroyo



Jeffrey Berkowitz



Lars Erik Holmqvist



Jeremy Max Levin



Ilse Dorothea Wenzel



Camilla Gram Anderson
Employee representative



Hossein Armandi
Employee representative



Dorte Clausen
Employee representative



Lasse Skibsbye
Employee representative

Independent Auditor's report on remuneration report

To the Shareholders of H. Lundbeck A/S

We have examined whether the Remuneration Report for H. Lundbeck A/S for the financial year 1 January - 31 December 2022 contains the information required under section 139 b, subsection 3 of the Danish Companies Act.

We express reasonable assurance in our conclusion.

The Board of Directors' responsibility for the Remuneration Report

The Board of Directors is responsible for the preparation of the Remuneration Report in accordance with section 139 b, subsection 3 of the Danish Companies Act. The Board of Directors is also responsible for the internal control that the Board of Directors deems necessary to prepare the Remuneration Report without material misstatement, regardless of whether this is due to fraud or error.

Auditor's independence and quality management

We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and ethical requirements applicable in Denmark.

PricewaterhouseCoopers is subject to the International Standard on Quality Control, ISQC 1, and thus applies a comprehensive quality control system, including documented policies and procedures concerning compliance with ethical requirements, professional standards and current statutory requirements and other regulation.

Auditor's responsibility

Our responsibility is to express a conclusion on the Remuneration Report based on our examinations. We conducted our examinations in accordance with ISAE 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the additional requirements applicable in Denmark to obtain reasonable assurance in respect of our conclusion.

As part of our examination, we checked whether the Remuneration Report contains the information required under section 139 b, subsection 3 of the Danish Companies Act, number 1 - 6, on the remuneration of each individual member of the Registered Executive Management and the Board of Directors.

We believe that the procedures performed provide a sufficient basis for our conclusion. Our examinations have not included procedures to verify the accuracy and completeness of the information provided in the Remuneration Report, and therefore we do not express any conclusion in this regard.

Conclusion

In our opinion the Remuneration Report, in all material respects, contains the information required under the Danish Companies Act, section 139 b, subsection 3.

Hellerup, 8 February 2023

PricewaterhouseCoopers

CVR no. 3377 1231

Lars Baugaard
State Authorized Public Accountant
mne23331

Torben Jensen
State Authorized Public Accountant
mne18651



H. Lundbeck A/S

Ottiliavej 9
2500 Valby
Denmark

Corporate Communication & Public Affairs

Tel. +45 36 30 13 11
information@lundbeck.com
www.lundbeck.com
CVR number 56759913