

# Country-by-country tax report

## Financial year 2023

### Our tax approach

At Lundbeck, we are tirelessly dedicated to restoring brain health, so every person can be their best. Sustainability is vital to Lundbeck. We acknowledge that through direct and indirect tax payments, businesses are an important source of revenue for governments and municipalities. Without them, sustainable communities cannot be built.

We consider a fair tax policy and a robust management of this policy as part of our sustainability commitment. It is our policy that we pay tax where we make our profit and offer transparency to stakeholders through reporting. We pay close attention to transfer pricing requirements and focus on pricing the value of these intercompany transactions on an arm's length basis, according to best practice guidelines issued by the OECD. These guidelines ensure that profits are taxed in the country where the economic activities generating the profits are performed and where the value is created. Being compliant with applicable laws, regulations, guidelines and industry standards is at the foundation of being responsible. As stated in our Code of Conduct, our tax policy, local tax laws and regulations are observed when establishing collaborations and conducting business. We acknowledge that even legal and compliant transactions and structures may have reputational impact, if the underlying business reasons are not communicated in a clear and transparent manner.

Our tax policy sets forward the principles by which we manage our tax affairs in a compliant, transparent and responsible manner.

### Introduction to our Country-by-country report

#### The Lundbeck Group

The Lundbeck Group is ultimately controlled by Lundbeckfonden, however this Country-by-country report, only includes data for the Lundbeck Group, defined as H. Lundbeck A/S and all its subsidiaries and branches.

The country-by-country report includes data for all jurisdictions where the Lundbeck Group has a taxable presence. Information for branches is reported for the country, where the branch has a permanent establishment and a tax presence.

#### Data source and reporting standard

The Country-by-Country financial information is based on the group reporting system supporting the Annual Report, applying the accounting principles of International Financial Reporting Standards (IFRS). Profit according to Local accounting principles may differ from the profit applying IFRS principles.

The financial information has been prepared under Lundbeck's general financial policies. The country-by-country reporting is not subject to an external audit opinion.

Lundbeck's Country by Country report discloses the information suggested in the EU directive for tax transparency. Numbers are reported in mDKK.

## **Transfer pricing policy**

The transfer pricing policy of the Group guides the profit level in the countries where Lundbeck operates, based on risk and value creation (principal model). Our transfer pricing policy is in accordance with the OECD transfer pricing guidelines.

H. Lundbeck A/S is the Principal of the group where management, the majority of research and development activities, production activities and Intellectual property resides. Certain IP solely related to the US market are held by the US group.

Our subsidiaries provide routine services based on contracts and at the request and guidelines of H. Lundbeck A/S. Activities in subsidiaries are distribution activities, sales services, administrative services, contract research and development, contract manufacturing and clinical studies services on local markets.

The subsidiaries are remunerated by the principal for their services on arm's-length basis represented by benchmarked profit margins of independent enterprises with comparable activities. Consequently, the principal receives the residual profit/loss after all routine subsidiaries have been remunerated in accordance with the arm's-length principle.

## **Definitions**

### **Primary activities**

The primary activities are reported per country. The primary activities are distribution, sales services, production, R&D and IP Holding.

### **Total revenue**

Total revenue includes third party revenue, related party revenue, other income and financial income but excludes dividends.

### **Profit/loss before tax**

Profit/loss before tax is reported based on the IFRS principles and can vary from the local financial statements. Dividends received from subsidiaries are excluded from the profit/loss before tax.

### **Income tax paid**

Income tax paid reflects the actual cash tax payments in the year and consists of both tax prepayments for current year and tax payments related to prior years.

### **Income tax accrued**

Income tax accrued is the calculated tax expense related to expected taxable profit based on local principles for 2023.

### **Accumulated earnings**

Accumulated earnings reflect the profits at the end of the year that are retained and not used for any other purpose.

### **Number of employees**

Number of employees is calculated as the average number of full-time employees during the year.

## Lundbeck Group Country-by-Country tax report 2023

★ Distribution     
 ★ Sales service     
 ★ Production     
 ★ R&D     
 ★ IP Holding     
 ★ Dormant

Country	Activity	Third party revenue	Intercompany revenue	Total revenue	Profit (loss) before tax	Income tax paid	Income tax accrued	Accumulated earnings	Number of Employees
Argentina	★	69	0	69	16	1	6	8	16
Australia	★	367	1	368	15	3	5	16	44
Austria	★	118	3	121	7	1	2	5	8
Belgium	★	162	2	164	9	1	3	72	12
Brazil	★	418	0	418	133	52	47	152	129
Canada	★	965	5	970	55	15	15	32	130
Chile	★	105	0	105	-8	1	0	-13	17
China	★	1	454	455	33	17	18	3	356
Colombia	★	15	0	15	4	-1	0	-5	0
Croatia	★	0	7	7	1	0	0	2	6
Cyprus	★	0	0	0	0	0	0	0	1
Czech Republic	★	160	0	161	1	1	1	4	18
Denmark	★	10.639	6.388	17.027	2.035	137	156	17.306	2.005
Estonia	★	50	0	50	2	0	0	1	5
Finland	★	104	1	105	5	1	1	4	20
France	★	383	228	611	48	15	14	47	325
Germany	★	69	14	83	29	1	8	604	67
Greece	★	197	0	197	6	0	2	7	52
Hong Kong	★	118	0	118	3	0	1	14	18
Hungary	★	38	1	38	1	0	0	3	9
India	★	0	0	0	3	0	0	2	1
Ireland	★	56	0	57	2	0	1	3	14
Israel	★	68	0	68	2	1	1	5	11
Italy	★	579	73	652	37	28	18	300	256
Japan	★	0	157	157	21	5	12	26	94
Latvia	★	0	2	2	0	0	0	0	2
Lithuania	★	0	3	3	0	0	0	0	3
Luxembourg	★	0	0	0	0	0	0	0	0
Malaysia	★	81	0	81	2	1	1	10	24
Mexico	★	238	0	238	-1	0	0	23	97
Netherlands	★	44	34	78	32	1	8	978	11
New Zealand	★	0	0	0	0	0	0	-5	0
Norway	★	37	0	37	3	0	1	5	13
Pakistan	★	21	0	21	-18	1	1	-32	27
Panama	★	42	0	42	-1	0	0	3	3
Peru	★	0	0	0	0	0	0	-4	0
Philippines	★	34	0	34	3	2	0	3	28
Poland	★	107	116	223	10	2	6	13	292
Portugal	★	168	0	168	5	2	2	3	21
Republic of Korea	★	376	0	376	30	7	3	66	68
Romania	★	80	16	97	3	1	1	0	11
Russian Federation	★	0	49	49	10	0	1	8	75
Singapore	★	71	33	104	4	1	1	28	56
Slovakia	★	58	0	58	2	0	0	1	9
Slovenia	★	26	1	27	1	0	0	7	6
South Africa	★	76	0	76	0	1	0	11	26
Spain	★	530	12	542	32	6	8	25	153
Sweden	★	40	0	40	1	1	1	0	15
Switzerland	★	267	15	282	-84	-5	2	-905	20
Turkey	★	139	0	139	9	3	1	6	52
United Kingdom	★	151	98	249	125	24	38	1.013	47
USA	★	2.945	3.346	6.290	416	140	180	1.725	899
Venezuela	★	0	0	0	0	0	0	-63	0
Eliminations and other adjustments		-302	-3.980	-4.282	-48	0	-45	-1.647	0
<b>Lundbeck Group</b>		<b>19.912</b>	<b>7.078</b>	<b>26.990</b>	<b>2.993</b>	<b>466</b>	<b>520</b>	<b>19.877</b>	<b>5.566</b>