Corporate Release
Valby, Denmark, 12 May 2020

Financial report for the period 1 January to 31 March 2020

Strong momentum across all strategic brands with 35% growth in Q1 2020, financial guidance maintained

HIGHLIGHTS

- Revenue reached DKK 4,564 million in the first quarter of 2020 representing a growth of 8% (7% in local currencies) compared to 2019. Excluding sales from Onfi®, total revenue grew by 13%
  - Revenue of Abilify Maintena® increased 33% to DKK 612 million (30% in local currencies)
  - Revenue of Brintellix®/Trintellix® increased 36% to DKK 817 million (34% in local currencies)
  - Revenue of Northera® increased 24% to DKK 538 million (20% in local currency)
  - Revenue of Rexulti®/Rxulti® increased 48% to DKK 713 million (43% in local currencies)
  - Revenue in North America increased 10% to DKK 2,385 million (6% in local currencies)
  - Revenue in International Markets increased 16% to DKK 1,232 million (17% in local currencies)
  - Revenue in Europe increased 9% to DKK 896 million (9% in local currencies)
- The four strategic brands grew by 35%, reaching DKK 2,680 million or 59% of total revenue
- Both revenue and earnings are positively impacted by increases in demand and increased stocking related to the ongoing COVID-19 pandemic. The magnitude is, however, difficult to quantify based on current data
- Core EBIT reached DKK 1,357 million corresponding to a core EBIT margin of 29.7%
- Reported EBIT reached DKK 338 million and the EBIT margin reached 7.4% following the impairment of foliglurax product rights in the quarter
- Core EPS reached DKK 4.89 and reported EPS reached DKK 0.76
- On 6 April 2020, Vyepti™ was made available in the U.S. and the first patients have been treated. Responding to challenges posed by COVID-19, Lundbeck has adjusted its launch activities to deliver content virtually and digitally, so patients and their healthcare providers are informed about this new treatment option
- In the quarter, the *AMBLED* phase IIa study of foliglurax in Parkinson's disease did not show a statistically significant reduction in *OFF* time (primary endpoint) nor an improvement of dyskinesia (secondary endpoint). Consequently, further development of foliglurax is being terminated
- The financial guidance for 2020 is maintained based on the current assessment of the COVID-19 impact. Lundbeck still 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 1.4 – 1.9 billion for 2020

In connection with the financial report, Lundbeck's President and CEO Deborah Dunsire said:
"I am pleased with the strong performance of our brands in this quarter. Demand has been strong, but we also recognize that we have benefitted from patients gaining longer refill prescriptions as well as some stocking of products in many countries in response to the COVID-19 pandemic. These unprecedented times reduce our ability to forecast how these trends will evolve during the year. We are grateful that we have been able to continue to produce our medicines throughout these first months to meet rising needs of patients facing mental health challenges, exacerbated by the pandemic."

DKK million	Q1 2020	Q1 2019	*Growth*
Core Revenue*	**4,564**	4,234	*8%*
Core EBIT*	**1,357**	1,410	*(4%)*
Core EPS*	**4.89**	5.48	*(11%)*
*Core EBIT margin**	***29.7%***	*33.3%*	-
Reported Revenue	**4,564**	4,234	*8%*
Reported EBIT	**338**	1,200	*(72%)*
Reported EPS	**0.76**	4.52	*(83%)*
Reported EBIT margin	***7.4%***	*28.3%*	-

*For definition of the measures "Core Revenue", "Core EBIT" and "Core EPS", see note 5 *Core reporting*

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FINANCIAL HIGHLIGHTS AND KEY FIGURES

	Q1 2020	Q1 2019	FY 2019
Financial highlights (DKK million)			
Core revenue	**4,564**	4,234	17,036
Core profit from operations (core EBIT)	**1,357**	1,410	4,976
Reported revenue	**4,564**	4,234	17,036
Operating profit before depreciation and amortization (EBITDA)	**1,427**	1,495	4,823
Reported profit from operations (EBIT)	**338**	1,200	3,608
Net financials	**(97)**	31	(127)
Profit before tax	**241**	1,231	3,481
Tax	**90**	333	814
Profit for the period	**151**	898	2,667
Equity	**14,074**	12,719	14,554
Assets	**34,867**	21,722	35,757
Cash flows from operating and investing activities (free cash flow)	**120**	774	(5,146)
Purchase of property, plant and equipment, gross	**47**	40	356
Key figures			
Core EBIT margin (%)	**29.7**	33.3	29.2
EBIT margin (%)	**7.4**	28.3	21.2
Return on equity (%)	**1.1**	6.7	18.5
Return on equity (%) – rolling four quarters	**14.3**	29.6	18.5
Net debt/EBITDA (x) – rolling four quarters	**1.5**	(0.8)	1.4
Share data			
Number of shares for the calculation of EPS (millions)	**198.8**	198.7	198.7
Number of shares for the calculation of DEPS (millions)	**198.8**	198.7	198.7
Earnings per share, basic (EPS) (DKK)	**0.76**	4.52	13.42
Earnings per share, diluted (DEPS) (DKK)	**0.76**	4.52	13.42
Other			
Number of employees (FTE) – end of period	**5,872**	5,442	5,806

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**
Core EBIT	4,976 million	**3.5 – 4.0 billion**
Profit from operation (EBIT)	3,608 million	**1.4 – 1.9 billion**

Lundbeck's long-term fundamentals remain solid and intact. However, following the COVID-19 pandemic, Lundbeck sees increased uncertainty on product performance short-term; and the potential impact is difficult to quantify at this point of time.

Lundbeck's financial guidance for 2020 as communicated on 27 March 2020 in connection with the impairment of the foliglurax product rights is maintained. Lundbeck has had a very strong start to the year driven by extraordinary demand, some of which reflects patients being given longer prescriptions. We also note stocking at all levels in the distribution chain which will likely reverse in the second half of the year.

Lundbeck's revenue growth is expected to be driven by the continued strong growth of our four large strategic brands Abilify Maintena, Brintellix/Trintellix, Northera and Rexulti/Rxulti. In 2020, the roll-out of our fifth strategic brand, Vyepti, in the U.S. will be phased given the requirement for our people to keep social distance. Virtual activities are ongoing, and the first patients have been treated with Vyepti. The next phases of the launch will roll out as restrictions on normal activities are lifted. We will continue to prepare for additional filings and expanding the indications for use of Vyepti, investing to grow this global brand.

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, CNY, CAD and JPY. The financial guidance for 2020 is based on the current spot rates and hedging rates for our main currencies; i.e. USD/DKK (6.57), CNY/DKK (0.95), CAD/DKK (4.99) and JPY/DKK (0.0625) and includes an expected hedging effect of a loss of approximately DKK 150 - 200 million.

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.

COVID-19 impact on Lundbeck's operations

The COVID-19 pandemic posed challenges for Lundbeck, as for the rest of the world, during the first quarter. Measures such as travel restrictions and working from home were put in place to protect the company's employees

and their families and to prevent spreading of the coronavirus. Lundbeck's priority during the global pandemic is the health and safety of its employees and to continue to safely supply all its medicines to the millions of patients.

Employees

Office-based employees have to a large extent been working from home in most countries and continue as such. Lundbeck does, however, see a growing number of countries, in which employees are returning to the office in line with government guidelines, as the pandemic has surpassed its most critical phase. Supply chain and laboratory activities have been upheld throughout the pandemic, and employees have continued their work although in smaller teams and with clear processes in place to ensure social distancing.

Supply chain

Lundbeck has production sites in Denmark, France and Italy and additionally uses CMOs. The global supply chain for our medicines has remained intact. Some of our products have experienced strong growth in the quarter, partly reflecting short-term increases in inventory in the distribution channel as well as prescription-lengthening in many countries.

Lundbeck has not had any material disruptions to its product supply in the period.

Sales and marketing

Lundbeck has experienced an impact on its sales and marketing activities due to widespread restrictions on in-person meetings with healthcare professionals and the refocused attention of the medical community on fighting COVID-19. Lundbeck has expanded its use of digital solutions to support employees' ability to work from home and increased use of remote and compliant platforms for educational and promotional interactions with healthcare professionals.

In China and in a few other countries in Southeast Asia, Lundbeck is slowly seeing some normalization and face-to-face meetings with healthcare professionals are increasingly reinitiated.

Clinical trials

It is important to note that the COVID-19 pandemic also impacts clinical and regulatory activities as many healthcare systems have had to reprioritize, limit or cease activities to ensure patient safety and also allow physicians and other healthcare professionals to combat the pandemic. We are making every effort to ensure that patients in affected areas who are enrolled in clinical trials are able to continue their treatment and receive appropriate care and monitoring. The situation is evolving by site and country, but as local conditions allow, we will enrol patients in ongoing studies. However, we also expect that ongoing clinical studies currently in the recruitment stage or studies that have yet to begin could be delayed. We still expect to be able to start new studies later in the year.

Revenue

Revenue for the first quarter of 2020 reached DKK 4,564 million compared to DKK 4,234 million for the same period in 2019. The strategic brands (Abilify Maintena, Brintellix/Trintellix, Northera and Rexulti/Rxulti) grew by 35% for the period, reaching DKK 2,680 million or 59% of total revenue. Lundbeck continues to see solid underlying demand, but the quarter has also benefitted from stocking from both patients and pharmacies as a consequence of the COVID-19 pandemic. The biggest markets are the U.S., China, Canada, Japan, Spain, Italy and France.

Hedging

Lundbeck hedges a significant part of the currency risk for a period of 12 - 18 months. Hedging had a negative impact of DKK 88 million so far in 2020, compared to a negative impact of DKK 48 million last year.

Revenue - products and regions

DKK million	Q1 2020	Q1 2019	*Growth*	*Growth in local currencies*	Q4 2019	FY 2019
Abilify Maintena	**612**	462	*33%*	*30%*	504	1,961
Brintellix/Trintellix	**817**	601	*36%*	*34%*	803	2,826
Cipralex/Lexapro	**722**	619	*17%*	*16%*	505	2,314
Northera	**538**	435	*24%*	*20%*	722	2,328
Onfi	**153**	325	*(53%)*	*(54%)*	212	1,052
Rexulti	**713**	481	*48%*	*43%*	650	2,270
Sabril	**177**	254	*(30%)*	*(33%)*	204	847
Other pharmaceuticals	**781**	869	*(10%)*	*(11%)*	722	3,100
Other revenue	**139**	236	*(41%)*	*(41%)*	227	660
Effects from hedging	**(88)**	(48)	-	-	(128)	(322)
Total revenue	**4,564**	**4,234**	***8%***	***7%***	**4,421**	**17,036**
North America	**2,385**	2,168	*10%*	*6%*	2,646	9,583
International Markets	**1,232**	1,059	*16%*	*17%*	870	3,892
Europe	**896**	819	*9%*	*9%*	806	3,223

Products

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. Sales increased 33% (30% in local currencies) and reached DKK 612 million. The regional distribution of sales was 44%, 10% and 46% 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 36% (34% in local currencies) reaching DKK 817 million. The regional distribution of sales was 50%, 22% and 28% in North America, International Markets and Europe, respectively. The largest markets for the product are the U.S., Canada, Spain, Brazil and Italy. 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 17% (16% in local currencies) and reached DKK 722 million. The regional distribution of sales was 5%, 76% and 19% in North America, International Markets and Europe, respectively. The largest markets are Japan, China, Brazil, South Korea and Italy.

Northera (droxidopa) for the treatment of symptomatic neurogenic orthostatic hypotension (nOH) was launched in the U.S. in 2014. Sales from Northera increased 24% (20% in local currency) and reached DKK 538 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 under the brand name Rxulti. Lundbeck's share of revenue reached DKK 713 million in the first quarter of 2020, corresponding to a growth of 48% (43% 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.

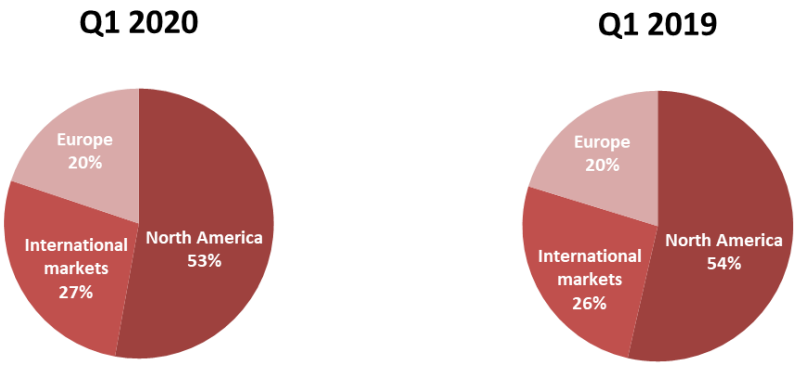
Onfi (clobazam) for the treatment of Lennox-Gastaut syndrome, generated revenue of DKK 153 million, a decline of 53% (54% in local currency) compared to 2019. Onfi lost exclusivity in October 2018.

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 177 million in the quarter, a decline of 30% (33% in local currency) compared to last year.

Revenue from **Other pharmaceuticals**, which comprise the remainder of Lundbeck's products, reached DKK 781 million compared to DKK 869 million for the same quarter in 2019 following lower sales of products such as Azilect, Treanda, Xenazine and Selincro only partly mitigated by higher sales of Deanxit. The largest markets are China, U.S., France, Spain and South Korea.

Other revenue, which mainly consists of contract manufacturing, reached DKK 139 million compared to DKK 236 million for the quarter in 2019.

Figure 1 – Revenue per region Q1 2020 vs Q1 2019 (excluding Other revenue and effects from hedging)



North America

Revenue was DKK 2,385 million in the first quarter of 2020 which is an increase of 10% (6% in local currencies) compared to DKK 2,168 million in 2019. The growth was driven by all four strategic brands (Abilify Maintena, Northera, Rexulti and Trintellix) more than offsetting the generic erosion of clobazam (Onfi). Adjusting for Onfi, sales for the region increased 21%. We continue to see solid underlying demand, but the quarter has also benefitted from stocking from both patients and other parts of the distribution chain because of the COVID-19 pandemic. The strategic brands grew by 36% for the period, thereby reaching DKK 1,912 million.

Revenue – North America

DKK million	Q1 2020	Q1 2019	*Growth*	*Growth in local currencies*	Q4 2019	FY 2019
Abilify Maintena	**271**	184	*47%*	*42%*	227	845
Trintellix	**407**	311	*31%*	*27%*	476	1,579
Northera	**538**	435	*24%*	*20%*	722	2,328
Onfi	**153**	325	*(53%)*	*(54%)*	212	1,052
Rexulti	**696**	474	*47%*	*42%*	634	2,219
Sabril	**177**	254	*(30%)*	*(33%)*	204	847
Other pharmaceuticals	**143**	185	*(23%)*	*(25%)*	171	713
Total revenue	**2,385**	**2,168**	***10%***	***6%***	**2,646**	**9,583**

Products

Abilify Maintena revenue grew 47% (42% in local currencies) for the period and reached DKK 271 million, which represents Lundbeck's share of total net sales. In the U.S. Abilify Maintena has a volume market share of 20.6% and in Canada it reached 30.2% by February 2020. The value share is 20.2% and 27.0%, respectively (source: IQVIA).

Trintellix sales grew 31% (27% in local currencies) with a total of DKK 407 million in revenue for Lundbeck. The volume market share in the U.S. and Canada was 0.9% and 1.2% of the total anti-depressant market, respectively by February 2020. 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 7.0% by February 2020 (source: IQVIA).

Northera sales reached DKK 538 million in the first quarter of 2020, representing growth of 24% (20% in local currency).

Lundbeck's share of **Rexulti** revenue reached DKK 696 million with growth of 47% (42% in local currencies). In the U.S., Rexulti has achieved market shares of 2.0% and 9.7% by February 2020 in volume and value, respectively (source: IQVIA). In Canada, the product has reached volume share 2.3% and a value share of 3.6%. Patient data suggest that more than 3/4 of prescriptions in the U.S. are prescribed for MDD.

Onfi revenue declined 53% (54% in local currency) to DKK 153 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 87% of the market in volume (source: Symphony Health c.f. Bloomberg).

Sabril revenue for the period was DKK 177 million, declining 30% (33% in local currency). In September 2017, the first generic vigabatrin (oral solution) was introduced, and in January 2019 the first generic tablet was approved.

Vyepti was approved by the U.S. FDA on 21 February 2020 for the preventive treatment of migraine in adults. The product was made available on 6 April and can be obtained via selected specialty distributors and specialty pharmacies. It is still very early in the launch, but we can confirm physicians have administered Vyepti to patients, and we see encouraging interest in enrolling in the *Vyepti Connect* (access and reimbursement support program) and *Vyepti Go* (patient support program). There have also been several payers who have issued coverage policies.

International Markets

Revenue from International Markets, which comprise all Lundbeck's markets outside of Europe and North America, reached DKK 1,232 million in the first quarter of 2020, compared to DKK 1,059 million in 2019. The growth of 16% (17% 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. China has been negatively impacted by the lock down in the country in line with expectations, but the impact has been offset by stocking from both patients and pharmacies as a consequence of the COVID-19 pandemic in other parts of the region. The biggest markets are China, Japan, Brazil, South Korea and Australia. The strategic brands grew by 47% for the period ending at DKK 252 million.

Revenue – International Markets

DKK million	Q1 2020	Q1 2019	*Growth*	*Growth in local currencies*	Q4 2019	FY 2019
Abilify Maintena	**61**	42	*48%*	*49%*	41	165
Brintellix	**178**	123	*44%*	*48%*	120	517
Cipralex/Lexapro	**549**	442	*24%*	*24%*	355	1,638
Rexulti	**13**	6	*102%*	*108%*	12	40
Other pharmaceuticals	**431**	446	*(3%)*	*(4%)*	342	1,532
Total revenue	**1,232**	**1,059**	***16%***	***17%***	**870**	**3,892**

Products

Abilify Maintena reached DKK 61 million in revenue for the quarter representing a growth of 48% (49% in local currencies). Sales are mainly derived from Australia where Abilify Maintena shows solid momentum and has achieved a volume share of 26.4% and a value share of 25.8% by February 2020 (Source: IQVIA). Countries such as Saudi Arabia and Kuwait also had a positive impact.

Brintellix reached DKK 178 million in revenue or an increase of 44% (48% in local currencies). Brintellix realized solid growth across several markets, but the growth is also impacted by quarterly fluctuations. The product was launched in Japan in November 2019 and had a very encouraging uptake; however, the COVID-19 situation has impacted the uptake negatively in the last couple of months. Brazil, South Korea, South Africa, Mexico, Saudi Arabia and Turkey are the largest markets for Brintellix in the region.

Rexulti reached DKK 13 million in the first quarter of 2020. 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 1.9% and 2.7% in volume and value, respectively in January 2020 (source: IQVIA). Furthermore, Rexulti has been launched in Chile (Q2 2019), Mexico (Q1 2019), Saudi Arabia (Q4 2018) and has recently been approved in Brazil.

Cipralex/Lexapro generated revenue of DKK 549 million representing a growth of 24% (24% 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, Brazil, South Korea and Saudi Arabia are the largest markets for Cipralex/Lexapro in the region.

Other pharmaceuticals generated revenue of DKK 431 million which represents a slight decline of 3% (4% in local currencies).

Azilect® was approved by the Chinese FDA in June 2017 and was launched in October 2017 by Lundbeck and is promoted by Lundbeck in countries in Asia. Azilect generated revenue of DKK 28 million. **Ebixa®** generated revenue of DKK 156 million, which is unchanged from the same period last year. Azilect and Ebixa are included in Other pharmaceuticals.

Europe

Revenue reached DKK 896 million in the first quarter of 2020, representing a growth of 9% (9% in local currencies) compared to DKK 819 million last year. The strategic brands grew by 28% for the quarter ending at DKK 516 million. In general, Europe sees a strong underlying demand offsetting a continuous negative average price development. But the quarter has also benefitted from stocking from both patients refilling prescriptions earlier and from various parts of the distribution chain as a consequence of the COVID-19 pandemic.

Revenue – Europe

DKK million	Q1 2020	Q1 2019	*Growth*	*Growth in local currencies*	Q4 2019	FY 2019
Abilify Maintena	**280**	236	*19%*	*18%*	236	951
Brintellix	**232**	167	*39%*	*38%*	207	730
Cipralex	**139**	141	*(1%)*	*(2%)*	116	538
Rxulti/Rexulti	**4**	1	*208%*	*192%*	4	11
Other pharmaceuticals	**241**	274	*(12%)*	*(12%)*	243	993
Total revenue	**896**	**819**	***9%***	***9%***	**806**	**3,223**

Products

Abilify Maintena has been launched across Europe and Abilify Maintena is Lundbeck's largest product in Europe. Sales uptake of Abilify Maintena is solid with revenue reaching DKK 280 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 in general has achieved a 25% or more market share (volume) in most markets. In some markets the product is approaching or has exceeded 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 39% reaching DKK 232 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 10.4%, 8.4% and 8.2%, respectively by January 2020 (source: IQVIA). The volume shares are 3.2%, 3.2% and 2.8%, respectively (source: IQVIA).

Rexulti/Rxulti revenue reached DKK 4 million. The product was approved for the treatment of adults with schizophrenia in July 2018. Rexulti/Rxulti is co-marketed with Otsuka Pharmaceuticals.

Cipralex generated revenue of DKK 139 million, which is largely unchanged from last year.

Revenue from **Other pharmaceuticals** was DKK 241 million, a decline of 12% compared to 2019, following continued generic erosion of mature products and higher than usual sales in Q1 2019 driven by quarterly fluctuations.

Expenses and income

Total costs in the first quarter of 2020 grew by 38% to DKK 4,196 million compared to DKK 3,034 million for 2019. The increase is due to the impairment of the foliglurax product rights recognized in R&D costs and costs associated with the Vyepti launch. Excluding the foliglurax impairment, total costs increased by approximately 12%.

Distribution of costs

DKK million	Q1 2020	Q1 2019	*Growth*	Q4 2019	FY 2019
Cost of sales	**805**	825	*(2%)*	949	3,385
COS-ratio	***17.6%***	*19.5%*	-	*21.5%*	*19.9%*
Sales and distribution	**1,502**	1,273	*18%*	1,537	5,514
S&D-ratio	***32.9%***	*30.0%*	-	*34.8%*	*32.3%*
Administration	**218**	188	*16%*	240	899
G&A-ratio	***4.8%***	*4.5%*	-	*5.4%*	*5.3%*
Research and development	**1,671**	748	*123%*	890	3,116
R&D-ratio	***36.6%***	*17.7%*	-	*20.1%*	*18.3%*
Total costs	**4,196**	**3,034**	***38%***	**3,616**	**12,914**

Cost of sales declined by 2% to DKK 805 million in the first quarter of 2020 and the **gross margin** increased from 80.5% to 82.4%. Cost of sales is impacted by the decline in Onfi sales that is offset by changed product mix, resulting in reduced royalty costs. Amortization of product rights was DKK 197 million for the period compared to DKK 210 million last year.

Sales and distribution costs were DKK 1,502 million, an increase of 18% compared to 2019. The increase is mainly due to investments in the commercial organisation in the U.S., China and Japan. Sales and distribution costs correspond to 32.9% of revenue, compared to 30.0% the year before.

Administrative expenses increased 16% to DKK 218 million, corresponding to 4.8% of total revenue.

SG&A costs for the period were DKK 1,720 million, compared to DKK 1,461 million in 2019. The SG&A ratio for the year was 37.7%, compared to 34.5% the prior year.

Research and development costs increased 123% to DKK 1,671 million for the quarter. The R&D ratio reached 36.6%. R&D costs is impacted by costs related to the impairment of the full value of foliglurax of EUR 100 million announced on 27 March 2020. Adjusted for the impairment, R&D costs increased approximately 17%.

Other operating items, net amounted to an expense of DKK 30 million for the first quarter of 2020 as a consequence of acquisition and integration costs related to the Alder acquisition in 2019. In the same period in 2019, other operating items, net amounted to nil.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges, which are included in the individual expense categories, amounted to DKK 1,089 million in 2020 compared to DKK 295 million in the first quarter of 2019. The increase is mainly a consequence of the impairment of foliglurax product rights. Amortization of product rights was DKK 197 million for the quarter compared to DKK 210 million last year.

Depreciation, amortization and impairment charges

DKK million	Q1 2020	Q1 2019	*Growth*	Q4 2019	FY 2019
Cost of sales	**245**	250	*(2%)*	261	1,024
Sales and distribution	**24**	22	*13%*	24	89
Administration	**7**	6	*18%*	9	26
Research and development	**813**	17	*4,660%*	22	76
Total depreciation, amortization and impairment charges	**1,089**	**295**	***270%***	**316**	**1,215**

Profit from operations (EBIT and core EBIT)

Core EBIT for the first quarter of 2020 declined 4% to DKK 1,357 million and the **Core EBIT margin** reached 29.7%. Reported **EBIT** reached DKK 338 million compared to DKK 1,200 million in 2019, driven by the foliglurax impairment.

For definition of the measures “Core Revenue”, “Core EBIT” and “Core EPS”, see note 5 *Core reporting*.

Net financials

Lundbeck generated a **net financial expense** of DKK 97 million for the first quarter of 2020, compared to a net financial income of DKK 31 million for the first quarter of 2019.

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 45 million for the first quarter of 2020, compared to an income of DKK 14 million for the first quarter of 2019. The net interest expense in 2020 primarily relates to interest paid on bank loans, whilst the net interest income in 2019 primarily relates to interest received on the bond portfolio.

Net exchange gains/losses amounted to a loss of DKK 86 million for the first quarter of 2020, compared to a gain of DKK 34 million for the first quarter of 2019. The net exchange loss in 2020 primarily relates to intercompany balances between the parent company and U.S. subsidiaries.

Fair value adjustment relating to other financial assets amounted to a net loss of DKK 6 million for the first quarter of 2020, compared to a net loss of DKK 15 million for the first quarter of 2019. The total fair value adjustment relating to liabilities amounted to a net gain of DKK 48 million for the first quarter of 2020. There was no impact from fair value adjustment relating to contingent considerations in the first quarter of 2019.

Tax

The effective tax rate for the first quarter 2020 is 37.5%. The tax rate is significantly impacted by the impairment of the full value of foliglurax of EUR 100 million which is not deductible for tax purposes.

Net profit and EPS for the period

Net profit for the quarter reached DKK 151 million compared to DKK 898 million in 2019. The reported net profit corresponds to an **EPS** of DKK 0.76 versus an EPS of DKK 4.52 last year. **Core EPS** was DKK 4.89 for the first quarter, compared to a Core EPS of DKK 5.48 in 2019.

Cash flow

Cash flows from operating activities amounted to DKK 188 million in the first quarter of 2020 compared with DKK 837 million in 2019. The lower level in 2020 is mainly driven by higher accounts receivables related to higher sales, lower short-term liabilities primarily related to paid royalties and higher inventory for Vyepti.

Lundbeck's **net cash flows from investing activities** was an outflow of DKK 68 million compared to an outflow of DKK 63 million in 2019. The **free cash flow** reached an inflow of DKK 120 million for 2020 compared to an inflow of DKK 774 million for 2019.

In 2020, the **net cash outflows** reached DKK 716 million compared to an outflow of DKK 1,644 million for 2019. The net cash flow is additionally impacted by dividend payout of DKK 815 million which was approved at the Annual General Meeting in March 2020.

Balance sheet

At 31 March 2020, Lundbeck's **total assets** amounted to DKK 34,867 million compared to DKK 35,757 million at the end of 2019 following a decline in **intangible assets** and in **cash and bank balances**.

At 31 March 2019, Lundbeck's **equity** amounted to DKK 14,074 million, corresponding to an **equity ratio** of 40.4% compared to 40.7% at the end of 2019.

Net debt has increased from DKK 6,566 million at year-end 2019 to net debt of DKK 7,351 million at the end of first quarter 2020 due to dividend payout of DKK 815 million. **Interest bearing debt** was DKK 9,638 million at the end of the quarter.

Lundbeck's development portfolio

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

It is important to note that the COVID-19 pandemic also impacts clinical and regulatory activities as many healthcare systems have had to reprioritize and limit or cease activities to allow physicians and other healthcare professionals to combat the pandemic. It has, therefore, become very difficult to initiate new clinical studies and maintain recruitment rates in ongoing studies which especially impacts early-stage programmes and studies recruiting elderly and more fragile individuals. Therefore, not-yet specifiable disruptions and delays will most likely be seen.

Project	Area	Phase I	Phase II	Phase III	Filing
Eptinezumab (anti CGRP-mAb)	Migraine prevention				Ex-U.S.
Brexpiprazole[1)]	Agitation in Alzheimer's disease				
Brexpiprazole[1)]	PTSD				
Brexpiprazole[1)]	Borderline personality disorder				
Lu AF11167 (PDE10 inhibitor)	Schizophrenia				
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)]	Neurology/psychiatry				
Lu AF88434 (PDE1B inhibitor)	Cognitive dysfunction				
Lu AF87908 (Tau mAb)	Tauopathies				
Lu AG09222 (PACAP mAb)[3)]	Migraine				

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 – approved by FDA on 21 February 2020

Lundbeck announced in February 2020, that Vyepti (eptinezumab-jjmr) has been approved by the U.S. Food and Drug Administration (FDA) for the preventive treatment of frequent episodic and chronic migraine in adults. The recommended dose is 100 mg every 3 months; some patients may benefit from a dose of 300 mg. Vyepti is the first FDA-approved intravenous (IV) treatment for migraine prevention.

Vyepti 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.

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 (n = 450).

Brexpiprazole – phase III in Alzheimer's agitation commenced in 2013

Lundbeck and Otsuka Pharmaceutical initiated a third clinical phase III study (NCT03548584) of brexpiprazole in the treatment of agitation in patients with dementia of the Alzheimer's type in June 2018. Results from the two completed trials were announced in May 2017 and presented in poster sessions at the American Association for Geriatric Psychiatry annual meeting in March 2018.

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 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 (former ALD 1910) – 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 (NCT04197349).

Lu AF82422 – phase I commenced in July 2018

Lu AF82422 is a monoclonal antibody (mAb) targeting the pathological form of the protein alpha-synuclein that is believed to play a pivotal role in the development and progression of Parkinson's disease and other neurodegenerative disorders. By targeting pathological alpha-synuclein with an antibody that will inhibit aggregation and potentially clear pathological alpha-synuclein from the brain, the project aims to demonstrate delay of disease progression 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 AF82422, how well it is tolerated and what the body does to the drug in healthy subjects and patients with Parkinson's disease (NCT03611569).

Closed studies

In March 2020, Lundbeck announced that the phase IIa study (*AMBLED*) of its novel selective positive allosteric modulator of the glutamate 4 receptor (mGlu4 PAM), **foliglurax**, for the treatment of Parkinson's disease did not meet the primary study endpoint. There was no statistically significant difference in change from baseline in OFF time versus placebo after a 4-week treatment period. The difference in change from baseline versus placebo was 0.27h and 0.44h for the 10 and 30 mg doses (twice daily) respectively, as assessed by the Hauser diary. Neither of the foliglurax doses separated from placebo on dyskinesia (secondary endpoint). The study showed an acceptable clinical safety and tolerability profile in patients with Parkinson's disease. The development programme of foliglurax will be terminated and as a consequence, all future milestone payments will not be paid.

In March 2020, Lundbeck announced clinical results of a phase IIa investigational study with **Lu AG06466** for the treatment of adult patients with Tourette Syndrome (TS). The randomized, double blind, placebo controlled and with individual dose titration clinical trial enrolled 48 patients at multiple sites in Europe. In this study the primary endpoint, Yale Global Tic Severity Scale (YGTSS-TTS) was not statistically significant in favoring Lu AG06466 compared to placebo after 28 and 56 days of treatment. The study did not show any adverse events that prohibit development in other indications.

Lu AG06466 is an inhibitor of the monoacylglycerol lipase (MAGL) and selective modulator of the endocannabinoid system, and thereby works to reduce excessive neurotransmission and neuroinflammation that are known pathophysiological hallmarks for a range of psychiatric and neurological disorders.

Following the terminated programme in TS, Lundbeck has no additional milestone obligations related to this project. Lundbeck is planning investigational studies in other indications in neurology and psychiatry both with Lu AG06466 and with additional compounds generated by Lundbeck La Jolla Research Center.

In April 2020, Lundbeck stopped the phase I study of **Lu AF95245** (NCT04199585) as the drug did not have the desired pharmacokinetic profile and that safety margins were unfavourable.

Sustainability update

During the recent quarter, the COVID-19 pandemic challenged the global community and essentially affected everyone. Through diligent and hard efforts by our employees, we have adapted our ways of working to the changed conditions, keeping our employees safe and ensuring business continuity, including maintaining supply to ensure our medicines reach the many people suffering from brain diseases.

These unprecedented conditions have also led stakeholders to ask for our support. We have assessed each request carefully in accordance with our donation procedures and responded with care and consideration to the specified

needs. We are pleased that we have been able to provide financial and medical support to eligible recipients in China, Europe and the U.S.

The COVID-19 pandemic has generally reduced the physical activity on-site due to an unusual high number of people working from home. In combination with ongoing preventive actions this has led to a reduced number of lost-time accidents compared to last year.

You can read our most recent sustainability report on https://www.lundbeck.com/global/sustainability.

Category	Q1 2020	Q1 2019	*Change (%)*
Energy (MWh)	27,748	27,256	*1.8%*
CO_2 (tonnes)	4,426	4,361	*1.5%*
Work related accidents with absence (accidents per 1 mill working hours)	5.4	8.9	*(39%)*
Number of employees (FTE)	5,872	5,442	*7.9%*

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. 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 June 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 Lundbeck has now settled with one opponent. The cases against the remaining 13 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 date of the arbitration hearing, previously scheduled for September 2020, is to be determined but anticipated to take place in the first half of 2021.

Lundbeck received a Civil Investigative Demand ("CID") from the U.S. Department of Justice ("DOJ") on 9 March 2020. The CID seeks information regarding the sales, marketing, and promotion of Trintellix. Lundbeck is cooperating with the DOJ.

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.

MANAGEMENT STATEMENT

The Board of Directors and the registered Executive Management have discussed and adopted the interim report of H. Lundbeck A/S for the period 1 January - 31 March 2020. The interim report is presented in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the EU and additional Danish disclosure requirements for the interim reports of listed companies.

We consider the accounting policies applied to be appropriate. Accordingly, the interim report gives a true and fair view of the Group's assets, liabilities and financial position as of 31 March 2020, and of the results of the Group's operations and cash flows for the period, which ended on 31 March 2020.

In our opinion, the Management's report gives a true and fair view of activity developments, the Group's general financial position and the results for the period. It also gives a fair view of the significant risks and uncertainty factors that may affect the Group relative to the disclosures in the Annual Report 2019.

The interim report has not been subject to audit or review.

Valby, 12 May 2020

Registered Executive Management

Deborah Dunsire President and CEO	Lars Bang Executive Vice President, Product Development & Supply	Anders Götzsche Executive Vice President, CFO
Per Johan Luthman Executive Vice President, R&D	Jacob Tolstrup Executive Vice President, Commercial Operations	

Board of Directors

Lars Søren Rasmussen Chairman of the Board	Lene Skole-Sørensen Deputy Chairman of the Board	Henrik Andersen
Jeffrey Berkowitz	Lars Erik Holmqvist	Jeremy Max Levin
Rikke Kruse Andreasen Employee representative	Henrik Sindal Jensen Employee representative	Ludovic Tranholm Otterbein Employee representative

FINANCIAL STATEMENTS

Income statement

DKK million	Q1 2020	Q1 2019	FY 2019
Revenue	4,564	4,234	17,036
Cost of sales	805	825	3,385
Gross profit	**3,759**	**3,409**	**13,651**
Sales and distribution costs	1,502	1,273	5,514
Administrative expenses	218	188	899
Research and development costs	1,671	748	3,116
Other operating items, net	(30)	-	(514)
Profit from operations (EBIT)	**338**	**1,200**	**3,608**
Net financials	(97)	31	(127)
Profit before tax	**241**	**1,231**	**3,481**
Tax on profit for the period	90	333	814
Profit for the period	**151**	**898**	**2,667**
Earnings per share, basic (EPS) (DKK)	0.76	4.52	13.42
Earnings per share, diluted (DEPS) (DKK)	0.76	4.52	13.42

Statement of comprehensive income

DKK million	Q1 2020	Q1 2019	FY 2019
Profit for the period	**151**	**898**	**2,667**
Actuarial gains/losses	-	-	(61)
Tax	-	-	6
Items that will not be reclassified subsequently to profit or loss	**-**	**-**	**(55)**
Exchange rate gains/losses on investments in foreign subsidiaries	192	141	135
Exchange rate gains/losses on additions to net investments in foreign subsidiaries	137	(92)	(136)
Hedging of net investments in foreign subsidiaries	(131)	-	62
Deferred exchange gains/losses, hedging	5	(180)	(337)
Deferred fair value of interest rate swaps	(122)	-	8
Exchange gains/losses, hedging (transferred to the hedged items)	88	48	305
Tax	5	50	22
Items that may be reclassified subsequently to profit or loss	**174**	**(33)**	**59**
Other comprehensive income	**174**	**(33)**	**4**
Comprehensive income	**325**	**865**	**2,671**

Balance sheet

DKK million	31.03.2020	31.03.2019	31.12.2019
Assets			
Intangible assets	22,652	7,910	23,399
Property, plant and equipment	2,639	2,435	2,674
Financial assets	915	1,280	646
Non-current assets	**26,206**	**11,625**	**26,719**
Inventories	2,349	1,834	2,204
Receivables	4,025	3,249	3,822
Securities	4	3,047	4
Cash and bank balances	2,283	1,967	3,008
Current assets	**8,661**	**10,097**	**9,038**
Assets	**34,867**	**21,722**	**35,757**
Equity and liabilities			
Share capital	996	996	996
Foreign currency translation reserve	1,078	874	882
Hedging reserve	(97)	(159)	(75)
Retained earnings	12,097	11,008	12,751
Equity	**14,074**	**12,719**	**14,554**
Provisions	2,121	932	2,237
Debt	10,807	445	8,686
Non-current liabilities	**12,928**	**1,377**	**10,923**
Provisions	793	432	1,008
Debt	77	62	2,175
Trade payables	3,631	3,833	3,933
Other payables	3,364	3,299	3,164
Current liabilities	**7,865**	**7,626**	**10,280**
Liabilities	**20,793**	**9,003**	**21,203**
Equity and liabilities	**34,867**	**21,722**	**35,757**

Statement of changes in equity

DKK million	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Equity
Equity at 1 January 2020	**996**	**882**	**(75)**	**12,751**	**14,554**
Profit for the period	-	-	-	151	151
Other comprehensive income	-	196	(22)	-	174
Comprehensive income	**-**	**196**	**(22)**	**151**	**325**
Distributed dividends, gross	-	-	-	(816)	(816)
Dividends received, treasury shares	-	-	-	1	1
Capital increase through exercise of warrants	-	-	-	1	1
Incentive programmes	-	-	-	8	8
Tax on other transactions in equity	-	-	-	1	1
Other transactions	**-**	**-**	**-**	**(805)**	**(805)**
Equity at 31 March 2020	**996**	**1,078**	**(97)**	**12,097**	**14,074**

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	-	-	-	898	898
Other comprehensive income	-	70	(103)	-	(33)
Comprehensive income	**-**	**70**	**(103)**	**898**	**865**
Distribution of dividends, gross	-	-	-	(2,389)	(2,389)
Dividends received, treasury shares	-	-	-	5	5
Capital increase through exercise of warrants	-	-	-	1	1
Buyback of treasury shares	-	-	-	(20)	(20)
Incentive programmes	-	-	-	6	6
Other transactions	**-**	**-**	**-**	**(2,397)**	**(2,397)**
Equity at 31 March 2019	**996**	**874**	**(159)**	**11,008**	**12,719**

Cash flow statement

DKK million	Q1 2020	Q1 2019	FY 2019
Profit from operations (EBIT)	**338**	**1,200**	**3,608**
Adjustments for non-cash operating items etc.	993	253	1,075
Change in working capital	(1,002)	(560)	(1,394)
Cash flows from operations before financial receipts and payments	**329**	**893**	**3,289**
Financial receipts and payments	(74)	18	(10)
Cash flows from ordinary activities	**255**	**911**	**3,279**
Income taxes paid	(67)	(74)	(670)
Cash flows from operating activities	**188**	**837**	**2,609**
Acquisition of businesses*	-	-	(10,496)
Purchase and sale of securities and other financial assets	-	(9)	3,181
Purchase and sale of intangible assets and property, plant and equipment	(68)	(54)	(440)
Cash flows from investing activities	**(68)**	**(63)**	**(7,755)**
Cash flows from operating and investing activities (free cash flow)	**120**	**774**	**(5,146)**
Loan proceeds	-	-	11,095
Repayment of bank loans and borrowings	-	-	(4,080)
Capital increase through exercise of warrants	1	1	4
Dividends paid in the financial year, net	(815)	(2,384)	(2,384)
Other financing activities	(22)	(35)	(87)
Cash flows from financing activities	**(836)**	**(2,418)**	**4,548**
Net cash flow for the period	**(716)**	**(1,644)**	**(598)**
Cash and bank balances at beginning of period	3,008	3,605	3,605
Unrealized exchange gains/losses on cash and bank balances	(9)	6	1
Net cash flow for the period	(716)	(1,644)	(598)
Cash and bank balances at end of period	**2,283**	**1,967**	**3,008**
Interest-bearing debt, cash, bank balances and securities, net, is composed as follows:			
Cash and bank balances	2,283	1,967	3,008
Securities	4	3,047	4
Interest-bearing debt	(9,638)	(462)	(9,578)
Net cash/(net debt)	**(7,351)**	**4,552**	**(6,566)**

*) Lundbeck acquired Abide Therapeutics, Inc. in Q2 2019 and Alder BioPharmaceuticals, Inc. in Q4 2019. Both acquisitions are considered business combinations in accordance with IFRS 3 *Business combinations*.

Income statement – Core results reconciliation (Q1)

Q1 2020

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	4,564	-	-	-	-	-	-	4,564
Cost of sales	805	(197)	-	-	-	-	-	608
Gross profit	**3,759**	**197**	**-**	**-**	**-**	**-**	**-**	**3,956**
Sales and distribution costs	1,502	-	-	-	-	-	-	1,502
Administrative expenses	218	-	-	-	-	-	-	218
Research and development costs	1,671	-	(792)	-	-	-	-	879
Other operating items, net	(30)	-	-	-	30	-	-	-
Profit from operations (EBIT)	**338**	**197**	**792**	**-**	**30**	**-**	**-**	**1,357**
Net financials	(97)	-	-	-	-	-	-	(97)
Profit before tax	**241**	**197**	**792**	**-**	**30**	**-**	**-**	**1,260**
Tax on profit for the period	90	16	174	-	7	-	-	287
Profit for the period	**151**	**181**	**618**	**-**	**23**	**-**	**-**	**973**
Earnings per share, basic (EPS)	0.76	0.91	3.11	-	0.11	-	-	4.89

Q1 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	4,234	-	-	-	-	-	-	4,234
Cost of sales	825	(210)	-	-	-	-	-	615
Gross profit	**3,409**	**210**	**-**	**-**	**-**	**-**	**-**	**3,619**
Sales and distribution costs	1,273	-	-	-	-	-	-	1,273
Administrative expenses	188	-	-	-	-	-	-	188
Research and development costs	748	-	-	-	-	-	-	748
Other operating items, net	-	-	-	-	-	-	-	-
Profit from operations (EBIT)	**1,200**	**210**	**-**	**-**	**-**	**-**	**-**	**1,410**
Net financials	31	-	-	-	-	-	-	31
Profit before tax	**1,231**	**210**	**-**	**-**	**-**	**-**	**-**	**1,441**
Tax on profit for the period	333	20	-	-	-	-	-	353
Profit for the period	**898**	**190**	**-**	**-**	**-**	**-**	**-**	**1,088**
Earnings per share, basic (EPS)	4.52	0.96	-	-	-	-	-	5.48

Notes

Note 1: Accounting policies

Lundbeck's accounting policies and methods of computation are unchanged and explained in detail in the 2019 Annual Report published 6 February 2020.

Note 2: EBITDA calculation

DKK million	Q1 2020	Q1 2019	Q4 2019	FY 2019
EBIT	338	1,200	291	3,608
+ Depreciation, amortization and impairment charges	1,089	295	316	1,215
= EBITDA	**1,427**	**1,495**	**607**	**4,823**

Note 3: Business combinations

Lundbeck has changed the initial purchase price allocation relating to the acquisition of Lundbeck Seattle BioPharmaceuticals, Inc. (previously named Alder BioPharmaceuticals, Inc.) due to prepayments to a supplier expensed prior to the acquisition date. This has resulted in a decrease in goodwill and an increase in prepayments of DKK 164 million. The total consolidated carrying amount of goodwill was DKK 5,226 million at 31 March 2020 (DKK 5,278 million at 31 December 2019).

Note 4: Fair value measurement

Financial assets and financial liabilities measured or disclosed at fair value	Level 1 (DKKm)	Level 2 (DKKm)	Level 3 (DKKm)
2020:			
Financial assets			
Securities[1]	4	-	-
Other financial assets[1]	15	-	40
Derivatives[1]	-	110	-
Total	**19**	**110**	**40**
Financial liabilities			
Contingent consideration	-	-	1,178
Derivatives[1]	-	249	-
Total	**-**	**249**	**1,178**
2019:			
Financial assets			
Securities[1]	3,047	-	-
Other financial assets[1]	13	-	38
Derivatives[1]	-	16	-
Total	**3,060**	**16**	**38**
Financial liabilities			
Derivatives[1]	-	219	-
Total	**-**	**219**	**-**

1) Measured at fair value.

The fair value of securities is based on publicly quoted prices of the invested assets. The fair value of derivatives is calculated by applying recognized measurement techniques, whereby assumptions are based on the market conditions prevailing at the balance sheet date. The fair value of contingent consideration is calculated as the discounted cash outflows (DCF method) from future milestone payments, taking probability of success into consideration. The fair value adjustment of contingent consideration amounts to a net gain of DKK 76 million and is the result of changes in the time value of money and the milestone relating to the phase IIa study results of Lu

AG06466 not being met. Total contingent consideration amounted to DKK 1,178 million at 31 March 2020 (DKK 1,224 at 31 December 2019). Besides the fair value adjustment, the only change in contingent consideration is exchange rate adjustments of DKK 30 million.

The carrying amount of other receivables, trade receivables, prepayments, other debt, trade payables and other payables is believed to be equal to or close to fair value.

Note 5: 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

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.