Corporate Release
Valby, Denmark, 6 February 2020

Financial report for the period 1 January to 31 December 2019

Strong momentum with 28% growth across all strategic brands in 2019
For 2020, Lundbeck expects revenue growth of 2-6%

HIGHLIGHTS

- Revenue reached DKK 17,036 million in 2019 representing a decline of 6% (6% in local currencies) compared to 2018. The decline was expected and a result of generic competition on Onfi® - excluding Onfi, revenue grew by 7%
  - Revenue of Abilify Maintena® increased 23% to DKK 1,961 million (20% in local currencies)
  - Revenue of Brintellix®/Trintellix® increased 30% to DKK 2,826 million (26% in local currencies)
  - Revenue of Northera® increased 29% to DKK 2,328 million (22% in local currency)
  - Revenue of Rexulti®/Rxulti® increased 32% to DKK 2,270 million (25% in local currencies)
  - Revenue in North America declined 11% to DKK 9,583 million (15% in local currencies)
  - Revenue in International Markets increased 11% to DKK 3,892 million (11% in local currencies)
  - Revenue in Europe increased 9% to DKK 3,223 million (8% in local currencies)
- The four strategic brands grew by 28%, reaching DKK 9,385 million or 55% of total revenue
- Core EBIT reached DKK 4,976 million corresponding to a core EBIT margin of 29.2%
- EBIT reached DKK 3,608 million and the EBIT margin reached 21.2%
- Core EPS reached DKK 19.46 and reported EPS reached DKK 13.42
- The acquisition of Alder BioPharmaceuticals was completed in October 2019 with a transaction value up to USD 1.95 billion net of cash. This transaction expands Lundbeck's operating space in brain disorders to include migraine and other chronic pain syndromes and the company expects to build a migraine franchise starting with eptinezumab for migraine prevention, which has a PDUFA action date of February 21, 2020. 2019 financials are impacted by DKK 514 million in transaction and integration costs.
- Lundbeck closed the acquisition of Abide Therapeutics in May 2019 and has transitioned it into a Lundbeck drug discovery hub. Lundbeck La Jolla Research Center focuses on novel target/drug discovery in the serine hydrolase enzyme class, which is initially focusing on MAG-Lipase inhibition
- 2020 will be impacted by investments in launch and development activities for eptinezumab. Therefore, Lundbeck expects revenue to reach DKK 17.4 – 18.0 billion, core EBIT to reach DKK 3.5 – 4.0 billion and EBIT to reach DKK 2.2 – 2.7 billion for 2020
- The Board of Directors proposes to pay a dividend of DKK 4.10 per share, equal to a pay-out ratio of 31%

In connection with the financial report, Lundbeck's President and CEO Deborah Dunsire said:
"2019 was a tremendous year for Lundbeck as we executed well against our Expand and Invest to Grow strategy: Strategic brands grew substantially – up 28% over the prior year and we bolstered and reshaped our pipeline through the acquisitions of Alder Biopharmaceuticals and Abide Therapeutics, and through internal discovery such that we now have 14 programmes across all phases of development. In 2020 the company returns to growth of 2-6%, anticipating continued momentum in the strategic brands as well as the U.S. launch of eptinezumab in migraine prevention pending FDA approval.
We will continue to build out a robust pipeline, to deliver important new medicines for patients and deliver sustainable value for all our stakeholders, positioning Lundbeck strongly for the foreseeable future."

DKK million	FY 2019	FY 2018	*Growth*
Core Revenue*	**17,036**	18,117	*(6%)*
Core EBIT*	**4,976**	6,158	*(19%)*
Core EPS*	**19.46**	23.71	*(18%)*
*Core EBIT margin**	***29.2%***	*34.0%*	-
Reported Revenue	**17,036**	18,117	*(6%)*
Reported EBIT	**3,608**	5,301	*(32%)*
Reported EPS	**13.42**	19.66	*(32%)*
Reported EBIT margin	***21.2%***	*29.3%*	-

*For definition of the measures "Core Revenue", "Core EBIT" and "Core EPS", see note 3 *Core reporting*

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FINANCIAL HIGHLIGHTS AND KEY FIGURES

	FY 2019	FY 2018	Q4 2019	Q4 2018
Financial highlights (DKK million)				
Core revenue	**17,036**	18,117	4,421	4,196
Core profit from operations (core EBIT)	**4,976**	6,158	966	931
Reported revenue	**17,036**	18,117	4,421	4,196
Operating profit before depreciation and amortization (EBITDA)	**4,823**	6,436	607	1,134
Reported profit from operations (EBIT)	**3,608**	5,301	291	848
Net financials	**(127)**	(12)	(149)	(16)
Profit before tax	**3,481**	5,289	142	832
Tax	**814**	1,382	(88)	178
Profit for the period	**2,667**	3,907	230	654
Equity	**14,554**	14,251	14,554	14,251
Assets	**35,757**	23,011	35,757	23,011
Cash flows from operating and investing activities (free cash flow)	**(5,146)**	3,074	(6,963)	797
Purchase of property, plant and equipment, gross	**356**	300	159	124
Key figures				
EBIT margin (%)	**21.2**	29.3	6.6	20.2
Return on equity (%)	**18.5**	29.6	1.6	4.7
Return on equity (%) – rolling four quarters	**18.5**	29.6	18.5	29.6
Net debt/EBITDA (x)	**1.4**	(1.0)	10.8	(5.9)
Net debt/EBITDA (x) – rolling four quarters	**1.4**	(1.0)	1.4	(1.0)
Share data				
Number of shares for the calculation of EPS (millions)	**198.7**	198.7	198.7	198.7
Number of shares for the calculation of DEPS (millions)	**198.7**	198.7	198.7	198.7
Earnings per share, basic (EPS) (DKK)	**13.42**	19.66	1.16	3.29
Earnings per share, diluted (DEPS) (DKK)	**13.42**	19.66	1.16	3.29
Proposed dividend per share (DKK)	**4.10**	12.00	-	-
Other				
Number of employees (FTE) – end of period	**5,806**	5,143	5,806	5,143

MANAGEMENT REVIEW

Financial guidance and forward-looking statements

Financial guidance

DKK	FY 2019 actual	FY 2020 guidance
Revenue	17,036 million	**17.4 – 18.0 billion**
EBITDA	4,823 million	**3.9 – 4.4 billion**
Profit from operation (EBIT)	3,608 million	**2.2 – 2.7 billion**
Core EBIT	4,976 million	**3.5 – 4.0 billion**
Tax rate	*23.4%*	***22-24%***

Lundbeck's revenue growth is expected to be driven by the continued strong growth of our four strategic brands Abilify Maintena, Brintellix/Trintellix, Northera and Rexulti/Rxulti. Furthermore, in 2020 the expected approval of eptinezumab in the U.S. will create additional growth for Lundbeck but will also require additional investments related to the launch and further development activities for the product. Following the corona virus outbreak, Lundbeck sees increased uncertainty on product distribution and sales in China for 2020. China is Lundbeck's second biggest market and the potential impact is difficult to quantify at this point of time. The financial guidance ranges for 2020 are therefore wider than normal.

As communicated in company release no. 674 dated 22 October 2019, the acquisition of Alder in 2019 will impact Lundbeck's financial guidance for 2020 with integration and retention costs of DKK 50 - 100 million, which will be excluded from Core EBIT.

Lundbeck´s main trading currencies are the USD, JPY, CNY and CAD. The financial guidance is based on the current hedging rates for our main currencies; i.e. USD/DKK (6.40), JPY/DKK (0.0615), CAD/DKK (4.93) and CNY/DKK (0.94) and includes an expected hedging loss of around DKK 200 - 250 million.

During the first half of 2020, Lundbeck expect to receive headline results from the clinical phase IIa study with Lu AG06466 (formerly ABX-1431) in Tourette Syndrome. Statistically significant efficacy together with a safety and tolerability profile that provides a path forward for phase III clinical development in Tourette Syndrome will result in a milestone payment of USD 50 million to the previous owners of Abide Therapeutics. Lundbeck does not expect any negative financial impact in case of a negative outcome of the trial.

Furthermore, during the first half of 2020, Lundbeck expects to receive headline results from the ongoing clinical phase IIa study of foliglurax in the treatment of patients suffering from Parkinson's disease. Foliglurax was acquired in March 2018 with an upfront payment of EUR 100 million, which has been capitalized as product rights. A positive outcome of the study demonstrating that foliglurax is safe and efficacious can result in milestone payments of up to EUR 100 million in 2020. A milestone payment of EUR 25 million is payable if primary and key secondary endpoints are met and an additional EUR 75 million is payable if improvement in *OFF* time exceeds two hours. A negative outcome of the study might result in a write-down of the product rights whereby EUR 100 million will be recognized in the income statement.

Dividend

The Board of Directors proposes to pay a dividend of 31% of net profit for 2019 in line with Lundbeck's pay-out policy of 30-60%. This corresponds to DKK 4.10 per share or a total of DKK 816 million. The dividend pay-out is subject to approval at the Annual General Meeting on 24 March 2020.

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.

Revenue

Revenue for 2019 reached DKK 17,036 million compared to DKK 18,117 million for 2018. The strategic brands (Abilify Maintena, Brintellix/Trintellix, Northera and Rexulti/Rxulti) grew by 28% for the period, reaching DKK 9,385 million or 55% of total revenue. The generic erosion of Onfi led to a decline of 6% in revenue for 2019. The biggest markets are the U.S., China, Canada, Spain, Italy, France and Japan.

Hedging

Lundbeck hedges a significant part of the currency risk for a period of 12-18 months. Hedging had a negative impact of DKK 322 million in 2019, compared to a positive impact of DKK 242 million last year.

Revenue - products and regions

DKK million	FY 2019	FY 2018	*Growth*	*Growth in local currencies*	Q4 2019	Q4 2018	*Growth*	*Growth in local currencies*	Q3 2019
Abilify Maintena	**1,961**	1,595	*23%*	*20%*	504	415	*22%*	*20%*	506
Brintellix/Trintellix	**2,826**	2,182	*30%*	*26%*	803	639	*26%*	*23%*	724
Cipralex/Lexapro	**2,314**	2,257	*3%*	*1%*	505	363	*39%*	*36%*	604
Northera	**2,328**	1,806	*29%*	*22%*	722	524	*38%*	*33%*	599
Onfi	**1,052**	3,165	*(67%)*	*(69%)*	212	496	*(57%)*	*(59%)*	213
Rexulti	**2,270**	1,723	*32%*	*25%*	650	519	*25%*	*21%*	588
Sabril	**847**	1,342	*(37%)*	*(40%)*	204	359	*(43%)*	*(45%)*	181
Other pharmaceuticals	**3,100**	3,143	*(1%)*	*(3%)*	722	751	*(4%)*	*(5%)*	764
Other revenue	**660**	662	-	*(1%)*	227	196	*16%*	*15%*	57
Effects from hedging	**(322)**	242	-	-	(128)	(66)	-	-	(101)
Total revenue	**17,036**	**18,117**	***(6%)***	***(6%)***	**4,421**	**4,196**	***5%***	***4%***	**4,135**
North America	**9,583**	10,743	*(11%)*	*(15%)*	2,646	2,671	*(1%)*	*(5%)*	2,375
International Markets	**3,892**	3,500	*11%*	*11%*	870	694	*25%*	*24%*	1,018
Europe	**3,223**	2,970	*9%*	*8%*	806	701	*15%*	*14%*	786

Abilify Maintena (aripiprazole once-monthly injection) is approved for the treatment of schizophrenia in the EU and for both schizophrenia and bipolar I disorder in the U.S., Canada and Australia. Launched in 2013, Abilify Maintena shows continued solid growth. Sales increased 23% (20% in local currencies) and reached DKK 1,961 million. The regional distribution of sales was 43%, 8% and 49% in North America, International Markets and Europe, respectively. The largest markets are the U.S., Spain, Canada, Australia and France. Abilify Maintena was

discovered by Otsuka Pharmaceutical Co., Ltd. (Otsuka), and is co-marketed by Lundbeck and became available to patients in 2013.

Brintellix/Trintellix (vortioxetine), for the treatment of major depressive disorder (MDD) was launched in 2013. Sales grew 30% (26% in local currencies) reaching DKK 2,826 million. The regional distribution of sales was 56%, 18% and 26% in North America, International Markets and Europe, respectively. The largest markets for the product are the U.S., Canada, Spain, Italy and Brazil. In the U.S. and Japan, Trintellix is co-marketed by Takeda Pharmaceutical Company Limited (Takeda).

Cipralex®/Lexapro® (escitalopram) for the treatment of depression was launched in 2002. Sales increased 3% (1% in local currencies) and reached DKK 2,314 million. The regional distribution of sales was 6%, 71% and 23% in North America, International Markets and Europe, respectively. The largest markets are Japan, China, Italy, South Korea and Canada.

Northera (droxidopa) for the treatment of symptomatic neurogenic orthostatic hypotension (nOH) was launched in the U.S. in 2014. Sales from Northera increased 29% (22% in local currency) and reached DKK 2,328 million.

Rexulti/Rxulti (brexpiprazole) is approved as an adjunctive therapy for the treatment of adults with major depressive disorder and as a treatment for adults with schizophrenia in markets such as the U.S., Canada and Saudi Arabia. In Australia and Europe the product is approved for schizophrenia. Rexulti became available to patients in markets such as the U.S. (Q3 2015), Canada (Q2 2017), Australia (Q3 2017), Saudi Arabia (Q4 2018), Mexico (Q1 2019) and in the first markets in Europe in H1 2019 as Rxulti. Lundbeck's share of revenue reached DKK 2,270 million in 2019, corresponding to a growth of 32% (25% in local currencies). The regional distribution of sales was 97.5%, 2% and 0.5% in North America, International Markets and Europe, respectively. Rexulti was co-developed and is co-marketed by Otsuka and Lundbeck.

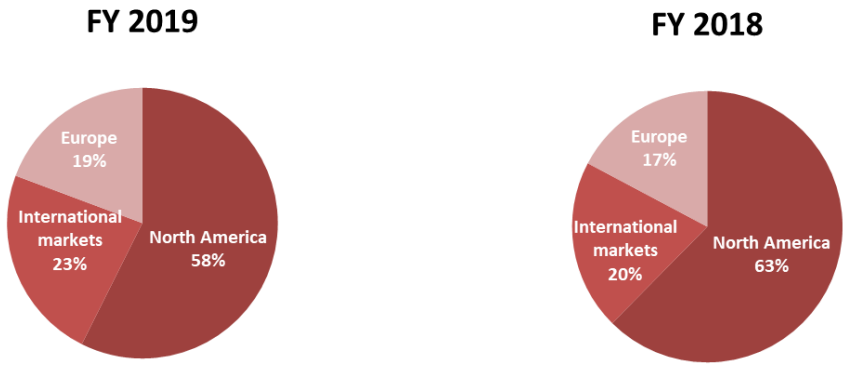
Onfi (clobazam) for the treatment of Lennox-Gastaut syndrome, generated revenue of DKK 1,052 million, a decline of 67% (69% in local currency) compared to 2018. Onfi lost exclusivity in October 2018 and is exposed to generic competition.

Sabril® (vigabatrin), for the treatment of refractory complex partial seizures (rCPS) and infantile spasms (IS), faced the first generic competition in the third quarter of 2017. Revenue was DKK 847 million in 2019, a decline of 37% (40% in local currency) compared to last year.

Revenue from **Other pharmaceuticals**, which comprise the remainder of Lundbeck's products, reached DKK 3,100 million compared to DKK 3,143 million for 2018. The largest markets are U.S., China, Canada, France and Spain.

Other revenue, which mainly consists of contract manufacturing, reached DKK 660 million compared to DKK 662 million for 2018.

Figure 1 – Revenue per region FY 2019 vs FY 2018 (excluding Other revenue and effects from hedging)



Key developments in the fourth quarter of 2019

In the fourth quarter of 2019, revenue increased 5% (4% in local currencies) and reached DKK 4,421 million compared to DKK 4,196 million. The strategic brands grew by 28% for the period reaching DKK 2,679 million or 61% of total revenue. The strong growth in the strategic brands was partly offset by generic erosion on Sabril and Onfi.

North America

Revenue was DKK 9,583 million in 2019 which is a decline of 11% (15% in local currencies) compared to DKK 10,743 million in 2018. The decline was mainly driven by generic erosion of clobazam (Onfi) which was only partly mitigated by continued growth of Abilify Maintena, Northera, Rexulti and Trintellix. Adjusting for Onfi, growth for the region increased 13%. The strategic brands grew by 28% for the period, thereby reaching DKK 6,971 million.

Revenue – North America

DKK million	FY 2019	FY 2018	*Growth*	*Growth in local currencies*	Q4 2019	Q4 2018	*Growth*	*Growth in local currencies*	Q3 2019
Abilify Maintena	**845**	695	*21%*	*16%*	227	196	*16%*	*12%*	221
Trintellix	**1,579**	1,239	*27%*	*21%*	476	386	*23%*	*19%*	406
Northera	**2,328**	1,806	*29%*	*22%*	722	524	*38%*	*33%*	599
Onfi	**1,052**	3,165	*(67%)*	*(69%)*	212	496	*(57%)*	*(59%)*	213
Rexulti	**2,219**	1,702	*30%*	*23%*	634	509	*24%*	*20%*	576
Sabril	**847**	1,342	*(37%)*	*(40%)*	204	359	*(43%)*	*(45%)*	181
Other pharmaceuticals	**713**	794	*(10%)*	*(14%)*	171	201	*(15%)*	*(18%)*	179
Total revenue	**9,583**	**10,743**	***(11%)***	***(15%)***	**2,646**	**2,671**	***(1%)***	***(5%)***	**2,375**

Abilify Maintena revenue grew 21% (16% in local currencies) for the period and reached DKK 845 million, which represents Lundbeck's share of total net sales. In the U.S. Abilify Maintena has a volume market share of 19.6% and in Canada it reached 30.5% by November 2019. The value share is 19.9% and 27.4%, respectively (source: IQVIA).

Trintellix sales grew 27% (21% in local currencies) with a total of DKK 1,579 million in revenue for Lundbeck. The volume market share in the U.S. and Canada was 0.9% and 1.1% of the total anti-depressant marked, respectively by November 2019. The value market share of the total anti-depressant market in the U.S. was 22.6%. In Canada, the value market share of the total anti-depressant market was 6.1% by November 2019 (source: IQVIA).

Northera sales reached DKK 2,328 million in 2019, representing growth of 29% (22% in local currency).

Lundbeck's share of **Rexulti** revenue reached DKK 2,219 million with growth of 30% (23% in local currencies). In the U.S., Rexulti has achieved market shares of 2.12% and 10.47% by November 2019 in volume and value, respectively (source: IQVIA). In Canada, the product has reached volume share 1.89% and a value share of 3.08%. Patient data suggest that more than 3/4 of prescriptions in the U.S. are prescribed for MDD.

Onfi revenue declined 67% (69% in local currency) to DKK 1,052 million. In October 2018, the U.S. FDA approved several versions of generic clobazam; both oral and suspension formulations and generic clobazam accounts for some 83% of the market in volume (source: Symphony Health cf Bloomberg).

Sabril revenue for the period was DKK 847 million, declining 37% (40% in local currency). In September 2017, the first generic vigabatrin (oral solution) was introduced, and in January 2019 the first generic tablet was approved. By the end of 2019, generic vigabatrin was 58% of total vigabatrin sales, which is unchanged from the end of the third quarter of 2019.

Key developments in the fourth quarter of 2019

Revenue reached DKK 2,646 million in the fourth quarter of 2019, which is a decline of 5% in local currencies, and a decline of 1% reported. The strategic brands grew by 28% for the period to DKK 2,059 million. The strong growth for Northera is partly the result of the weak quarter the prior year resulting from an unanticipated patient backlog. North America contributed 61% of total revenue (excluding Other revenue and effects from hedging) compared to 66% in the same period last year.

International Markets

Revenue from International Markets, which comprise all Lundbeck's markets outside of Europe and North America, reached DKK 3,892 million in 2019, compared to DKK 3,500 million in 2018. The growth of 11% (11% in local currencies) was driven by Abilify Maintena and Brintellix, and most of the markets in the region, including Australia and South Korea, show solid growth. The biggest markets are Australia, Brazil, China, Japan and South Korea. The strategic brands grew by 32% for the period ending at DKK 722 million.

Revenue – International Markets

DKK million	FY 2019	FY 2018	*Growth*	*Growth in local currencies*	Q4 2019	Q4 2018	*Growth*	*Growth in local currencies*	Q3 2019
Abilify Maintena	**165**	130	*27%*	*28%*	41	36	*13%*	*15%*	44
Brintellix	**517**	396	*31%*	*33%*	120	102	*17%*	*18%*	140
Cipralex/Lexapro	**1,638**	1,552	*6%*	*4%*	355	228	*56%*	*52%*	432
Rexulti	**40**	21	*91%*	*90%*	12	10	*16%*	*16%*	9
Other pharmaceuticals	**1,532**	1,401	*9%*	*9%*	342	318	*8%*	*7%*	393
Total revenue	**3,892**	**3,500**	***11%***	***11%***	**870**	**694**	***25%***	***24%***	**1,018**

Abilify Maintena reached DKK 165 million in revenue in 2019 representing a growth of 27% (28% in local currencies). Sales are mainly derived from Australia where Abilify Maintena shows solid momentum and has achieved a volume share of 26.3% and a value share of 25.8% by November 2019 (Source: IQVIA). Countries such as U.A.E., Kuwait and Saudi Arabia also had a positive impact.

Brintellix reached DKK 517 million in revenue or an increase of 31% (33% in local currencies). Brintellix realized solid growth across several markets, but the growth is also impacted by quarterly fluctuations. In China, Brintellix is

exceeding agomelatine in volume share and we see solid momentum for the product. Brazil, South Korea, Turkey, Mexico and China are the largest markets for Brintellix in the region.

Rexulti reached DKK 40 million in 2019. The product is predominantly sold in Australia where it was approved for the treatment of schizophrenia in June 2017. In Australia, Rexulti has achieved an increase in market share to 1.89% and 2.78% in volume and value, respectively (source: IQVIA). Furthermore, Rexulti has been launched in Chile (Q2 2019), Mexico (Q1 2019) and Saudi Arabia (Q4 2018). Additionally, Rexulti has been submitted for approval in countries such as Brazil, Malaysia and South Africa.

Cipralex/Lexapro generated revenue of DKK 1,638 million representing a growth of 6% (4% in local currencies). The revenue of the product shows solid underlying demand in the majority of markets across International Markets and has also benefitted from the transition from Xian-Janssen to Lundbeck as Lundbeck is recognizing a larger part of the Lexapro revenue in China. Japan, China, South Korea, Brazil and Saudi Arabia are the largest markets for Cipralex/Lexapro in the region.

Other pharmaceuticals generated revenue of DKK 1,532 million which represents a growth of 9% (9% in local currencies) driven primarily by products such as Azilect®, Deanxit® and Ebixa® - especially in China.

Azilect was approved by the Chinese FDA in June 2017 and was launched in October 2017 by Lundbeck. Parkinson's disease is the second most common neurodegenerative disease following Alzheimer's disease in China and Azilect was included in the regular National Reimbursement Drug List (NRDL) as of January 2020 in China. Azilect generated revenue of DKK 131 million, representing a growth of 22%.

Ebixa generated revenue of DKK 524 million, representing a growth of 13% benefitting from growth in markets such as China and South Korea.

In January 2019, **Selincro®** (nalmefene hydrochloride), received regulatory approval in Japan for treatment to reduce alcohol consumption in alcohol-dependent patients. The product was launched in March 2019. Lundbeck Japan and Otsuka Pharmaceutical Company have jointly developed this compound in Japan. Selincro is marketed by Otsuka in Japan and Lundbeck receives a royalty from the sale of the product.

Azilect, Ebixa and Selincro are included in Other pharmaceuticals.

Key developments in the fourth quarter of 2019

Revenue in the fourth quarter was DKK 870 million, corresponding to growth of 25% (24% in local currencies). The sales performance for the quarter is impacted by timing of shipments. Cipralex/Lexapro grew 56% in the quarter mainly as a result of lack of shipments to China in the fourth quarter last year. The strategic brands grew by 16% for the year ending at DKK 173 million. In the fourth quarter, International Markets constituted 20% of revenue (excluding Other revenue and effects from hedging) compared to 17% last year.

Europe

Revenue reached DKK 3,223 million in 2019, representing a growth of 9% (8% in local currencies) compared to DKK 2,970 million last year. The strategic brands grew by 29% for the year ending at DKK 1,692 million. In general Europe sees a strong underlying demand offsetting a continuous negative average price development.

Revenue – Europe

DKK million	FY 2019	FY 2018	*Growth*	*Growth in local currencies*	Q4 2019	Q4 2018	*Growth*	*Growth in local currencies*	Q3 2019
Abilify Maintena	**951**	770	*24%*	*23%*	236	183	*30%*	*29%*	241
Brintellix	**730**	547	*34%*	*33%*	207	151	*38%*	*37%*	178
Cipralex	**538**	572	*(6%)*	*(6%)*	116	105	*10%*	*9%*	136
Rxulti/Rexulti	**11**	-	-	-	4	-	-	-	3
Other pharmaceuticals	**993**	1,081	*(8%)*	*(9%)*	243	262	*(8%)*	*(9%)*	228
Total revenue	**3,223**	**2,970**	***9%***	***8%***	**806**	**701**	***15%***	***14%***	**786**

Abilify Maintena has been launched in all major markets in Europe and Abilify Maintena is Lundbeck's largest product in Europe. Sales uptake of Abilify Maintena is solid with revenue reaching DKK 951 million. In Europe, the penetration of long-acting atypical antipsychotics is generally higher than seen in the U.S. (volume). Driven by increasing demand from patients, sales of Abilify Maintena are growing across Europe and the product has achieved a 20% or more market share (value) in all major markets. In some markets the product is approaching or even exceeding 30%. Abilify Maintena is the second most prescribed long acting injectable treatment for patients with schizophrenia in many markets. In Finland, UK and Norway the product has achieved market leadership. Spain, France and Italy are the largest European markets for Abilify Maintena.

Brintellix revenue grew 34% reaching DKK 730 million. Brintellix is Lundbeck's second largest product in Europe and realized solid growth across many markets and in main countries such as France, Italy and Spain, where the product has achieved value market shares of 10.2%, 9.1% and 8.2%, respectively by November 2019 (source: IQVIA). The volume shares are 3.0%, 3.5% and 2.8%, respectively (source: IQVIA). Spain, Italy and France are the largest European markets for Brintellix.

In July 2018, Lundbeck and Otsuka announced that the European Commission approved **Rxulti** (brexpiprazole) for the treatment of schizophrenia in adults. Furthermore, Rexulti was approved in Switzerland in July 2018 and the launch commenced in January 2019 for the treatment of adult patients with schizophrenia. The product will be branded as Rxulti in countries within the European Union where the product so far has been launched in Denmark, Finland, Netherlands and Norway.

Cipralex generated revenue of DKK 538 million, a decline of 6%.

Revenue from **Other pharmaceuticals** was DKK 993 million, a decline of 8% compared to 2018, following continued generic erosion of mature products.

Key developments in the fourth quarter of 2019

In the fourth quarter, revenue reached DKK 806 million, which was an increase of 15% compared to DKK 701 million in the same period last year partly due to quarterly fluctuations mainly impacting Abilify Maintena and Cipralex positively but partly also due to strong underlying growth of Abilify Maintena and Brintellix. The strategic brands grew by 35% for the year ending at DKK 447 million. Europe constitutes 19% of revenue (excluding Other revenue and effects from hedging), which is an increase from 17% last year.

Expenses and income

Total costs in 2019 were largely unchanged and amounted to DKK 12,914 million compared to DKK 12,772 million for 2018.

Distribution of costs

DKK million	FY 2019	FY 2018	*Growth*	Q4 2019	Q4 2018	*Growth*	Q3 2019
Cost of sales	**3,385**	3,456	*(2%)*	949	850	*12%*	796
COS-ratio	***19.9%***	*19.1%*	-	*21.5%*	*20.3%*	-	*19.3%*
Sales and distribution	**5,514**	5,277	*4%*	1,537	1,397	*10%*	1,333
S&D-ratio	***32.3%***	*29.1%*	-	*34.8%*	*33.2%*	-	*32.2%*
Administration	**899**	762	*18%*	240	234	*3%*	265
G&A-ratio	***5.3%***	*4.2%*	-	*5.4%*	*5.6%*	-	*6.4%*
Research and development	**3,116**	3,277	*(5%)*	890	988	*(10%)*	729
R&D-ratio	***18.3%***	*18.1%*	-	*20.1%*	*23.6%*	-	*17.6%*
Total costs	**12,914**	**12,772**	***1%***	**3,616**	**3,469**	***4%***	**3,123**

Cost of sales declined by 2% to DKK 3,385 million in 2019 and the **gross margin** decreased slightly from 80.9% to 80.1%. Cost of sales is impacted by the decline in Onfi sales that is only partly mitigated by change in product mix, resulting in reduced royalty costs. Amortization of product rights was DKK 854 million for the period compared to DKK 813 million last year.

Sales and distribution costs were DKK 5,514 million, an increase of 4% compared to 2018. The increase is mainly due to investments in the commercial organisation in China and Japan. Sales and distribution costs correspond to 32.3% of revenue, compared to 29.1% the year before.

Administrative expenses increased 18% to DKK 899 million, corresponding to 5.3% of total revenue in 2019.

SG&A costs for the period were DKK 6,413 million, compared to DKK 6,039 million in 2018. The SG&A ratio for the year was 37.6%, compared to 33.3% the prior year. The increase in the SG&A ratio is mainly due to the revenue decline resulting from the loss of exclusivity for Onfi.

Research and development costs decreased 5% to DKK 3,116 million for the year. The R&D ratio reached 18.3% which is unchanged from last year. R&D costs is impacted by costs related to the termination of the phase I pipeline compound Lu AF20513 of DKK 45 million recognized in the first quarter of 2019, which is offset by lower project costs during 2019.

Other operating items, net amounted to an expense of DKK 514 million for 2019 as a consequence of acquisition and integration costs related to the Alder acquisition in 2019. In 2018, other operating items, net amounted to an expense of DKK 44 million. In June 2018, Lundbeck LLC reached an agreement to resolve the U.S. Department of Justice (DOJ) investigation. The settlement was recognized in Other operating items, net, which also included a gain from divestment of buildings in Copenhagen realized in the first quarter of 2018 and income from settlements in Australia.

Key developments in the fourth quarter of 2019

In the fourth quarter of 2019, total costs amounted to DKK 3,616 million, which was a slight increase from last year. In the quarter sales and distributions costs are impacted by pre-launch activities for eptinezumab following the acquisition of Alder BioPharmaceuticals.

Acquisition and integration costs amounting to DKK 514 million related to the Alder transaction are included in other operating items, net.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges, which are included in the individual expense categories, amounted to DKK 1,215 million in 2019, compared to DKK 1,183 million in 2018. Amortization of product rights was DKK 854 million for the year compared to DKK 813 million last year and for the fourth quarter of 2019 it was DKK 216 million.

Depreciation, amortization and impairment charges

DKK million	FY 2019	FY 2018	*Growth*	Q4 2019	Q4 2018	*Growth*	Q3 2019
Cost of sales	**1,024**	1,002	*2%*	261	252	*4%*	259
Sales and distribution	**89**	42	*112%*	24	11	*112%*	22
Administration	**26**	24	*9%*	9	4	*124%*	6
Research and development	**76**	115	*(34%)*	22	19	*13%*	19
Total depreciation, amortization and impairment charges	**1,215**	**1,183**	***3%***	**316**	**286**	***10%***	**306**

Profit from operations (EBIT and core EBIT)

Core EBIT for 2019 declined 19% to DKK 4,976 million and the **Core EBIT margin** reached 29.2%. Reported **EBIT** reached DKK 3,608 million compared to DKK 5,301 million in 2018, driven by the expected decline in revenue. The **EBIT margin** reached 21.2% in 2019.

EBIT and Core EBIT are negatively impacted by the expected generic erosion of mature products, especially Onfi, and hedging losses of DKK 322 million in 2019 compared to a gain of DKK 242 million last year. Other operating items, net, amounted to an expense of DKK 514 million in 2019 compared to an expense of DKK 44 million in 2018.

Key developments in the fourth quarter of 2019

In the fourth quarter of 2019, **core EBIT** amounted to DKK 966 million, which is an increase of 4%. The **core EBIT margin** was largely unchanged at 21.9% in the quarter compared to 22.2% last year. **EBIT** amounted to DKK 291 million, which is a decrease of 66% compared to the same quarter last year. The EBIT margin declined to 6.6% in the quarter compared to 20.2% last year.

For definition of the measures “Core Revenue”, “Core EBIT” and “Core EPS”, see note 3 *Core reporting*.

Net financials

Lundbeck generated a **net financial expense** of DKK 127 million for 2019, compared to a net financial expense of DKK 12 million for 2018.

Net interest expenses, including loan interests, realized and unrealized gains and losses on the bond portfolio and interest expenses relating to lease agreements, amounted to an expense of DKK 22 million for 2019, compared to an income of DKK 15 million for 2018. The net interest expense in 2019 primarily relates to interest paid on bank loans, whilst the net interest income in 2018 primarily relates to income received from the Danish tax authorities regarding tax reassessment in U.S. and Italy.

Net exchange gains/losses amounted to a loss of DKK 55 million for 2019, compared to a loss of DKK 24 million for 2018. The net exchange loss in 2019 primarily relates to the conversion of DKK and EUR into USD to pay for the acquisition of Alder BioPharmaceuticals, Inc. that was announced in September 2019.

Fair value adjustment relating to other financial assets amounted to a net loss of DKK 7 million for 2019. Fair value adjustments relating to contingent considerations is an expense of DKK 20 million, relating to the discounting of contingent value rights for Alder BioPharmaceuticals and contingent considerations in Abide Therapeutics. There was no material fair value adjustment in 2018.

Banking costs amounted to DKK 23 million for 2019, compared to DKK 5 million for 2018. The increase in banking costs primarily relates to the financing of the acquisition of Alder BioPharmaceuticals.

Tax

The effective tax rate for 2019 is 23.4% compared to 26.1% in 2018. The tax rate is positively impacted by a tax benefit realized following the integration of Alder BioPharmaceuticals. A portion of the benefit is offset by amortization of Northera product rights, which is not deductible for tax purposes and thus creates a permanent difference.

Net profit and EPS for the period

Net profit for 2019 reached DKK 2,667 million compared to DKK 3,907 million for 2018. The reported net profit corresponds to an **EPS** of DKK 13.42 versus an EPS of DKK 19.66 last year. **Core EPS** was DKK 19.46 for 2019, compared to a Core EPS of DKK 23.71 in 2018.

In the fourth quarter of 2019, **Core EPS** increased from DKK 3.74 to DKK 4.06, representing a growth of 9%. **Net profit** declined by 65% compared to last year thereby reaching DKK 230 million.

Cash flow

Cash flows from operating activities amounted to DKK 2,609 million in 2019 compared with DKK 5,981 million in 2018. The lower level in 2019 is mainly driven by the declining revenue and costs related to acquisitions of Abide Therapeutics and Alder BioPharmaceuticals.

Lundbeck's **net cash flow from investing activities** was an outflow of DKK 7,755 million compared to an outflow of DKK 2,907 million in 2018. In 2019, the cash flow was impacted by the acquisition of Abide Therapeutics, Inc. and Alder BioPharmaceuticals in May and October, respectively and sale of securities. The cash flow for 2018 was impacted by the acquisition of Prexton Therapeutics BV in March. The **free cash flow** reached an outflow of DKK 5,146 million for 2019 compared to an inflow of DKK 3,074 million for 2018.

In 2019, the **net cash outflow** reached DKK 598 million compared to an inflow of DKK 1,467 million for 2018. The net cash flow is additionally impacted by dividend payout of DKK 2,384 million which was approved at the Annual General Meeting in March 2019.

Balance sheet

At 31 December 2019, Lundbeck's **total assets** amounted to DKK 35,757 million compared to DKK 23,011 million at the end of 2018 following the increase in **intangible assets** due to recognition of product rights and goodwill related to the acquisitions of Abide Therapeutics, Inc. and Alder BioPharmaceuticals.

At 31 December 2019, Lundbeck's **equity** amounted to DKK 14,554 million, corresponding to an **equity ratio** of 40.7% compared to 61.9% at the end of 2018.

Net cash has decreased from DKK 6,635 million at year-end 2018 to net debt of DKK 6,566 million at the end of 2019 due to dividend payout of DKK 2.4 billion and debt raised for the acquisitions of Abide Therapeutics and Alder BioPharmaceuticals. **Interest bearing debt** was DKK 9,578 million at the end of 2019. Interest bearing debt includes liabilities relating to lease agreements recognized in accordance with IFRS 16 *Leases*.

Lundbeck's development portfolio

Lundbeck is developing several new and promising medicines for the treatment of brain diseases. Pipeline developments are summarized below.

Project	Area	Phase I	Phase II	Phase III	Filing
Eptinezumab (anti CGRP-mAb)	Migraine prevention				U.S.
Brexpiprazole[1)]	Agitation in Alzheimer's disease				
Brexpiprazole[1)]	PTSD				
Brexpiprazole[1)]	Borderline personality disorder				
Foliglurax (MGluR4 PAM)	Parkinson's disease				
Lu AF11167 (PDE10 inhibitor)	Schizophrenia				
Lu AG06466 (MAGLi)[2)]	Tourette Syndrome				
Aripiprazole 2-months injectable	Schizophrenia/bipolar I disorder				
Lu AF82422 (Alpha-synuclein mAb)	Synucleinopathies				
Lu AF28996 (D_1/D_2 agonist)	Parkinson's disease				
Lu AG06466 (MAGLi)[2)]	Neuropathic pain				
Lu AF88434 (PDE1B inhibitor)	Cognitive dysfunction				
Lu AF87908 (Tau mAb)	Tauopathies				
Lu AG09222 (PACAP mAb)	Migraine				
Lu AF95245 (Kv7)	Neuropsychiatric disorders				

1) Acts as a partial agonist at 5-HT_{1A} and dopamine D_2 receptors at similar potency, and an antagonist at 5-HT_{2A} and noradrenaline $alpha_{1B/2C}$ receptors.
2) MAGLi: Monoacylglycerol lipase inhibitor ("MAGlipase").
3) PACAP: inhibits pituitary adenylate cyclase-activating polypeptide

Eptinezumab – FDA PDUFA action date 21 February 2020

Eptinezumab is a monoclonal antibody (mAb) that is administered as a quarterly 30-minute IV infusion. Eptinezumab was designed for immediate and complete bioavailability with high specificity and strong binding for suppression of calcitonin gene-related peptide (CGRP), a neuropeptide believed to play a key role in mediating and initiating migraines. Alder submitted a Biologics License Application (BLA) to the FDA for eptinezumab in February 2019 and the FDA has set a Prescription Drug User Fee Act (PDUFA) action date of 21 February 2020. Lundbeck expects to submit eptinezumab for approval to regulatory authorities in Canada during February 2020, in the European Union by the end of 2020 and in other countries during 2020.

In November 2019, Lundbeck initiated the *RELIEF* study (NCT04152083). The purpose of this study is to assess the efficacy of eptinezumab for acute migraine, defined as an active intercurrent migraine occurring in those patients who are candidates for preventive therapy. Subjects will be randomized to receive a single dose of eptinezumab or placebo in a 1:1 ratio. The study is expected to finalize by the end of 2020 (n = 450).

Brexpiprazole – phase III in PTSD commenced in October 2019

Lundbeck and Otsuka have initiated a pivotal phase III programme (n = ~577) investigating the use of brexpiprazole in combination with sertraline in the treatment of PTSD (NCT04124614) subsequent to an *End of Phase II* meeting with the US Food and Drug Administration (FDA) in May 2019.

Post-Traumatic Stress Disorder (PTSD) is a psychiatric disorder that can develop as a response to traumatic events, such as interpersonal violence, combat, life-threatening accidents or natural disasters. Core features of PTSD include a variety of symptoms, such as re-experiencing phenomena (i.e. flashbacks and nightmares), avoidance behavior, numbing (i.e. amnesia, anhedonia, withdrawal, negativism) and increased arousal (i.e. insomnia, irritability, poor concentration, hypervigilance). Psychiatric co-morbidities are common, and PTSD sufferers can also present with substance abuse, mood and other anxiety disorders, impulsive and dangerous behavior and self-harm.

Lundbeck and Otsuka reported positive phase II data for the combination treatment of brexpiprazole and sertraline for the treatment of PTSD in November 2018.

Brexpiprazole – phase II for borderline personality disorder commenced in October 2019

Lundbeck and Otsuka have initiated a proof-of-concept study (n = ~240) investigating the use of brexpiprazole in the treatment of borderline personality disorder (BPD) subsequent to Type B meeting with the FDA in May 2019 (NCT04100096). BPD is characterized by a pervasive pattern of instability in affect regulation, impulse control, interpersonal relationships, and self-image. The clinical signs of the disorder include emotional dysregulation, impulsive aggression, repeated self-injury, and chronic suicidal tendencies, which make these patients frequent users of mental health resources. There is no medication approved for BPD. In October 2019, FDA has designated as a *Fast Track* development program the investigation of brexpiprazole for borderline personality disorder.

Lu AF11167 – phase II commenced in January 2019

In January 2019, Lundbeck initiated a phase II-study (n = ~240) with Lu AF11167 (NCT03793712). Lu AF11167 in monotherapy represents a new approach to treat negative symptoms of schizophrenia, which works by inhibiting the activity of the PDE10-enzyme in the brain. This affects the signalling of the neurotransmitter dopamine in a manner that may specifically improve negative symptoms while maintaining control of positive symptoms. Lu AF11167 is invented by Lundbeck.

Lu AG06466 – phase IIa commenced in October 2018

This phase IIa multi-center clinical trial of Lu AG06466 (NCT03625453), conducted in the European Union, is designed to evaluate the efficacy, safety, tolerability, and dosing regimen of Lu AG06466 in treating adult patients with Tourette Syndrome (TS) or Chronic Motor Tic Disorder (CMTD). It is a double-blind, randomized, placebo-controlled trial that will evaluate Lu AG06466, dosed once daily for up to 8 weeks, with an open-label extension arm for an additional 4 weeks (n = 48).

The primary endpoint of this trial is the change from baseline in Total Tic Score of the Yale Global Tic Severity Scale (YGTSS) compared with placebo. The study includes additional measures of tics from the patient and clinician perspective and will measure the premonitory urge preceding tics. The study will also explore the potential impact of Lu AG06466 on additional psychological problems that can accompany TS, such as attention-deficit hyperactivity disorder, obsessive-compulsive disorder, anxiety, and depression.

Lu AG06466 is a first-in-class, small-molecule inhibitor of monoacylglycerol lipase (MAGLi) currently being investigated in clinical trials for the treatment of neurological disorders. MGLL is a serine hydrolase that regulates one of the body's key natural activators of the cannabinoid receptors, 2-arachidonoylglycerol (2-AG), which signals through the cannabinoid receptors CB1 and CB2 to modulate neurotransmission and inflammatory signalling, respectively. Potent and selective inhibition of MAGLi by Lu AG06466 prevents the breakdown of 2-AG and amplifies cannabinoid receptor signalling in neural circuits, which are often dysregulated in a variety of disease states.

Direct cannabinoid receptor activation by cannabis derivatives and synthetic agonists has demonstrated clinical benefits in several central nervous system (CNS) diseases associated with overactive neurotransmission, including

spasticity associated with multiple sclerosis, chronic pain, and Tourette Syndrome. However, exocannabinoid use is limited by its broad activity and concomitant CNS adverse effects, and by challenges with administration and dosing precision. Lu AG06466, an investigational oral therapy, selectively modulates the endocannabinoid receptors in areas where circuits are activated. The ability to correct aberrant neurotransmission suggests that Lu AG06466 may have broad utility in a wide range of neurological diseases.

Lu AF88434 – phase I commenced in August 2019

Lu AF88434 is an inhibitor of the phosphodiesterase type 1 (subtype specific for PDE1B) enzyme that is naturally present in the human brain where it plays an important role in the communication between brain cells. Inhibiting the enzyme increases the presence of a chemical messenger within the cells that improves the communication, in turn improving cognitive function. The phase I-study (n = ~66) is designed to provide information about safety and tolerability, general pharmacokinetic characteristics and to identify maximum tolerated dose (NCT04082325).

Lu AF87908 – phase I commenced in September 2019

Lu AF87908 is a monoclonal antibody (mAb) targeting the pathological form of the protein tau that is believed to play a pivotal role in the development and progression of Alzheimer's disease and other neurodegenerative disorders. By targeting pathological tau with an antibody that will inhibit aggregation and potentially clear pathological tau from the brain, the project aims to demonstrate delay of disease progression with a therapeutic effect on disease burden and function. The ability to offer a treatment that will change the course of the disease will offer a fundamental improvement compared to currently available symptomatic treatments. The purpose of this study (n = ~100) is to investigate the safety of a single dose of Lu AF87908, how well it is tolerated and what the body does to the drug in healthy subjects and patients with Alzheimer's Disease (NCT04149860).

Lu AG09222 – phase I commenced in October 2019

Lu AG09222 is a monoclonal antibody (mAb) designed to inhibit pituitary adenylate cyclase-activating polypeptide (PACAP) for migraine prevention. PACAP has emerged as an important signalling molecule in the pathophysiology of migraine and represents an attractive novel target for treating migraine. Lu AG09222 may hold potential as a migraine prevention treatment for those who have an inadequate response to other therapies and could provide another mechanism-specific therapeutic option for migraine patients and their physicians. The phase I double-blind, placebo-controlled study of Lu AG09222 will enrol approximately 100 healthy men and women between the ages of 18 and 55 and will assess the safety, tolerability and pharmacokinetic profile of Lu AG09222 at various doses.

Lu AF95245 – phase I initiated in December 2019

Lu AF95245 is a potent and selective Kv7.2-5 channels (also termed KCNQ2-5) activator. Activation of the Kv7. 2-5 channels dampens neuronal repetitive or burst firing.

The phase I-study (n = up to 84) is designed to provide information about safety and tolerability, general pharmacokinetic characteristics as well as to explore the pharmacodynamic properties of Lu AF95245 (NCT04199585).

Sustainability update

Executive Management has reviewed Lundbeck's sustainability strategy, aspirations and short-term actions. The management review was based on an analysis of Lundbeck's impact on the Sustainable Development Goals (SDGs). Our sustainability actions are integrated into Lundbeck's overall strategy and Lundbeck has significant impact on six of the 17 SDGs. We will take strategic action to contribute; sometimes in partnerships with others (Goal 17):

- Goal 3 Good Health and Well-being
- Goal 5 Gender Equality
- Goal 8 Decent Work and Economic Growth
- Goal 12 Responsible Consumption and Production
- Goal 13 Climate Action
- Goal 16 Peace, Justice and Strong Institutions

Goal 3 Good Health and Well-being is closely linked to our corporate purpose and dedication to restore brain health, so every person can be their best. *Goal 13 Climate Action* will drive our efforts to prepare for a zero emissions future. We will use our influence and act to promote Goal 5, 8, 12 and 16. Across our sustainability actions we are seeking partnerships with others to enable change and maximize impact (Goal 17).

Lundbeck recently joined the global movement "Business Ambition for 1.5°C" of leading companies aligning their business actions with the Paris Agreement's ambitions. Further, Lundbeck is part of the Danish government's Climate Panel for Life Science and Biotech to help provide industry-wide recommendations.

Our continued efforts to reduce energy consumption and CO_2 emissions led to the company's recognition as a world leader by the independent interest group Carbon Disclosure Project (CDP) in January 2020. Lundbeck was included in CDP's latest Climate A-list, the highest possible rating awarded to only the top 2% percent of the more than 8,400 companies surveyed by CDP worldwide. The A-listing is a recognition of Lundbeck's pioneering work on climate actions.

To enhance transparency and drive actions, we have decided to include performance data and targets on energy consumption, CO_2 emissions, lost-time accident frequency and number of employees.

You can read more about our sustainability actions on www.lundbeck.com where you will also find our most recent Communication on Progress to the UN Global Compact.

The number of employees has increased by 663 to 5,806 since the end of 2018 following the acquisitions of Alder BioPharmaceuticals and Abide Therapeutics, as well as growth initiatives in the commercial organization foremost in China and Japan.

Category	2019	2018	*Change (%)*
Energy (MWh)	93,137	94,312	*(1.2)*
CO_2 (tonnes)	15,254	15,973	*(4.5)*
Work related accidents with absence (accidents per 1 mill working hours)	6.2	7.5	*(17.3)*
Number of employees (FTE)	5,806	5,143	*12.9*

General corporate matters

Pending legal proceedings

The Group is involved in a number of legal proceedings, including patent disputes, the most significant of which are described below. In the opinion of Management, the outcome of these proceedings will not have a material impact on the Group's financial position or cash flows beyond the amount already provided for in the financial statements,

or it is too uncertain to make a reliable provision. Such proceedings will, however, develop over time, and new proceedings may occur which could have a material impact on the Group's financial position and/or cash flows.

In June 2013, Lundbeck received the European Commission's decision that the company's agreements concluded with four generic competitors concerning citalopram violated competition law. The decision included fining Lundbeck EUR 93.8 million (approximately DKK 700 million). In September 2016, Lundbeck announced that the General Court of the European Union had delivered its judgment concerning Lundbeck's appeal against the European Commission's 2013 decision. Lundbeck's appeal was rejected by the General Court. Lundbeck has appealed the judgment to the European Court of Justice. Lundbeck paid and expensed the fine in the third quarter of 2013. An oral hearing was conducted by the European Court of Justice in January 2019. The Advocate General is expected to deliver her opinion to the European Court in March 2020, and a final judgment is expected during 2020, after the delivery of the opinion. So-called "follow-on claims" for reimbursement of alleged losses, resulting from alleged violation of competition law, often arise when decisions and fines issued by the European Commission are upheld by the European Court of Justice. Health authorities in the UK and The Netherlands have taken formal protective steps against Lundbeck with the principal purpose of preventing potential claims from being time-barred under the applicable statutes of limitation. Lundbeck expects no further material development in these matters until after the European Court of Justice has issued its final judgment.

In Canada, Lundbeck and its subsidiary Lundbeck Canada Inc. are involved in three product liability class-action lawsuits relating to Cipralex/Celexa® (two cases alleging various Celexa-induced birth defects and one case against several SSRI manufacturers (incl. Lundbeck) alleging that SSRI (Celexa/Lexapro) induces autism birth defect); three relating to Abilify Maintena (alleging i.a. failure to warn about compulsive behaviour side effects), and one relating to Rexulti (also alleging i.a. failure to warn about compulsive behaviour side effects). The cases are in the preliminary stages and as such there is significant uncertainty as to how these lawsuits will be resolved. Lundbeck strongly disagrees with the claims raised.

In 2018, the Group entered into settlements with three of the four generic companies involved in an Australian federal court case, in which Lundbeck was pursuing patent infringement and damages claims over the sale of escitalopram products in Australia. Lundbeck received AUD 51.7 million (DKK 242 million) in 2018. In Lundbeck's case against the final generic company, Sandoz Pty Ltd, the Federal Court found that Sandoz Pty Ltd had infringed Lundbeck's escitalopram patent between 2009 and 2012 and awarded Lundbeck AUD 26.3 million in damages. Sandoz' appeal of the decision was heard on 8-10 May 2019 and a decision is expected in the first half of 2020. In the meantime, the Australian Patent Office has issued a license to exploit the patent to Sandoz for the entire period of infringement. The license may potentially remove the damages awarded to Lundbeck. Lundbeck has appealed this license decision.

Together with Takeda Lundbeck has instituted patent infringement proceedings against 16 generic companies that have applied for marketing authorization for generic versions of Trintellix in the U.S. Two opponents have now withdrawn and the cases against the remaining 14 opponents continue. Decisions are expected shortly before the end of March 2021. Lundbeck has strong confidence in its vortioxetine patents. The FDA cannot grant marketing authorization to the generic companies unless they receive a decision in their favour. The compound patent, including patent term extensions, will expire in the U.S. on 17 December 2026. Lundbeck has other patents relating to vortioxetine with expiry in the period until 2032.

Together with Otsuka Lundbeck has instituted patent infringement proceedings against several generic companies that have applied for marketing authorization for generic versions of Rexulti in the U.S. Lundbeck has strong confidence in the Rexulti patents. The FDA cannot grant marketing authorization in the U.S. to the generic companies before the patents expire unless the generic companies receive decisions in their favour.

In February 2019, Alder BioPharmaceuticals, Inc. (now a wholly owned subsidiary of Lundbeck LLC and since renamed Lundbeck Seattle BioPharmaceuticals, Inc. (Alder)) terminated a Development and Manufacturing Services Agreement (DMSA) with Lonza Ltd. (Lonza), based on material breaches of that agreement by Lonza. In April 2019, Lonza filed a claim for arbitration with the American Arbitration Association (AAA), asserting claims for breach of contract and declaratory judgment arising from the termination. Lonza disputed the material breaches asserted by Alder, denying that Alder is entitled to terminate the DMSA without further payment, and is seeking monetary damages representing Lonza's calculation of the fee due upon termination for convenience. In May 2019, Alder filed an answer to Lonza's claim with the AAA, in which Alder disputed Lonza's claims and asserted counterclaims arising from Lonza's breach of the DMSA. In June 2019, Lonza filed its reply to the counterclaims. The arbitration hearing is scheduled for September 2020.

In June 2018, Lundbeck announced that its US subsidiary Lundbeck LLC had reached an agreement in principle to resolve the U.S. Department of Justice (DOJ) investigation related to Lundbeck LLC's relationship with and donations to independent patient assistance charitable foundations, which called for a payment of USD 52.6 million. In April 2019, Lundbeck finalized this settlement, executed a Settlement Agreement and made a payment of USD 52.6 million. Lundbeck LLC is pleased to have reached a final resolution that will allow the company to put this matter behind it. The Settlement Agreement does not include any admission by Lundbeck LLC that it violated any law. The resolution of this matter will allow Lundbeck LLC to continue its focus on providing innovative medications to patients.

Incentive programmes in the Lundbeck Group

In February 2019 Lundbeck granted a Restricted Share Unit (RSU) programme or a Restricted Cash Unit (RCU) programme to members of Lundbeck´s Executive Management and to key employees in Denmark and abroad. The RSUs and RCUs will vest three years after grant if predetermined criteria are met.

A RSU and a RCU programme, will be granted to members of Lundbeck´s Executive Management and key employees (approximately 140) in Denmark and abroad in February 2020. Vesting is subject to Lundbeck achieving certain targets specified by the Board of Directors and to continued employment with the Lundbeck Group in the period from grant until the RSUs and RCUs vest, three years from grant. The fair value of the RSUs and RCUs will be calculated based on Lundbeck's average share price in the first 10 banking days after publication of Lundbeck's annual report for 2019 reduced by an expected dividend yield of 2% p.a. The total estimated value of the RSU and RCU programmes will be approximately DKK 45 million.

Purchase of shares to fund long-term incentive programmes

A total of 69,000 shares were purchased in 2019 to cover the obligation regarding the 2019 RSU programme.

To cover the RSU programme that will be granted to key employees in Denmark and abroad in February 2020, Lundbeck will purchase shares at a value of approximately DKK 35 million. The number of shares to be purchased will be dependent on Lundbeck's average share price in the first 10 banking days after publication of Lundbeck's annual report for 2019. The number of shares to be purchased corresponds to less than 0.1% of Lundbeck's share capital. The shares are intended to be purchased during 2020 and in compliance with applicable legislation.

Considering the relatively small number of shares concerned, the purchase will be carried out as a share buy-back outside of the EU Commission Regulation on share buy-back. However, to secure market integrity the purchase is subject to the following rules:

- The purchase will be carried out by a bank (lead manager) on an arm's-length basis and independently of Lundbeck

- The bank must not purchase shares at a price higher than the higher of the price of the last independent trade and the highest current independent bid on Nasdaq Copenhagen at the time of the purchase
- The bank must not purchase more than 20% of the daily volume of the shares on NASDAQ Copenhagen on the day the purchase is carried out.

Conference call

Today at 13.00 CET, Lundbeck will be hosting a conference call for the financial community. You can find dial-ins and a link for webcast online at www.lundbeck.com under the Investor section.

FINANCIAL STATEMENTS

Income statement

DKK million	FY 2019	FY 2018	Q4 2019	Q4 2018
Revenue	17,036	18,117	4,421	4,196
Cost of sales	3,385	3,456	949	850
Gross profit	**13,651**	**14,661**	**3,472**	**3,346**
Sales and distribution costs	5,514	5,277	1,537	1,397
Administrative expenses	899	762	240	234
Research and development costs	3,116	3,277	890	988
Other operating items, net	(514)	(44)	(514)	121
Profit from operations (EBIT)	**3,608**	**5,301**	**291**	**848**
Net financials	(127)	(12)	(149)	(16)
Profit before tax	**3,481**	**5,289**	**142**	**832**
Tax on profit for the period	814	1,382	(88)	178
Profit for the period	**2,667**	**3,907**	**230**	**654**
Earnings per share, basic (EPS) (DKK)	13.42	19.66	1.16	3.29
Earnings per share, diluted (DEPS) (DKK)	13.42	19.66	1.16	3.29

Statement of comprehensive income

DKK million	FY 2019	FY 2018	Q4 2019	Q4 2018
Profit for the period	**2,667**	**3,907**	**230**	**654**
Actuarial gains/losses	(61)	15	(61)	15
Tax	6	(2)	6	(2)
Items that will not be reclassified subsequently to profit or loss	**(55)**	**13**	**(55)**	**13**
Exchange rate gains/losses on investments in foreign subsidiaries	135	287	(126)	81
Exchange rate gains/losses on additions to net investments in foreign subsidiaries	(136)	(151)	(92)	(32)
Hedging of net investments in foreign subsidiaries	62	-	62	-
Deferred exchange gains/losses, hedging	(337)	(319)	59	(41)
Deferred fair value of interest rate swaps	8	-	8	-
Exchange gains/losses, hedging (transferred to the hedged items)	305	(242)	128	66
Tax	22	157	(37)	1
Items that may be reclassified subsequently to profit or loss	**59**	**(268)**	**2**	**75**
Other comprehensive income	**4**	**(255)**	**(53)**	**88**
Comprehensive income	**2,671**	**3,652**	**177**	**742**

Balance sheet

DKK million	31.12.2019	31.12.2018
Assets		
Intangible assets	23,399	8,023
Property, plant and equipment	2,674	2,018
Financial assets	646	1,321
Non-current assets	**26,719**	**11,362**
Inventories	2,204	1,753
Receivables	3,822	3,261
Securities	4	3,030
Cash and bank balances	3,008	3,605
Current assets	**9,038**	**11,649**
Assets	**35,757**	**23,011**
Equity and liabilities		
Share capital	996	996
Foreign currency translation reserve	882	804
Hedging reserve	(75)	(56)
Retained earnings	12,751	12,507
Equity	**14,554**	**14,251**
Provisions	2,237	1,112
Debt	8,686	72
Non-current liabilities	**10,923**	**1,184**
Provisions	1,008	442
Debt	2,175	-
Trade payables	3,933	4,078
Other payables	3,164	3,056
Current liabilities	**10,280**	**7,576**
Liabilities	**21,203**	**8,760**
Equity and liabilities	**35,757**	**23,011**

Statement of changes in equity

DKK million	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Equity
Equity at 1 January 2019	**996**	**804**	**(56)**	**12,507**	**14,251**
Profit for the period	-	-	-	2,667	2,667
Other comprehensive income	-	78	(19)	(55)	4
Comprehensive income	**-**	**78**	**(19)**	**2,612**	**2,671**
Distributed dividends, gross	-	-	-	(2,389)	(2,389)
Dividends received, treasury shares	-	-	-	5	5
Capital increase through exercise of warrants	-	-	-	4	4
Buyback of treasury shares	-	-	-	(20)	(20)
Incentive programmes	-	-	-	33	33
Tax on other transactions in equity	-	-	-	(1)	(1)
Other transactions	**-**	**-**	**-**	**(2,368)**	**(2,368)**
Equity at 31 December 2019	**996**	**882**	**(75)**	**12,751**	**14,554**

DKK million	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Equity
Equity at 1 January 2018	**995**	**634**	**382**	**10,170**	**12,181**
Profit for the period	-	-	-	3,907	3,907
Other comprehensive income	-	170	(438)	13	(255)
Comprehensive income	**-**	**170**	**(438)**	**3,920**	**3,652**
Distribution of dividends, gross	-	-	-	(1,592)	(1,592)
Dividends received, treasury shares	-	-	-	3	3
Capital increase through exercise of warrants	1	-	-	6	7
Buyback of treasury shares	-	-	-	(25)	(25)
Incentive programmes	-	-	-	25	25
Other transactions	**1**	**-**	**-**	**(1,583)**	**(1,582)**
Equity at 31 December 2018	**996**	**804**	**(56)**	**12,507**	**14,251**

Cash flow statement

DKK million	FY 2019	FY 2018	Q4 2019	Q4 2018
Profit from operations (EBIT)	**3,608**	**5,301**	**291**	**848**
Adjustments for non-cash operating items etc.	1,075	1,243	380	326
Change in working capital	(1,394)	563	(246)	601
Cash flows from operations before financial receipts and payments	**3,289**	**7,107**	**425**	**1,775**
Financial receipts and payments	(10)	6	(20)	13
Cash flows from ordinary activities	**3,279**	**7,113**	**405**	**1,788**
Income taxes paid	(670)	(1,132)	(11)	(382)
Cash flows from operating activities	**2,609**	**5,981**	**394**	**1,406**
Acquisition of businesses*	(10,496)	-	(8,847)	-
Acquisition of subsidiary**	-	(745)	-	-
Purchase and sale of securities and other financial assets	3,181	(1,524)	1,678	(516)
Purchase and sale of intangible assets and property, plant and equipment	(440)	(638)	(188)	(93)
Cash flows from investing activities	**(7,755)**	**(2,907)**	**(7,357)**	**(609)**
Cash flows from operating and investing activities (free cash flow)	**(5,146)**	**3,074**	**(6,963)**	**797**
Capital increase through exercise of warrants	4	7	-	1
Dividends paid in the financial year, net	(2,384)	(1,589)	-	-
Other financing activities	6,928	(25)	6,997	(25)
Cash flows from financing activities	**4,548**	**(1,607)**	**6,997**	**(24)**
Net cash flow for the period	**(598)**	**1,467**	**34**	**773**
Cash and bank balances at beginning of period	3,605	2,155	2,975	2,831
Unrealized exchange gains/losses on cash and bank balances	1	(17)	(1)	1
Net cash flow for the period	(598)	1,467	34	773
Cash and bank balances at end of period	**3,008**	**3,605**	**3,008**	**3,605**
Interest-bearing debt, cash, bank balances and securities, net, is composed as follows:				
Cash and bank balances	3,008	3,605	3,008	3,605
Securities	4	3,030	4	3,030
Interest-bearing debt	(9,578)	-	(9,578)	-
Net cash/(net debt)	**(6,566)**	**6,635**	**(6,566)**	**6,635**

*) In 2019, Lundbeck acquired Abide Therapeutics and Alder BioPharmaceuticals both of which are considered business combinations in accordance with IFRS 3 *Business combinations*.
**) In 2018, Lundbeck acquired Prexton Therapeutics BV. The acquisition was considered a purchase of assets, and consisted of the foliglurax product rights valued at DKK 712 million, tax assets of DKK 39 million, as well as net liabilities totaling DKK 6 million.

Income statement – Core results reconciliation (FY)

FY 2019

DKK million	Reported result	Amortization of product rights	Impairment	Major restructuring	Acquisition and integration costs	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	17,036	-	-	-	-	-	-	17,036
Cost of sales	3,385	(854)	-	-	-	-	-	2,531
Gross profit	**13,651**	**854**	**-**	**-**	**-**	**-**	**-**	**14,505**
Sales and distribution costs	5,514	-	-	-	-	-	-	5,514
Administrative expenses	899	-	-	-	-	-	-	899
Research and development costs	3,116	-	-	-	-	-	-	3,116
Other operating items, net	(514)	-	-	-	514	-	-	-
Profit from operations (EBIT)	**3,608**	**854**	**-**	**-**	**514**	**-**	**-**	**4,976**
Net financials	(127)	-	-	-	-	-	-	(127)
Profit before tax	**3,481**	**854**	**-**	**-**	**514**	**-**	**-**	**4,849**
Tax on profit for the period	814	81	-	-	87	-	-	982
Profit for the period	**2,667**	**773**	**-**	**-**	**427**	**-**	**-**	**3,867**
Earnings per share, basic (EPS)	13.42	3.89	-	-	2.15	-	-	19.46

FY 2018

DKK million	Reported result	Amortization of product rights	Impairment	Major restructuring	Acquisition and integration costs	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	18,117	-	-	-	-	-	-	18,117
Cost of sales	3,456	(813)	-	-	-	-	-	2,643
Gross profit	**14,661**	**813**	**-**	**-**	**-**	**-**	**-**	**15,474**
Sales and distribution costs	5,277	-	-	-	-	-	-	5,277
Administrative expenses	762	-	-	-	-	-	-	762
Research and development costs	3,277	-	-	-	-	-	-	3,277
Other operating items, net	(44)	-	-	-	-	92	(48)	-
Profit from operations (EBIT)	**5,301**	**813**	**-**	**-**	**-**	**92**	**(48)**	**6,158**
Net financials	(12)	-	-	-	-	-	-	(12)
Profit before tax	**5,289**	**813**	**-**	**-**	**-**	**92**	**(48)**	**6,146**
Tax on profit for the period	1,382	78	-	-	-	(14)	(11)	1,435
Profit for the period	**3,907**	**735**	**-**	**-**	**-**	**106**	**(37)**	**4,711**
Earnings per share, basic (EPS)	19.66	3.69	-	-	-	0.54	(0.18)	23.71

Income statement – Core results reconciliation (Q4)

Q4 2019

DKK million	Reported result	Amortization of product rights	Impairment	Major restructuring	Acquisition and integration costs	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	4,421	-	-	-	-	-	-	4,421
Cost of sales	949	(216)	-	-	-	-	-	733
Gross profit	**3,472**	**216**	**-**	**-**	**-**	**-**	**-**	**3,688**
Sales and distribution costs	1,537	-	-	-	-	-	-	1,537
Administrative expenses	240	-	-	-	(55)	-	-	295
Research and development costs	890	-	-	-	-	-	-	890
Other operating items, net	(514)	-	-	-	514	-	-	-
Profit from operations (EBIT)	**291**	**216**	**-**	**-**	**459**	**-**	**-**	**966**
Net financials	(149)	-	-	-	-	-	-	(149)
Profit before tax	**142**	**216**	**-**	**-**	**459**	**-**	**-**	**817**
Tax on profit for the period	(88)	20	-	-	78	-	-	10
Profit for the period	**230**	**196**	**-**	**-**	**381**	**-**	**-**	**807**
Earnings per share, basic (EPS)	1.16	0.98	-	-	1.92	-	-	4.06

Q4 2018

DKK million	Reported result	Amortization of product rights	Impairment	Major restructuring	Acquisition and integration costs	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	4,196	-	-	-	-	-	-	4,196
Cost of sales	850	(204)	-	-	-	-	-	646
Gross profit	**3,346**	**204**	**-**	**-**	**-**	**-**	**-**	**3,550**
Sales and distribution costs	1,397	-	-	-	-	-	-	1,397
Administrative expenses	234	-	-	-	-	-	-	234
Research and development costs	988	-	-	-	-	-	-	988
Other operating items, net	121	-	-	-	-	(121)	-	-
Profit from operations (EBIT)	**848**	**204**	**-**	**-**	**-**	**(121)**	**-**	**931**
Net financials	(16)	-	-	-	-	-	-	(16)
Profit before tax	**832**	**204**	**-**	**-**	**-**	**(121)**	**-**	**915**
Tax on profit for the period	178	19	-	-	-	(27)	-	170
Profit for the period	**654**	**185**	**-**	**-**	**-**	**(94)**	**-**	**745**
Earnings per share, basic (EPS)	3.29	0.94	-	-	-	(0.48)	-	3.74

Notes

Note 1 Accounting policies

Lundbeck's accounting policies are explained in detail in the 2019 Annual Report also published today.

Note 2 EBITDA calculation

DKK million	FY 2019	FY 2018	Q4 2019	Q4 2018
EBIT	3,608	5,301	291	848
+ Depreciation, amortization and impairment charges	1,215	1,183	316	286
- Gain on divestment of properties recognized in Other operating items, net	-	(48)	-	-
= EBITDA	**4,823**	**6,436**	**607**	**1,134**

Note 3 Core reporting

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

Amortization of product rights

Impairment of intangible assets and property, plant and equipment

Major restructuring costs

Acquisition and integration costs, including:

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

Legal fees and settlements, including:

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

Divestments/milestones, including:

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

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

Financial calendar 2020

9 February 2020:	Deadline for the company's receipts of shareholder proposals for the Annual General Meeting 2019
24 March 2020:	Lundbeck Annual General Meeting 2020
27 March 2020:	Dividends for 2019 at the disposal of shareholders
12 May 2020:	Financial statements for the first three months of 2020
13 August 2020:	Financial statements for the first six months of 2020
3 November 2020:	Financial statements for the first nine months of 2020

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About Lundbeck

H. Lundbeck A/S (LUN.CO, LUN DC, HLUYY) is global pharmaceutical company specializing in brain diseases. For more than 70 years, we have been at the forefront of neuroscience research. Lundbeck is guided by its purpose: We are tirelessly dedicated to restoring brain health, so every person can be their best.

An estimated 700 million people worldwide are living with brain diseases and far too many suffer due to inadequate treatment, discrimination, lost productivity and absenteeism at work, early retirement and other unnecessary consequences. Every day, we strive for improved treatment and a better life for people living with brain diseases – we call this *Progress in Mind*.

Read more at www.lundbeck.com/global/about-us/progress-in-mind.

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