

Remuneration Report 2021

Michael Thyge Kromand
Operator, Ampoule & Drop Line

CONTENTS

REMUNERATION REPORT 2021

Introduction	2
Remuneration of the Board	3
Remuneration of Management	4
Long-Term Incentive (LTI) overview	11
Comparable overviews	12
Management's Statement	14
Independent Auditor's report on remuneration report	15

INTRODUCTION

REMUNERATION & NOMINATION COMMITTEE

Members

Lars Rasmussen, Chairman 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) Securing that the remuneration is in compliance 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 the Annual General Meeting on 23 March 2021. The Policy can be found on [Lundbeck's website](#).

The 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 2020 was approved at the Annual General Meeting held on 23 March 2021 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.

2021 LUNDBECK COMPANY PERFORMANCE

In 2021, Lundbeck showed resiliency during another year of unprecedented times. The strategic brands continued to show robust growth, both in volume and value, across all regions. The newest product in the portfolio, Vyepti grew strongly in 2021 after its launch in April 2020 at the height of a generational global pandemic. It is now been approved in 7 markets worldwide and launched in 3. Several of our mature brands have shown remarkable resiliency. Across our operations and over the course of the pandemic, our employees have been able to adapt and have successfully shifted their working patterns depending on the situation in their country. Despite another year with impact from COVID-19, Lundbeck delivered a solid financial year and maintained cost discipline.

Lundbeck successfully progressed with the transformation of the R&D organization in order to build a more agile culture, improve the speed and quality of decision making and enrich the pipeline with a steady stream of programs in neuroscience with high unmet medical need.

In 2021, Lundbeck also made good progress across all areas of our sustainability strategy. Key results include improving access to health for vulnerable patients through a new partnership with International Health Partners. We also reduced carbon emission in line with our science-based climate target, and improved our management of business ethics and diversity & inclusion. As a result, Lundbeck has continued to strengthen our Environmental, Social & Governance (ESG) performance in 2021.

The performance against a balanced set of objectives in 2021 is directly reflected in the cash bonus for the financial year. Bonuses for fiscal year 2021 are paid out to Management in February 2022.

FINANCIAL GUIDANCE 2021

DKK Billion	FY 2021 actual	FY 2021 guidance
Net Revenue	16.3 bn	16.3 – 16.9 bn
EBIT	2.0 bn	1.8 – 2.3 bn

REMUNERATION OF THE BOARD

BOARD OF DIRECTORS

Members

Lars Søren Rasmussen (Chairman)
 Lene Skole-Sørensen (Deputy Chairman)
 Lars Erik Holmqvist
 Jeremy Max Levin
 Jeffrey Berkowitz
 Santiago Arroyo
 Dorothea Wenzel
 Ludovic Tranholm Otterbein (employee representative)
 Henrik Sindal Jensen (employee representative)
 Rikke Kruse Andreasen (employee representative)

Responsibilities

Lundbeck's 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.

NOTES

- 1) Joined the Board of Directors 24 March 2021
 2) Joined the Board of Directors 24 March 2021
 3) Left the Board of Directors 24 March 2021

BOARD REMUNERATION – KEY POINTS

At the Annual General Meeting on 23 March 2021, remuneration for the Board was approved. The composition of Board and Committees has changed in 2021. Henrik Andersen decided not to run for re-election and Dorothea Wenzel and Santiago Arroyo were appointed as new members of the Board at the 23 March 2021 Annual General Meeting. Dorothea Wenzel was appointed as new member of the Audit Committee and Santiago Arroyo was appointed as new member of the Scientific Committee.

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 2021.

OVERVIEW OF BOARD REMUNERATION

DKK'000	Ordinary board member fee	Audit Committee	Remuneration & Nomination Committee	Scientific Committee	Additional fixed fee	Total 2021	Total 2020
BOARD MEMBERS							
Lars Søren Rasmussen, Chairman	1,200	200	300			1,700	1,663
Lene Skole-Sørensen, Deputy	800		200	200		1,200	1,175
Lars Erik Holmqvist	400	200				600	588
Jeremy Max Levin	400			300	400	1,100	1,075
Jeffrey Berkowitz	400		200	200	400	1,200	1,175
Dorothea Wenzel ⁽¹⁾	300	225				525	0
Santiago Arroyo ⁽²⁾	300			150	300	750	0
Henrik Andersen ⁽³⁾	100	75				175	688
Rikke Kruse Andreasen, Employee representative	400					400	388
Ludovic Tranholm Otterbein, Employee representative	400					400	388
Henrik Sindal Jensen, Employee representative	400					400	388
Total	5,100	700	700	850	1,100	8,450	7,525

BOARD AND COMMITTEE FEE LEVELS

The Board receive a fixed annual base fee while the Chairman receives three times the fixed annual base fee and the Deputy Chairman receives double the fixed annual base fee. See illustration below:

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

REMUNERATION OF MANAGEMENT

MANAGEMENT REMUNERATION - KEY POINTS

All Management remuneration in 2021 was in line with the approved Policy and there have been no changes to Management composition during 2021. The CFO of Lundbeck, Anders Gøtzsche, will leave Lundbeck by the end of March 2022, however his resignation does not impact on 2021 remuneration.

The total remuneration of Management in 2021 including tax indemnification to the CEO in the amount of DKK 34.3 million amounted to DKK 97.5 million (DKK 67.8 million in 2020) and the total remuneration of Management in 2021 excluding tax indemnification to the CEO amounted to DKK 63.2 million (DKK 65.1 million in 2020). The decrease primarily relates to lower STI remuneration. The total remuneration split for the Management was 52% fixed and 48% variable remuneration excluding the tax indemnification amount for the CEO.

In 2021, Management was granted Long-Term Incentives (LTI) in accordance with the share-based incentive program. The value of LTI programs granted in 2021 is in accordance with the guidelines from the Danish Business Authority for each Management member reported as the full grant cash value for the 2021 programme 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 2021 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 2021 is lower than the amount stated in this Report.

In 2021, there were no severance pay arrangements to Management.

Lundbeck is entitled to reclaim variable remuneration (STI and LTI) paid in 2021 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 2021, there was no legal or factual basis on which to exercise claw-back or request repayment 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 after year end and paid to Deborah Dunsire, 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. In 2021, the tax indemnification is currently estimated at DKK 34.3 million. Unless specifically stated, the numbers mentioned in the Report are without the tax indemnification.

Remuneration packages for Lundbeck's Management consist of base salary, pension and other benefits that can be considered as fixed pay components. 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 incentives 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 2021 and the components' compliance with the Policy are outlined in the below table.

Fixed	Policy description	2021 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 2021 fixed base salary was adjusted for the CEO by 2.4% on 1 January 2021. For other Management members salary was adjusted in average 3% on 1 January 2021. This is in line with market adjustments.	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.	CEO pension contribution is 17.0% of the fixed annual base salary and for other Management members the 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 3% 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 2021).	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	2021 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 95% of base salary. For other Management members the payout was 32% of fixed annual base salary. Financial goals/KPIs (70%) ended up just short of target which resulted in an overall performance payout of 95% of target bonus for the CEO and other Management members. Individual payout (30%) was based on an assessment of each Management members objective and is further described on page 9. In 2021, Management members had sustainability goals linked to their individual payout	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.	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 2021, 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 2021, 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 individual goals (pipeline, sustainability and predefined individual goals).

STI DESIGN

Component	Chief Executive Officer	Other Management
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 Individual goals	Financial goals Individual goals
KPI – financial goals		70%
Measure	EBIT	50%
	Revenue	20%
KPI – individual goals		30%
Measure	- Pipeline goals (10%)	Goals subject to Board assessment Goals subject to CEO assessment
	- Sustainability goals (10%)	
	- Predefined individual goals (10%)	

In 2021, the CEO as well as other Management members received a company performance payout (accounting for 70% of total cash bonus) based on financial KPI performance at a level just short of target. KPIs, pay-out level and individual performances are described in more details for each Management member from page 8.

THE SHARE-BASED LONG-TERM INCENTIVE SCHEME

In 2021, Lundbeck continued its revolving LTI program. The grant is based on a discretionary assessment made by the Board of Directors.

LTI DESIGN

Component	Chief Executive Officer	Other Management
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 year	After 3 year
Vesting criteria	Continued employment	Continued employment
	EBIT KPI	EBIT KPI
	Board approval	Board approval

The value of the 2021 LTI program at time of vesting in February 2024 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 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 member (no exercise price applies) due to the nature of the instrument. There is no possibility to get an additional grant based on any company overperformance.

A list of unvested LTI held by Management and LTI program that vested in 2021 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 2021 and includes a comparison to 2020 remuneration:

NOTES

- (1) The value of the LTI representing the actual full grant value for the 2021 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 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.
- (4) The Grant value of DKK 2.6 million (10,237 shares) will not vest in February 2024 as a result of Anders Gøtzsche's resignation in December 2021.
- (5) Tax indemnification is considered as a variable pay component. Total variable remuneration for Deborah Dunsire (including tax indemnification) is DKK 50.7 million corresponding to 83% of total remuneration.

OVERVIEW OF MANAGEMENT REMUNERATION 2020/2021

	Deborah Dunsire – President & CEO		Anders Gøtzsche – EVP & CFO		Jacob Tolstrup – EVP, Com Operations		Lars Bang – EVP, Product Development & Supply		Per Johan Luthman – EVP, R&D		Total Management		Totals in Annual Report 2021 (2)
	DKKm	%	DKKm	%	DKKm	%	DKKm	%	DKKm	%	DKKm	%	DKKm
2021 remuneration													
Base Salary	9.9 ⁽³⁾	16%	5.1	47%	4.0	47%	4.1	47%	4.0	47%	27.1	28%	27.1
Pension	0.0	0%	1.3	12%	1.0	12%	1.1	12%	1.1	12%	4.5	5%	4.5
Other benefits	0.2	0%	0.2	2%	0.2	3%	0.2	3%	0.2	3%	1.0	1%	1.0
Total fixed	10.1	17%	6.6	61%	5.2	62%	5.4	62%	5.3	62%	32.6	34%	32.6
STI	8.0	13%	1.6	15%	1.3	15%	1.3	15%	1.3	15%	13.5	14%	13.5
LTI ⁽¹⁾	8.4	14%	2.6 ⁽⁴⁾	24%	2.0	23%	2.1	23%	2.1	24%	17.1	18%	11.0
Termination/ Severance pay	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Total variable	16.4	27%	4.2	39%	3.3	38%	3.4	38%	3.4	39%	30.6	31%	24.5
Total without tax indemnification	26.5	44%	10.8	100%	8.5	100%	8.8	100%	8.7	100%	63.2	65%	57.1
Tax indemnification	34.3 ⁽⁵⁾	56%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	34.3	35%	34.3
Total with tax indemnification	60.8	100%	10.8	100%	8.5	100%	8.8	100%	8.7	100%	97.5	100%	91.4
2020 Remuneration													
Total without tax indemnification	27.4	90%	11.4	100%	8.7	100%	9.1	100%	8.6	100%	65.1	100%	
Total with tax indemnification	30.1	100%	11.4	100%	8.7	100%	9.1	100%	8.6	100%	67.8	100%	

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 34.3 million in 2021 (DKK 2.7 million in 2020). The terms and conditions of the tax indemnification are described on page 4.

The remuneration paid to Lundbeck's CEO, Deborah Dunsire totaled DKK 26.5 million in 2021 without tax indemnification (DKK 27.4 million in 2020). The total remuneration with tax indemnification totaled 60.8 million in 2021 (DKK 30.1 million in 2020).

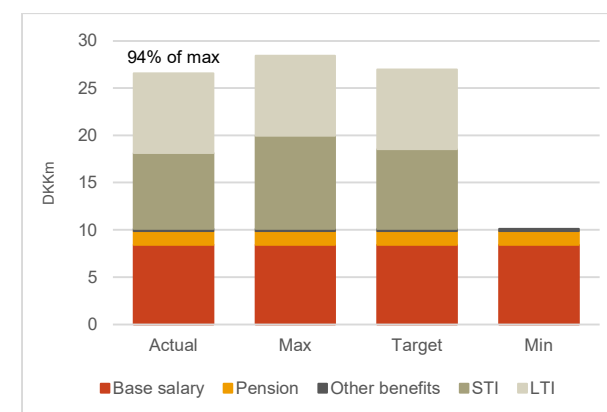
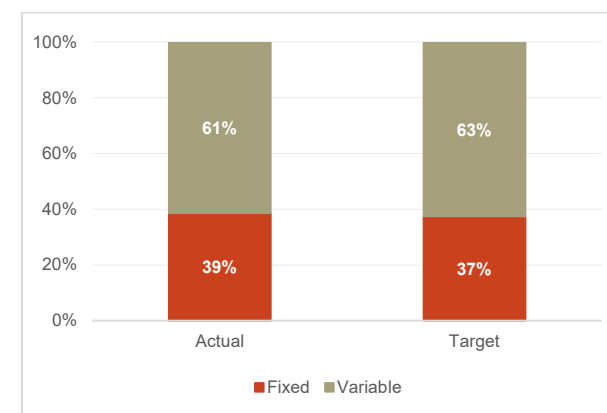
The fixed base salary, including a pension payment of DKK 1.4 million, amounted to DKK 9.9 million being 37% of the total remuneration without tax indemnification.

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 8.0 million, corresponding to 81% of the maximum bonus. The bonus payout reflects a company performance on EBIT and revenue KPIs which is just short of target and an achievement of individual goals above target performance, amongst other, a result of successful execution of the Expand and Invest to Grow strategy, given the continued global launch of Vyepti and transformation for R&D with an expanding early- and mid-stage pipeline. The pay-out level also reflects an overall dedicated effort with sustainability/ESG. Management is the steering group for the sustainability strategy, focusing on increased awareness of and access to brain health, and moving the global Lundbeck organisation towards a more diversity and inclusion driven mindset. In total, 8 out of 10 sustainability targets for 2021 were achieved. You can read more in [Lundbeck's Sustainability report](#) for 2021.

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 without tax indemnification



REMUNERATION OF MANAGEMENT

Other Management Members

Other Management members rewards

All the Management members received other benefits adding up to approximately 4% of the fixed base salary and less than 2% of their total remuneration. A majority of this is related to company car allowance.

All the Management members have been granted LTI in the form of Restricted Share Units corresponding to a value of 50% of their fixed annual base salary

BREAKDOWN OF OTHER MANAGEMENT REMUNERATION

Anders Göttsche - EVP & CFO

Remuneration in 2021 totaled DKK 10.8 million (DKK 11.4 million in 2020).

The annual fixed salary was DKK 5.1 million contributing with 47% of the total remuneration in 2021.

The STI totaled DKK 1.6 million, corresponding to 63% of the maximum bonus. The bonus payout reflects a company performance on EBIT and revenue KPIs which is just short of target and an achievement of individual goals above target performance based on further execution on Lundbeck's digital journey. The bonus payout is also governed but with Lundbeck's Code of Conduct a critical foundation of Lundbeck's sustainability strategy.

Paymix illustration



Jacob Tolstrup - EVP, Commercial Operations

Remuneration in 2021 totaled DKK 8.5 million (DKK 8.7 million in 2020).

The annual fixed salary was DKK 4.0 million corresponding to 47% of the total remuneration in 2021.

The STI totaled DKK 1.3 million, corresponding to 63% of the maximum bonus. The bonus payout reflects a company performance on EBIT and revenue KPIs which is just short of target and an achievement of individual goals above target performance based on successfully driving profitable sales growth for strategic products and ensuring a commercial platform for future global Vyepti launch.

Paymix illustration



REMUNERATION OF MANAGEMENT

Other Management Members – continued

BREAKDOWN OF OTHER MANAGEMENT REMUNERATION

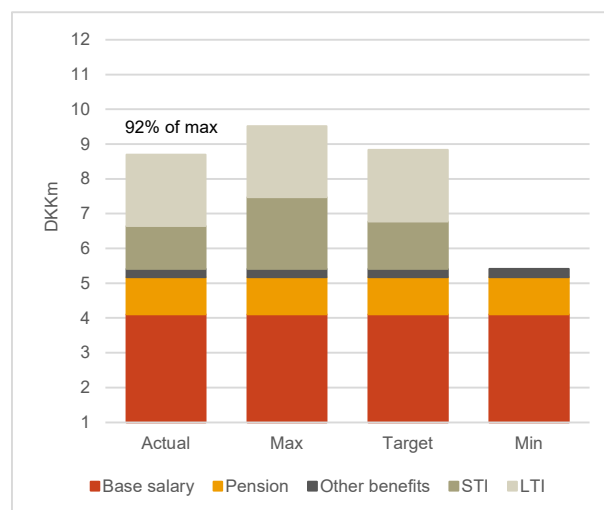
Lars Bang - EVP, Product Development & Supply

Remuneration in 2021 totaled DKK 8.8 million (DKK 9.1 million in 2020).

The annual fixed salary was DKK 4.1 million corresponding to 47% of the total remuneration in 2021.

The STI totaled DKK 1.3 million, corresponding to 63% of the maximum bonus. The bonus payout reflects a company performance on EBIT and revenue KPIs which is just short of target and an achievement of individual goals above target performance based on reliable and cost-efficient supply chain in 2021. The payout also reflects performance on Lundbeck's long-term goal to become a Net-Zero Emission company by reducing carbon emissions continuously over the next 30 years.

Paymix illustration



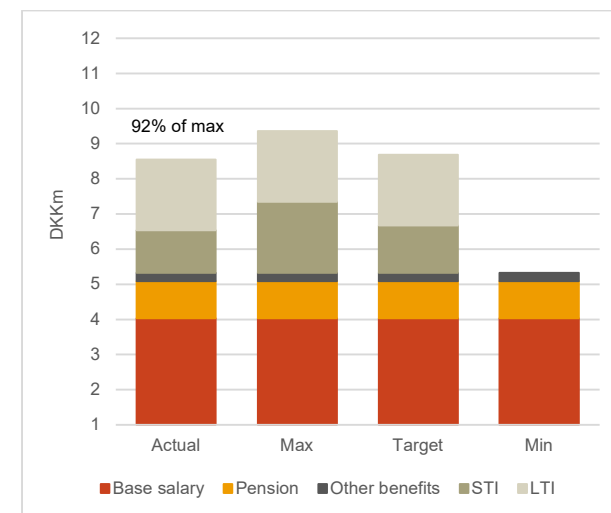
Per Johan Luthman - EVP, R&D

Remuneration in 2021 totaled DKK 8.7 million (DKK 8.6 million in 2020).

The annual fixed salary was DKK 4.0 million corresponding to 47% of the total remuneration in 2021.

The STI totaled DKK 1.3 million, corresponding to 63% of the maximum bonus. The bonus payout reflects a company performance on EBIT and revenue KPIs which is just short of target and an achievement of individual goals above target performance based on successful ongoing transformation of R&D. The payout reflects several positive pipeline milestone achievements e.g. receiving Vyepti DELIVER study headline results earlier than planned.

Paymix illustration



LTI OVERVIEW

NOTES

- (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 4 February 2021 (the full FY announcement date) – 237.30 per share.
- (5) Value based on share price as of year end 2021 – 168.85 per share.
- (6) Anders Gøtzsche announced his resignation in December 2021 and he will leave Lundbeck by the end March 2022. As a consequence and as mentioned in the termination agreement, the shares granted to Anders Gøtzsche as part of the RSU 2020 and the RSU 2021 programs will lapse.

LTI OVERVIEW – VESTED AND UNVESTED PROGRAMS

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 2021 and all LTI programs vested in 2021. Provided that the LTI are vested, they will be exercised free of charge for the Management member (no exercise price applies) due to the nature of the instrument.

Name and position	Program ⁽¹⁾	Grant date	Vesting date	No of instruments primo 2021	No of instruments Granted 2021	No of instruments Canceled 2021	No of instruments vested 2021	No of instruments ultimo 2021	Share price at grant date (DKK) ⁽²⁾	Value at grant (mDKK) ⁽³⁾	Value at vesting (mDKK) ⁽⁴⁾	Value at YE 2021 (mDKK) ⁽⁵⁾
Deborah Dunsire President & CEO	RCU 2018	Feb 2018	Feb 2022	9,175	-	-	-	9,175	316	2.9	-	1.5
	RCU 2019	Feb 2019	Feb 2022	27,917	-	-	-	27,917	287	8.0	-	4.7
	RCU 2020	Feb 2020	Feb 2023	30,012	-	-	-	30,012	275	8.2	-	5.1
	RCU 2021	Feb 2021	Feb 2024	-	33,621	-	-	33,621	251	8.4	-	5.7
Anders Gøtzsche EVP & CFO ⁽⁶⁾	RSU 2017	Feb 2017	Feb 2021	6,608	-	-	6,608	-	291	1.9	1.6	-
	RSU 2018	Feb 2018	Feb 2022	6,222	-	-	-	6,222	316	2.0	-	1.1
	RSU 2019	Feb 2019	Feb 2022	8,375	-	-	-	8,375	287	2.4	-	1.4
	RSU 2020	Feb 2020	Feb 2023	8,960	-	8,960	-	-	275	2.5	-	-
	RSU 2021	Feb 2021	Feb 2024	-	10,237	10,237	-	-	251	2.6	-	-
Jacob Tolstrup EVP, Commercial Operations	RSU 2017	Feb 2017	Feb 2021	4,030	-	-	4,030	-	291	1.2	1.0	-
	RSU 2018	Feb 2018	Feb 2022	5,770	-	-	-	5,770	316	1.8	-	1.0
	RSU 2019	Feb 2019	Feb 2022	6,512	-	-	-	6,512	287	1.9	-	1.1
	RSU 2020	Feb 2020	Feb 2023	6,967	-	-	-	6,967	275	1.9	-	1.2
Lars Bang EVP, Product Development & Supply	RSU 2021	Feb 2021	Feb 2024	-	7,945	-	-	7,945	251	2.0	-	1.3
	RSU 2017	Feb 2017	Feb 2021	6,385	-	-	6,385	-	291	1.9	1.5	-
	RSU 2018	Feb 2018	Feb 2022	6,012	-	-	-	6,012	316	1.9	-	1.0
	RSU 2019	Feb 2019	Feb 2022	6,785	-	-	-	6,785	287	1.9	-	1.1
	RSU 2020	Feb 2020	Feb 2023	7,258	-	-	-	7,258	275	2.0	-	1.2
Per Johan Luthman EVP, R&D	RSU 2021	Feb 2021	Feb 2024	-	8,231	-	-	8,231	251	2.1	-	1.4
	RSU 2019	Feb 2019	Feb 2022	6,456	-	-	-	6,456	287	1.9	-	1.1
	RSU 2020	Feb 2020	Feb 2023	6,738	-	-	-	6,738	275	1.9	-	1.1
	RSU 2021	Feb 2021	Feb 2024	-	8,368	-	-	8,368	251	2.1	-	1.4

COMPARABLE OVERVIEWS

Tables illustrating the development in Board of Directors, Management and Employee Remuneration

NOTES

- (1) Dorothea Wenzel was elected as of 24 March 2021
- (2) Santiago Arroyo was elected as of 24 March 2021
- (3) Henrik Andersen was board member up to 24 March 2021
- (4) Total H. Lundbeck A/S remuneration excl. Management divided by to total number of FTEs in H. Lundbeck A/S.
- (5) Total CEO remuneration without tax indemnification divided by H. Lundbeck A/S average employee remuneration excl. Management
- (6) Total CEO remuneration with tax indemnification divided by H. Lundbeck A/S average employee remuneration excl. Management

DEVELOPMENT IN BOARD REMUNERATION 2018-2021

DKKm Name of Board member	2018 Actual	2019 Actual	2020 Actual	2021 Actual	Annualized Change in % 2020 vs 2019	Annualized Change in % 2021 vs 2020
Lars Søren Rasmussen, Chairman	1,550	1,550	1,663	1,700	7%	2%
Lene Skole-Sørensen, Deputy	1,100	1,100	1,175	1,200	7%	2%
Lars Erik Holmqvist	550	550	588	600	7%	2%
Jeremy Max Levin	650	913	1,075	1,100	18%	2%
Jeffrey Berkowitz	413	963	1,175	1,200	16%	2%
Dorothea Wenzel	N/A	N/A	N/A	525	N/A	N/A ⁽¹⁾
Santiago Arroyo	N/A	N/A	N/A	750	N/A	N/A ⁽²⁾
Henrik Andersen	488	650	688	175	6%	2% ⁽³⁾
Rikke Kruse Andreassen, Employee representative	263	350	388	400	11%	3%
Ludovic Tranholm Otterbein, Employee representative	263	350	388	400	11%	3%
Henrik Sindal Jensen, Employee representative	117	350	388	400	11%	3%

DEVELOPMENT IN MANAGEMENT REMUNERATION 2018-2021

DKKm Name of Management member	2018 Actual	2019 Actual	2020 Actual	2021 Actual	Annualized Change in % 2020 vs 2019	Annualized Change in % 2021 vs 2020
Deborah Dunsire - President & CEO - <i>without tax indemnification</i>	9.6	26.5	27.4	26.5	3%	-3%
Deborah Dunsire - President & CEO - <i>with tax indemnification</i>	9.6	62.5	30.1	60.8	-52%	102%
Anders Gøtzsche - EVP & CFO	13.4	11.1	11.4	10.8	1%	-5%
Jacob Tolstrup – EVP, Commercial Operations	8.5	8.7	8.7	8.5	0%	-2%
Lars Bang – EVP, Product Development & Supply	8.7	8.9	9.1	8.8	2%	-3%
Per Johan Luthman – EVP, R&D	0.0	7.6	8.6	8.7	3%	1%

DEVELOPMENT IN EMPLOYEE REMUNERATION 2019-2021

DKKm	2019 Actual	2020 Actual	2021 Actual	Annualized Change in % 2020 vs 2019	Annualized Change in % 2021 vs 2020
Average employee remuneration excl. Management ⁽⁴⁾	0.80	0.87	0.86	9%	-1%
CEO/Employee ratio (H. Lundbeck A/S) <i>without tax indemnification</i> ⁽⁵⁾	33.1	31.5	30.8	-5%	-2%
CEO/Employee ratio (H. Lundbeck A/S) <i>with tax indemnification</i> ⁽⁶⁾	78.1	34.6	70.7	-56%	104%

COMPARABLE OVERVIEWS

Development in financial Performance

FINANCIAL PERFORMANCE 2019-2021

Group results DKKm	2019 Actual	2020 Actual	2021 Actual	Annualized Change in % 2020 vs 2019	Annualized Change in % 2021 vs 2020
Net Revenue ⁽¹⁾	17,036	17,762	16,299	4%	-8%
EBIT	3,608	1,990	2,010	-45%	1%
Shareprice (End of year)	254.4	208.8	168.9	-18%	-19%

Parent Company results DKKm	2019 Actual	2020 Actual	2021 Actual	Annualized Change in % 2020 vs 2019	Annualized Change in % 2021 vs 2020
Net Revenue	9,464	10,733	11,298	13%	5%
EBIT ⁽²⁾	1,092	-592	1,085	-154%	283%

NOTES

- (1) The decrease in Revenue from 2020 to 2021 is primarily driven by Loss of Exclusivity on Northera.
- (2) The negative EBIT result in 2020 was impacted by investments in launch and development activities for eptinezumab which aligns with Lundbeck's 'Expand and Invest to Grow' strategy as well as write-down of the full value of foliglurax due to the negative outcome of the AMBLED study.

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 2021 of H. Lundbeck A/S for the financial year 2021.

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

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

Copenhagen, 9 February 2022

Board of Directors



Lars Søren Rasmussen
Chairman



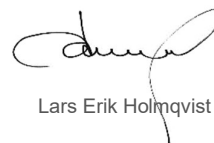
Lene Skole-Sørensen
Deputy Chairman



Dorothea Wenzel



Jeffrey Berkowitz



Lars Erik Holmqvist



Jeremy Max Levin



Santiago Arroyo



Rikke Kruse Andreasen
Employee representative



Henrik Sindal Jensen
Employee representative



Ludovic Tranholm Otterbein
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 2021 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 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 Executive Board 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, 9 February 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 3377 1231



Lars Baungaard
State Authorised Public Accountant
mne23331



Torben Jensen
State Authorised Public Accountant
mne18651

H. Lundbeck A/S

Ottiliavej 9
2500 Valby
Denmark

Corporate Communication

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