



Corporate Release

The Danish Business Authority (“Erhvervsstyrelsen”) requires Lundbeck to conduct a new impairment test for 2017 leading to a reversal of an impairment loss on Rexulti (brexpiprazole)

- *Lundbeck’s FY 2020 financial guidance for revenue, EBITDA and Core EBIT is maintained*
- *The reversal of the impairment loss is expected to increase the annual amortizations and thereby reduce the company’s FY 2020 financial guidance for reported EBIT from previously DKK 2.0 – 2.2 billion to approximately DKK 1.7 – 1.9 billion*
- *The adjustment does not generate any cash effect to Lundbeck*
- *Lundbeck has not changed its expectations to Rexulti® since 2015, although changes in timing and amounts of cash flows have occurred throughout the years*
- *Lundbeck accepts the decision even though it is based on a new Danish Business Authority interpretation of the International Financial Reporting Standard – IAS 36*

Valby, Denmark, 27 November 2020 - H. Lundbeck A/S (Lundbeck) announced that the Danish Business Authority (“Erhvervsstyrelsen”) requires Lundbeck to conduct an impairment reversal test of Rexulti product rights for 2017. The discussions with the Danish Business Authority, as described in the General Corporate Matters section in Lundbeck’s quarterly releases have been ongoing since June 2019.

In 2015 Lundbeck recognized an impairment loss of the Rexulti product rights in the amount of DKK 5 billion impacting the research and development costs. Lundbeck has periodically re-assessed the basis for this impairment and concluded that the service potential has not increased and that consequently, there is no basis for reversal of impairment. Based on The Danish Business Authority’s interpretation of International Financial Reporting Standards (IFRS), the service potential has increased. Lundbeck accepts the interpretation applied by the Danish Business Authority even though Lundbeck believes it is based on a new Danish interpretation of the International Financial Reporting Standard - IAS 36. Application of this interpretation indicates that a reversal of the impairment loss will have an impact on the product rights in the balance sheet of up to DKK 3 billion (before tax) at 31 December 2020, generating a recognition of an intangible asset against an impairment reversal with a positive equity effect in 2020.

Financial guidance

As a consequence of the decision from the Danish Business Authority, the intangible assets will be amortized over the next nine years with an expected amount of around DKK 300 million recognized as part of Cost of Sales. The guidance range for reported EBIT in 2020 has, therefore, been revised. The financial guidance for FY 2020 is summarized below:



Financial guidance

DKK	FY 2019 actual	Previous 2020 guidance	Revised 2020 guidance
Revenue	17,036 million	17.5 – 17.8 billion	17.5 – 17.8 billion
EBITDA	4,823 million	4.5 – 4.7 billion	4.5 – 4.7 billion
Core EBIT	4,976 million	4.3 – 4.5 billion	4.3 – 4.5 billion
Profit from operations (EBIT)	3,608 million	2.0 – 2.2 billion	1.7 – 1.9 billion

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About H. Lundbeck A/S

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

Millions of people worldwide live with brain diseases, and far too many suffer due to inadequate treatment, discrimination, a reduced number of working days, 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*.

Our approximately 5,800 employees in more than 50 countries are engaged in the entire value chain throughout research, development, production, marketing, and sales. Our pipeline consists of several R&D programs, and our products are available in more than 100 countries. We have research centers in Denmark and the US, and our production facilities are located in Denmark, France, and Italy. Lundbeck generated revenue of DKK 17 billion in 2019 (EUR 2.3 billion; USD 2.6 billion).

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.

Safe Harbor/Forward-Looking Statements

The above information contains forward-looking statements that provide our expectations or forecasts of future events such as new product introductions, product approvals and financial performance.

Such forward-looking statements are subject to risks, uncertainties and inaccurate assumptions. This may cause actual results to differ materially from expectations and it may cause any or all of our forward-looking statements here or in other publications to be wrong. Factors that may affect future results include interest rate and currency exchange rate fluctuations, delay or failure of development projects, production problems, unexpected contract breaches or terminations, government-mandated or market-driven price decreases for



Lundbeck's 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 related interpretation thereof, and unexpected growth in costs and expenses.

Certain assumptions made by Lundbeck are required by Danish Securities Law for full disclosure of material corporate information. Some assumptions, including assumptions relating to sales associated with product that is prescribed for unapproved uses, are made considering past performances of other similar drugs for similar disease states or past performance of the same drug in other regions where the product is currently marketed. It is important to note that although physicians may, as part of their freedom to practice medicine in the US, prescribe approved drugs for any use they deem appropriate, including unapproved uses, at Lundbeck, promotion of unapproved uses is strictly prohibited.