

LUNDBECKFOND INVEST A/S

ANNUAL REPORT 2022

SCHERFIGSVEJ 7, DK-2100 COPENHAGEN Ø

CVR NO. 21 85 55 45

APPROVED AT THE ANNUAL GENERAL MEETING 27 MARCH 2023

CHAIR OF THE MEETING

LENE SKOLE



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COMPANY INFORMATION

Lundbeckfond Invest A/S
Scherfigsvej 7
DK-2100 Copenhagen Ø

Phone +45 39 12 80 00
Homepage: www.lundbeckfonden.com
E-mail: mail@lundbeckfonden.com
Business Registration No. 21 85 55 45
Place of residence: Copenhagen

OWNER

Lundbeckfond Invest A/S is 100% owned by Lundbeckfonden

BOARD OF DIRECTORS

Steffen Kragh, Chair
Peter Schütze, Vice Chair
Gunhild Waldemar
Lars Holmqvist
Michael Kjær
Susanne Krüger Kjær
Svend Andersen
Henrik Sindal Jensen
Katja Barnkob
Mikkel Helmer Nielsen
Morten Egholm Aagaard

EXECUTIVE MANAGEMENT

Lene Skole

AUDITOR

PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab, CVR No 33 77 12 31

FIVE-YEAR SUMMARY

DKKm	2022	2021	2020	2019	2018
Dividends from subsidiaries	1,286	343	653	1,678	1,134
Financial items, net	-2,623	2,405	1,411	2,347	-944
Gross profit from investment activities	-1,149	3,105	2,141	5,661	1,161
Profit for the year	-1,018	2,917	2,001	5,415	1,158
Equity	23,797	27,007	25,230	24,317	18,999
Total assets	25,627	27,714	25,811	25,380	19,619
Key figure					
Return on equity	-4.0%	11.2%	8.1%	25.0%	6.2%

For the definition of the key figure, see note 17.

MANAGEMENT REVIEW

PURPOSE

The purpose of Lundbeckfond Invest A/S is to operate within production, sale and investment businesses, including investments in other companies.

Lundbeckfond Invest A/S manages holding and investment activities for Lundbeckfonden, and is the majority shareholder of H. Lundbeck A/S, ALK-Abelló A/S, Falck A/S, LFI Equity A/S, LFI Silva Investments A/S and DySIS Medical Ltd.

Investments are managed by three departments: Strategic Investments, Invest and BioCapital.

FINANCIAL RESULT AND FINANCIAL POSITION

A highlight of 2022 was the acquisition of the medtech company Ferrosan Medical Devices (FeMD) with a total investment of DKK 874m. The acquired ownership of 30% marks an important milestone towards the ambition of being a significant and long term owner of five-to-eight Danish healthcare companies.

However, 2022 was a challenging year, with significant losses across most asset classes. For the first time in decades, inflation in the western hemisphere rose to more than 10% fuelled by too much corporate and consumer demand chasing too little supply on the back of pandemic-led fiscal and monetary stimuli.

Russia's invasion of Ukraine in February spurred an energy shock and, ultimately, almost a complete stop to natural gas flowing from Russia to Europe. In addition, global supply chain disruptions continued to plague companies, and the scarcities from 2021 continued in 2022.

Hence, central banks increased interest rates significantly to slow down the economies. Besides negatively impacting returns on both bonds and, in particular, long-duration equities, this also hurt cyclical assets due to widespread recession fears

The investment portfolio of bonds, credits, equities and real assets managed by Invest generated a loss of DKK 639m (gain of DKK 2,904m). The negative return was driven by listed equities, which generated a loss of DKK 1,068m (gain of DKK 1,981m). The investments in the consumer discretionary sector brought the largest negative return in absolute terms, followed by the IT sector. Industrials delivered a positive return, supported by the investment in FLSmidth.

Real assets and credits generated gains of DKK 102m (DKK 416m) and DKK 2m (DKK 395m), respectively. Private equities realised a gain of DKK 7m (gain of DKK 95m).

Bonds etc. generated gains of DKK 317m (DKK 17m).

BioCapital recorded a net loss of DKK 703m (loss of DKK 142m). The negative result reflected the substantial negative share price development during the year in the US public biotech market and impairment of the investment in DySIS of DKK 229m. Investments in new and existing companies amounted to DKK 224m (DKK 587m).

Dividends from subsidiaries amounted to DKK 1,286m (DKK 343m), which was attributable to Lundbeck and Falck.

Furthermore, the result was negatively impacted by impairment of the investments in Falck of DKK 1,092m.

Net profit for the year was a loss of DKK -1,018m (profit of DKK 2,917m).

At year end the equity amounted to DKK 23,797m (DKK 27,007m).

OUTLOOK

The financial performance of Lundbeckfond Invest A/S depends on the development in the commercial activities and dividend policies of Lundbeck, ALK and Falck as well as returns generated by the investment activities. Returns provided by the investment activities largely depend on the overall performance of the financial markets, whereas returns from the biotech portfolio also depend on the development of products and similar factors at the portfolio companies.

For the year 2023, we expect dividends from the subsidiaries of DKK 546m. In 2023, we also expect market volatility to remain high, as a number of wider uncertainties remain in place, such as inflation levels, interest rates and the risk of an economic recession. The base scenario is, however, that there will be a positive return between 0% - 5% on investment activities.

RISK FACTORS

The most important risks relate to the business risks of the company's subsidiaries and its investments.

Business and financial risks associated with the operation and performance of the company's four strategic investments, Lundbeck, ALK, Falck and Ferrosan Medical Devices, are most effectively managed within each business. Consequently, the boards of directors and management teams at each individual company define their own risk management policies and procedures.

The parent company is represented on the Board of Directors of each strategic investment and monitors the business performance of the companies closely. Descriptions of each company's approach to risk management are given by each of the companies in their own annual reports.

Reports on business- and risk-related issues associated with the strategic investments are provided monthly to the Board of Directors.

The Board of Directors defines the investment policy, while compliance with the policy is monitored by the Investment Committee.

The company manages the market risk of its investments by having limits for its exposure to individual asset classes and their underlying assets. This policy covers the whole portfolio, including investments by BioCapital.

To manage interest rate risk, limits for the duration of bond investments are defined. Derivative financial instruments, such as swaps, options and forward contracts, are used for risk management purposes and as an alternative to buying the underlying assets. The investment policy governs the use of such instruments regarding maturity, quantity and counter-party requirements.

Weekly portfolio performance reports are prepared for the CEO and detailed monthly reports are prepared for the Board of Directors.

Finally, all investments must comply with the company's environmental, social and governance (ESG) principles. An external consultant monitors portfolio investments for issues related to ESG principles. An ESG status report is reviewed and approved by the CEO and the Investment Committee twice a year. In 2022, no investments were identified as being in violation of the ESG principles.

SUSTAINABILITY

With respect to our statutory statement on social responsibility in accordance with sections 99a and 99d of the Danish Financial Statements Act, refer to the consolidated Sustainability Report 2022 for Lundbeckfonden on <https://www.lundbeckfonden.com/en/sustainability>.

In accordance with section 99b of the Danish Financial Statements Act, the Board of Directors of Lundbeckfond Invest A/S has obtained equal gender representation; consequently, we have no need to either set or report on a target. No targets are set on Management with reference to the number of employees cf. Danish Companies Act, section 139c, paragraph 7.



INCOME STATEMENT

FOR THE PERIOD 1 JANUARY – 31 DECEMBER

DKK ^m	Note	2022	2021
Dividends from subsidiaries		1,286	343
Dividends from associates		100	25
Fair value adjustments, associates	7	88	332
Financial income	1	1,735	3,431
Financial expenses	2	-4,358	-1,026
Gross profit/loss from investment activities		-1,149	3,105
Employee costs	3	-61	-38
Other external costs		-29	-17
Profit/loss before tax		-1,239	3,050
Tax on profit/loss for the year	4	221	-133
Profit/loss for the year	5	-1,018	2,917

BALANCE SHEET

AT 31 DECEMBER, ASSETS

DKKm	Note	2022	2021
Investments in subsidiaries	6	9,002	10,093
Investments in associates	7, 8	1,737	775
Financial assets, Invest	8	12,485	14,023
Financial assets, BioCapital	8	1,394	2,150
Deferred tax assets	9	233	13
Financial assets		24,851	27,054
Non-current assets		24,851	27,054
Receivables from affiliates		271	188
Income tax receivables		59	155
Other receivables		55	97
Receivables		385	440
Cash and bank balances		391	220
Current assets		776	660
Assets		25,627	27,714

BALANCE SHEET

AT 31 DECEMBER, EQUITY AND LIABILITIES

DKKm	Note	2022	2021
Share capital	10	450	450
Retained earnings		23,347	24,365
Proposed dividend		-	2,192
Equity		23,797	27,007
Other provisions		-	22
Non-current liabilities		-	22
Payables to affiliates		1,812	663
Other payables		18	22
Current liabilities		1,830	685
Liabilities		1,830	707
Equity and liabilities		25,627	27,714
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STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 1 JANUARY – 31 DECEMBER

DKKm	Note	Share capital	Retained earnings	Proposed dividend	Equity
Equity at 1 January 2022		450	24,365	2,192	27,007
Paid dividend		-	-	-2,192	-2,192
Loss for the year	5	-	-1,018	-	-1,018
Equity at 31 December 2022		450	23,347	-	23,797

DKKm	Note	Share capital	Retained earnings	Proposed dividend	Equity
Equity at 1 January 2021		450	23,640	1,140	25,230
Paid dividend		-	-	-1,140	-1,140
Profit for the year	5	-	725	2,192	2,917
Equity at 31 December 2021		450	24,365	2,192	27,007

NOTES

1. Financial income

DKKm	2022	2021
Exchange gains	2	13
Interest on financial assets	183	187
Interest on receivables from associates	6	6
Dividends from portfolio investments	243	179
Gains on financial assets measured at fair value through profit or loss	1,277	3,044
Other financial income	24	2
Total financial income	1,735	3,431

Receivables from subsidiaries and associates and financial assets are measured at fair value through profit or loss.

2. Financial expenses

DKKm	2022	2021
Exchange losses	3	8
Interest expenses on payables to affiliates	8	-
Interest expenses	2	3
Losses on financial assets measured at fair value through profit or loss	3,022	1,007
Impairment of investments in subsidiaries	1,321	-
Other financial expenses	2	8
Total financial expenses	4,358	1,026

3. Employee costs

DKKm	2022	2021
Wages and salaries	61.5	38.7
Received from subsidiaries	-3.0	-2.9
Pensions	2.4	1.7
Other social security costs	0.1	0.1
Total employee costs	61.0	37.6

Average number of full-time employees during the year	18	18
Number of employees at year-end	19	20

Remuneration of the Executive Management and the Board of Directors:

DKKm	2022	2021
Remuneration of the Executive Management (excluding remuneration received from subsidiaries)	8.4	8.1
Fees to the Board of Directors, including committee fees (excluding remuneration received from subsidiaries)	2.8	2.4

Members of the Executive Management and Board of Directors, who also serve as board members in subsidiaries, receive board fees directly from the subsidiaries. For a complete description, see the consolidated financial statements in the annual report 2022 of Lundbeckfonden, note 3.

4. Tax on profit/loss for the year

DKKm	2022	2021
Current tax	-64	135
Change in deferred tax for the year	-215	12
Prior-year adjustments	58	-14
Tax on profit/loss for the year	-221	133

Lundbeckfond Invest A/S are jointly taxed with ALK-Abelló A/S, Falck A/S, H. Lundbeck A/S, LFI Silva Investments A/S and Insusense ApS, and their respective Danish subsidiaries.

5. Proposed distribution of profit

DKKm	2022	2021
Dividend	-	2,192
Retained earnings	-1,018	725
Profit for the year	-1,018	2,917

6. Investments in subsidiaries

DKKm	2022	2021
Cost at 1 January	10,103	10,041
Additions	230	62
Cost at 31 December	10,333	10,103
Impairment at 1 January	-10	-10
Impairment	-1,321	-
Impairment at 31 December	-1,331	-10
Carrying amount at 31 December	9,002	10,093

Subsidiaries, DKKm	Registered office	Ownership	Profit for the year 2022	Equity at 31 December 2022
H. Lundbeck A/S (consolidated)	Valby	69%	1,916	20,779
ALK-Abelló A/S (consolidated)	Hørsholm	40%	335	3,988
Falck A/S (consolidated)	Copenhagen	58%	921	3,919
LFI Equity A/S	Copenhagen	100%	-132	1,580
LFI Silva Investments A/S	Copenhagen	97%	45	523
DySIS Medical Limited (consolidated)	London	89%	-89	-654

DySIS Medical Limited's figures appear from the annual report for the period 1 January – 31 December 2021 as the annual report for 2022 has not been approved.

The investment in Falck and DySIS has been tested for impairment by comparing the value in use in the companies with the carrying value of the investments. The test resulted in an impairment of the investments in Falck and DySIS of DKK 1,092m and DKK 229m, respectively. The impairment test for 2021 identified no need for impairment of investments in subsidiaries.

See note 16 for an overview of all subsidiaries.

7. Investments in associates

DKKm	2022	2021
Cost at 1 January	321	311
Additions	874	10
Cost at 31 December	1,195	321
Adjustments at 1 January	454	122
Fair value adjustments	88	332
Adjustments at 31 December	542	454
Carrying amount at 31 December	1,737	775

Associates, DKKm	Registered office	Ownership	Profit for the year 2022	Equity at 31 December 2022
Obel-LFI Ejendomme A/S	Copenhagen	50%	240	1,716
Moon HoldCo ApS (Ferrosan Medical Devices Group)	Gladsaxe	30%	-	-
Cresco Capital Services A/S	Silkeborg	25%	1	3

Cresco Capital Services A/S' and MoonHoldCo ApS' figures appear from the annual reports for the period 1 January – 31 December 2021 as the annual reports for 2022 has not been approved.

Investments in associates included in BioCapital's portfolio is recognised in financial assets, see note 8.

8. Financial assets

The financial investments classified as financial assets at fair value through profit or loss relate to investment activities in Invest and BioCapital. These investments are made based on an investment strategy and policies approved by the Board of Directors.

DKKm	Danish mortgage and government bonds	Credit bonds and loans	Equities	Private equity funds and other unlisted funds	Derivative financial instruments	Receivables	Total
Carrying amount at 1 January 2022	190	3,061	11,983	719	99	121	16,173
Additions	447	563	711	95	432	27	2,275
Disposals	-6	-442	-1,690	-50	-636	-	-2,824
Value adjustments, year-end	-2	-305	-1,802	55	320	-11	-1,745
Carrying amount at 31 December 2022	629	2,877	9,202	819	215	137	13,879
Recognised in:							
Financial assets, Invest	629	2,877	7,945	819	215	-	12,485
Financial assets, BioCapital	-	-	1,257	-	-	137	1,394
	629	2,877	9,202	819	215	137	13,879

DKKm	Danish mortgage and government bonds	Credit bonds and loans	Equities	Private equity funds and other unlisted funds	Derivative financial instruments	Receivables	Total
Carrying amount at 1 January 2021	1,404	2,877	10,139	341	50	82	14,893
Additions	28	1,008	2,890	301	390	6	4,623
Disposals	-1,232	-968	-2,344	-81	-729	-26	-5,380
Value adjustments, year-end	-10	144	1,298	158	388	59	2,037
Carrying amount at 31 December 2021	190	3,061	11,983	719	99	121	16,173
Recognised in:							
Financial assets, Invest	190	3,061	9,954	719	99	-	14,023
Financial assets, BioCapital	-	-	2,029	-	-	121	2,150
	190	3,061	11,983	719	99	121	16,173

8. Financial assets – continued

At 31 December 2022, investments in associates included in BioCapital's portfolio recognised in equities amount to DKK 460m (DKK 487m). The associates are either not individually material or do not publish financial statements. Consequently, financial information about the associates are not disclosed.

Fair value hierarchy for financial assets and liabilities, measured at fair value level 1 includes financial assets for which the fair value is measured based on quoted prices in active markets for identical assets. Level 2 includes financial assets and liabilities for which the fair value is measured based on directly or indirectly observable inputs other than the quoted prices included in level 1. Level 3 includes financial assets and liabilities for which the fair value is measured based on valuation methods which include inputs not based on observable market data.

The requirements for reclassifications between the levels are evaluated continually during the year. For the individual financial assets and liabilities, it is evaluated whether the most critical input variable in connection with determination of fair value has changed from unobservable to observable or the other way around. If this is the case the asset or liability is reclassified from the recent level to the new level from the time, where the change in input variable occurs.

Financial assets and liabilities measured at fair value through profit or loss

31 December 2022, DKKm	Level 1	Level 2	Level 3	Total
Financial assets				
Investments in associates	-	-	1,737	1,737
Financial assets, Invest				
Danish mortgage and government bonds	629	-	-	629
Credit bonds and loans	2,673	-	204	2,877
Equities	7,945	-	-	7,945
Private equity funds and other unlisted funds	-	54	765	819
Derivative financial instruments	-	215	-	215
Total financial assets, Invest	11,247	269	969	12,485
Financial assets, BioCapital				
Equities	504	-	753	1,257
Receivables from sale of portfolio companies	-	-	59	59
Other receivables	-	-	78	78
Total financial assets, BioCapital	504	-	890	1,394
Total financial assets	11,751	269	3,596	15,616

Financial assets and liabilities measured at fair value through profit or loss

31 December 2021, DKKm	Level 1	Level 2	Level 3	Total
Financial assets				
Investments in associates	-	-	775	775
Financial assets, Invest				
Danish mortgage and government bonds	190	-	-	190
Credit bonds and loans	2,874	-	187	3,061
Equities	9,954	-	-	9,954
Private equity funds and other unlisted funds	-	51	668	719
Derivative financial instruments	-	99	-	99
Total financial assets, Invest	13,018	150	855	14,023
Financial assets, BioCapital				
Equities	938	-	1,091	2,029
Receivables from sale of portfolio companies	-	-	70	70
Other receivables	-	-	51	51
Total financial assets, BioCapital	938	-	1,212	2,150
Total financial assets	13,956	150	2,842	16,948

Financial assets measured at fair value according to level 3, DKKm

	2022	2021
Carrying amount at 1 January	2,842	2,034
Additions	1,088	606
Disposals	-260	-184
Reclassification, from level 3 to level 1 in connection with IPO's	-	-562
Fair value adjustment	-74	948
Carrying amount at 31 December	3,596	2,842

8. Financial assets - continued

Applied valuation methods for the determination of fair value of the material categories above are as follows:

	Valuation method used	Used unobservable inputs	Sensitivity in fair value in case of changes in unobservable inputs
Investments in associates (unlisted), real assets	Capitalisation model	Required rates on return 3.5-4.5% or cost if under construction	If required rate of return is reduced by 0.25%-point the fair value will be increased by DKK 108m
Other investments in associates (unlisted)	Trading multiples	Trading multiples	If investments increase by 1% the fair value will be increased by DKK 9m
Danish mortgage and government bonds and credit bonds (listed)	Closing prices according to exchange markets	N/A	N/A
Equities (listed)	Closing prices according to exchange markets	N/A	N/A
Equities, BioCapital (unlisted)	Trading multiples, relative adjustment based on predefined value triggers/business plans, cost at recent transaction and price at financing round	Trading multiples, value trigger assumptions, cost at recent transaction and price at financing round	If group of investments increase by 1% the fair value will be increased by DKK 8m
Private equity funds and other unlisted funds	Adjusted reported net asset value (NAV)	Latest reported NAV adjusted for capital calls, capital returns and pricing development (if relevant)	Data not accessible
Receivables including receivables from sale of portfolio companies	Expected discounted cash flow	N/A	N/A
Derivative financial instruments	Fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on observable yield curves. Fair value of foreign exchange contracts is determined using forward exchange rate at the balance sheet date. Fair value for share and index options is primarily based on closing prices according to exchange markets	N/A	N/A

9. Deferred tax assets

DKKm	2022	2021
Deferred tax assets at 1 January	13	17
Change in deferred tax	220	-4
Deferred tax assets at 31 December	233	13

Deferred tax assets relate to tax losses carried forward.

The company recognises deferred tax assets including the tax value of tax losses if it is probable that it can be utilized against future taxable income within a foreseeable future.

10. Share capital

DKKm	2022	2021
Share capital at 31 December	450	450

The share capital consists of 450,000 shares of DKK 1,000. The shares are not divided in classes.

The share capital has remained unchanged within the last 5 years.

11. Financial risks and financial instruments

The company's business activities imply that the income statement and the balance sheet may be affected by various financial risks. The management of these risks is based on the investment strategy, policies and guidelines approved by the Board of Directors and the Investment Committee.

The policies applicable to Invest aim for an appropriate diversification of investments on different asset classes and geographical markets in order to achieve an appropriate diversification of interest rate, exchange rate, credit and equity risks on the financial investments. The purpose of the policies is to reduce the risk of losses but also to retain the prospect of gaining a long-term return on the investments.

11.1 CREDIT RISKS

Credit risks primarily relate to investment in bonds and unlisted funds investing in loans to businesses.

In order to limit the credit risk, a proportion of this asset class has been invested in Danish government and mortgage bonds with a high credit rating. To achieve a higher return, the company has also invested in corporate bonds.

11.2 EQUITY RISKS

Equity risks relate to the company's holding of listed and unlisted shares, including private equity funds as part of the company's investment operations. Most of these investments are placed in listed shares.

To limit the risk of losses on these shares, the investments are diversified on different geographical regions and sectors in accordance with the applicable investment policy. Derivative financial instruments are used to manage the equity risk.

Other things being equal, a 10% decrease/increase in equity prices would decrease/increase profits by DKK 663m and DKK 730m respectively (decrease by DKK 1,076m and increase by DKK 1,149m).

11.3 EXCHANGE RATE RISKS

Exchange rate risks arise because the company's expenses and income in different currencies do not match and because the company's assets and liabilities denominated in foreign currency do not balance. Therefore, risk management is focused on risk mitigation.

The company applies various derivative financial instruments to manage these risks. The hedging contracts are classified as trading contracts, and changes in the fair value are recognised as financial items as they arise.

Monetary assets for the principal currencies at 31 December, DKKm	2022	2021
CHF	51	79
EUR	5,030	5,494
GBP	100	9
JPY	111	232
USD	2,739	2,494

11. Financial risks and financial instruments - continued

11.3 EXCHANGE RATE RISKS - CONTINUED

Estimated impact on profit and equity from a 5% increase in year-end exchange rates of the most important currencies:

DKKm	CHF	GBP	JPY	USD
2022				
Profit	3	5	6	137
Equity	3	5	6	137
2021				
Profit	4	-	12	125
Equity	4	-	12	125

The profit impact is included in the impact on equity.

Due to Denmark's long-standing fixed exchange rate policy against euro and the expected continuation of this policy, the foreign currency risk for euro is considered immaterial, and euro is therefore not included in the table above.

11.4 INTEREST RATE RISKS

The duration of the investments when selecting financing and investment instruments is used to manage the interest rate risk. In addition, the company uses derivative financial instruments to mitigate the interest rate exposure. The use of financial instruments to manage interest rate risk does not qualify for hedge accounting, and the changes in fair value are therefore recognised as financial income or expenses in the income statement.

The portfolio of bonds has a duration of -2.0 year (1.0 year). Other things being equal, an increase of 1%-point in interest rates would increase profit by DKK 71m (decrease profit by DKK 8m).

The company has interest rate swaps for managing interest rate exposure on portfolio investments.

NET OUTSTANDING INTEREST RATE SWAPS, OPTIONS AND FUTURES

Options, DKKm	Contractual value	Gains/losses recognised in the income statement	Market value 31 December	Expiry
2022				
Options on indices	91	11	69	Apr/May 2023
Options on shares	593	-17	-	May 2023/ Dec 2024
Total	684	-6	69	
2021				
Options on indices	5,570	23	60	Mar 2022
Options on shares	2,123	-15	34	Dec 2024
Total	7,693	8	94	

Interest rate swap, DKKm	Contractual value	Gains/losses recognised in the income statement	Market value 31 December	Fixed interest rate	Expiry
2022					
Fixed to floating	400	65	65	1.8%	May 2052
Fixed to floating	250	-	-	2.6%	Nov 2052
Total	650	65	65		
2021					
Fixed to floating	600	22	5	0.2%	Jul 2029
Total	600	22	5		

Forward contracts, DKKm	Contractual value	Gains/losses recognised in the income statement	Market value 31 December	Expiry
2022				
USD (sell position)	1,001	80	80	Oct 2023
Total	1,001	80	80	

11. Financial risks and financial instruments - continued

11.5 CATEGORIES AND MATURITY DATES FOR FINANCIAL ASSETS AND LIABILITIES

31 December 2022, DKKm	Less than 1 year	1-5 years	More than 5 years	Total	Carrying amount	Effective interest rate
Financial assets						
Financial assets, Invest						
Danish mortgage and government bonds	213	401	48	662	629	-2-3%
Credit bonds	279	969	2,063	3,311	2,877	3-13%
Derivatives included in the trading portfolio	215	-	-	215	215	-
Financial assets, BioCapital						
Receivables from sale of portfolio companies	-	47	12	59	59	
Other receivables	85	20	1	106	78	8-16%
Financial assets at fair value through profit or loss	792	1,437	2,124	4,353	3,858	
Receivables including receivables from affiliates	385	-	-	385	385	0-1%
Cash and bank balances	391	-	-	391	391	1-5%
Financial assets measured at amortised cost	776	-	-	776	776	
Total financial assets	1,568	1,437	2,124	5,129	4,634	
Financial liabilities						
Other payables including payables to affiliates	1,876	-	-	1,876	1,830	2-3%
Financial liabilities measured at amortised cost	1,876	-	-	1,876	1,830	
Total financial liabilities	1,876	-	-	1,876	1,830	

31 December 2021, DKKm	Less than 1 year	1-5 years	More than 5 years	Total	Carrying amount	Effective interest rate
Financial assets						
Financial assets, Invest						
Danish mortgage and government bonds	1	147	42	190	190	-2-3%
Credit bonds	230	1,169	2,129	3,528	3,061	0-14%
Derivatives included in the trading portfolio	99	-	-	99	99	-
Financial assets, BioCapital						
Receivables from sale of portfolio companies	12	33	25	70	70	-
Other receivables	51	-	-	51	51	8-16%
Financial assets at fair value through profit or loss	393	1,349	2,196	3,938	3,471	
Receivables including receivables from affiliates	440	-	-	440	440	0-1%
Cash and bank balances	220	-	-	220	220	-1-0%
Financial assets measured at amortised cost	660	-	-	660	660	
Total financial assets	1,053	1,349	2,196	4,598	4,131	
Financial liabilities						
Other payables including payables to affiliates	685	-	-	685	685	-
Financial liabilities measured at amortised cost	685	-	-	685	685	
Total financial liabilities	685	-	-	685	685	

The amounts in the tables are including interests.

12. Lease obligations

DKKm	2022	2021
Due within one year	3	3
Total	3	3

13. Contractual obligations

Lundbeckfond Invest A/S has contractual capital contribution obligations amounting to DKK 164m at 31 December 2022 (DKK 79m).

14. Guarantees, contingent liabilities and collaterals

The company has provided guarantee for a third party's debt of DKK 112m.

JOINT TAXATION

Lundbeckfond Invest A/S is jointly taxed with ALK-Abelló A/S, Falck A/S, H. Lundbeck A/S, LFI Silva Investments A/S and Insusense ApS, and their respective Danish subsidiaries. The companies have partly a joint and several liability and partly a secondary liability with respect to income taxes etc. for the jointly-taxed companies. The companies in the tax pool have partly a joint and several liability and partly a secondary liability with respect to any obligations to withholding tax on interests, royalties and dividends for the jointly-taxed companies. However, in both cases the secondary liability is capped at an amount equal to the share of the capital of the companies directly or indirectly owned by Lundbeckfond Invest A/S.

15. Related parties

Related parties exercising controlling interest on Lundbeckfond Invest A/S:

- Lundbeckfonden, Scherfigsvej 7, DK-2100 Copenhagen Ø

Related parties exercising significant influence on Lundbeckfond Invest A/S:

- The Board of Directors and Executive Management
- Companies in which the company's Executive Management and Board of Directors exercise controlling interest

Lundbeckfond Invest A/S has not entered into any transactions with related parties that were not on an arm's length basis.

CONSOLIDATED FINANCIAL STATEMENTS

Lundbeckfond Invest A/S is included in the consolidated financial statements of Lundbeckfonden, Copenhagen, Denmark, Business Registration No. 11 81 49 13.

16. Group overview

Company name	Country	Ownership	Company name	Country	Ownership
Subsidiaries					
H. Lundbeck A/S	Denmark	69% (76% of the votes)	Lundbeck Austria GmbH	Austria	100%
ALK-Abelló A/S	Denmark	40% (67% of the votes)	Lundbeck S.A.	Belgium	100%
Falck A/S	Denmark	58%	Lundbeck Brasil Ltda.	Brazil	100%
LFI Equity A/S	Denmark	100%	Lundbeck Canada Inc.	Canada	100%
LFI Silva Investments A/S	Denmark	97%	Lundbeck Chile Farmacéutica Ltda.	Chile	100%
- LFI Silva Investments Ltd.	United Kingdom	100%	Lundbeck (Beijing) Pharmaceuticals Consulting Co., Ltd.	China	100%
epVIR ApS	Denmark	100%	Lundbeck Colombia S.A.S.	Colombia	100%
DYSIS Medical Litimited, including	United Kingdom	89%	Lundbeck Croatia d.o.o.	Croatia	100%
- Forth Photonics Trustees Limited	United Kingdom	100%	Lundbeck Czech Republic s.r.o.	Czech Republic	100%
- Forth Photonics Limited	United Kingdom	100%	Lundbeck Export A/S	Denmark	100%
- DYSIS Medical, Inc.	United States	100%	Lundbeck Pharma A/S	Denmark	100%
- Forth Photonics Hellas S.A	Greece	100%	Lundbeck Eesti A/S	Estonia	100%
Associates of Lundbeckfond Invest A/S			OY H. Lundbeck AB	Finland	100%
Moon HoldCo ApS, including	Denmark	30%	Lundbeck SAS	France	100%
- Moon MidCo ApS, including	Denmark	98%	Sofipharm SAS, including	France	100%
- Moon BidCo ApS, including	Denmark	100%	- Elaiapharm SAS	France	100%
- Ferrosan Medical Devices Group A/S, including	Denmark	100%	Lundbeck GmbH	Germany	100%
- ApS FMD III, including	Denmark	100%	Lundbeck Hellas S.A.	Greece	100%
- Ferrosan Medical Devices Holding A/S, including	Denmark	100%	Lundbeck HK Limited	Hong Kong	100%
- Ferrosan Medical Devices A/S	Denmark	100%	Lundbeck Hungária KFT	Hungary	100%
- Ferrosan Medical Devices SP.z.o.o.	Poland	100%	Lundbeck India Private Limited	India	100%
Obel-LFI Ejendomme A/S	Denmark	50%	Lundbeck (Ireland) Ltd.	Ireland	100%
Cresco Capital Services A/S	Denmark	25%	Lundbeck Israel Ltd.	Israel	100%
NMD Pharma A/S	Denmark	20%	Lundbeck Italia S.p.A.	Italy	100%
CytoKi Pharma ApS	Denmark	30%	Lundbeck Pharmaceuticals, Italy S.p.A., including	Italy	100%
IO Biotech, Inc., including	United States	21%	- Archid S.A.	Luxembourg	100%
- IO Biotech ApS, including	Denmark	100%	Lundbeck Japan K.K.	Japan	100%
- IO Bio US, Inc.	United States	100%	Lundbeck Korea Co., Ltd.	Republic of Korea	100%
- IO Biotech Limited	United Kingdom	100%	SIA Lundbeck Latvia	Latvia	100%
SNIPR Holdings ApS, including	Denmark	17%	UAB Lundbeck Lietuva	Lithuania	100%
- SNIPR Technologies Ltd.	United Kingdom	100%	Lundbeck Malaysia SDN. BHD.	Malaysia	100%
- Folium Food Science Ltd.	United Kingdom	75%	Lundbeck México, SA de CV	Mexico	100%
SNIPR Biome ApS ⁰ , including	Denmark	31%	Lundbeck B.V.	Netherlands	100%
- SNIPR Biome UK Ltd.	United Kingdom	100%	Prexton Therapeutics B.V., including	Netherlands	100%
Subsidiaries of H. Lundbeck A/S			- Prexton Therapeutics S.A.	Switzerland	100%
Lundbeck Argentina S.A.	Argentina	100%	Lundbeck New Zealand Limited	New Zealand	100%
Lundbeck Australia Pty Ltd, including	Australia	100%	H. Lundbeck AS	Norway	100%
- CNS Pharma Pty Ltd	Australia	100%	Lundbeck Pakistan (Private) Limited	Pakistan	100%
			Lundbeck America Central S.A.	Panama	100%
			Lundbeck Peru S.A.C.	Peru	100%
			Lundbeck Philippines Inc.	Philippines	100%

16. Group overview - continued

Company name	Country	Ownership	Company name	Country	Ownership
Lundbeck Business Service Centre Sp.z.o.o.	Poland	100%	ALK-Abelló S.A., including	Spain	100%
Lundbeck Poland Sp.z.o.o.	Poland	100%	- ALK-Abelló S.p.A.	Italy	100%
Lundbeck Portugal - Produtos Farmacêuticos Unipessoal Lda	Portugal	100%	ALK AG (in liquidation)	Switzerland	100%
Lundbeck Romania SRL	Romania	100%	ALK-Abelló AG	Switzerland	100%
Lundbeck RUS LLC	Russia	100%	ALK-Abelló Ltd.	United Kingdom	100%
Lundbeck Singapore PTE. LTD.	Singapore	100%	North America		
Lundbeck Slovensko s.r.o.	Slovakia	100%	ALK-Abelló Pharmaceuticals, Inc.	Canada	100%
Lundbeck Pharma d.o.o.	South Africa	100%	ALK-Abelló, Inc., including	United States	100%
Lundbeck South Africa (Pty) Limited, including	South Africa	100%	- OKC Allergy Supplies, Inc.	United States	100%
- H. Lundbeck (Proprietary) Limited	Spain	100%	ALK-Abelló, Source Materials, Inc., including	United States	100%
Lundbeck España S.A.	Sweden	100%	- OKC Crystal Laboratory, Inc.	United States	100%
H. Lundbeck AB	Switzerland	100%	International markets		
Lundbeck (Schweiz) AG	Turkey	100%	ALK (Shanghai) Medical Technology Co., Ltd., including	China	100%
Lundbeck İlaç Ticaret Limited Şirketi	United Kingdom	100%	- ALK (Guangzhou) Medical Technology Co., Ltd.	China	100%
Lundbeck Group Ltd. (Holding), including	United Kingdom	100%	Tasfiye Halinde ALK İlaç ve Alerji Ürünleri Ticaret Anonim Şirketi (in liquidation)	Turkey	100%
- Lundbeck Limited	United Kingdom	100%			
- Lundbeck Pharmaceuticals Ltd.	United Kingdom	100%	Subsidiaries of Falck A/S		
- Lifehealth Limited	United Kingdom	100%	Falck (Victoria) Pty. Ltd.	Australia	100%
- Lundbeck UK LLP ²⁾	United States	100%	Falck Pty. Ltd.	Australia	100%
Lundbeck USA Holding LLC, including	United States	100%	Falck Fire Services BE NV	Belgium	100%
- Lundbeck LLC, including	United States	100%	Falck Brasil 747 Participações Ltda.	Brazil	100%
- Chelsea Therapeutics International, Ltd., including	United States	100%	Falck Fire & Safety do Brasil S.A.	Brazil	100%
- Lundbeck NA Ltd.	United States	100%	Falck Global Assistance (China) Limited	China	100%
- Lundbeck Pharmaceuticals LLC	United States	100%	Empresa de Medicina Integral EMI S.A. Servicio de Ambulancia Prepagada - Grupo EMI S.A.	Colombia	100%
- Lundbeck Research USA, Inc.	United States	100%	Falck Servicios Logísticos S.A.S.	Colombia	100%
- Lundbeck La Jolla Research Center, Inc., including	United Kingdom	100%	Haces Inversiones y Servicios S.A.S	Colombia	100%
- Abide Therapeutics (UK) Limited	United States	100%	Falck Danmark A/S	Denmark	100%
- Lundbeck Seattle BioPharmaceuticals, Inc., including	Australia	100%	Falck Global Assistance A/S	Denmark	100%
- Alder Biopharmaceuticals Pty., Ltd.	Ireland	100%	Falck Healthcare A/S	Denmark	100%
- Alderbio Holdings LLC ("ANEV")	United States	100%	EMI Ecuador S.A.- Emergencia Medica Integral	Ecuador	100%
Lundbeck de Venezuela, C.A.	Venezuela	100%	EMI El Salvador S.A. de C.V.	El Salvador	100%
Subsidiaries of ALK-Abelló A/S			Falck Global Assistance Oy	Finland	100%
Europe			Falck France SAS	France	100%
ALK-Abelló Allergie-Service GmbH	Austria	100%	Falck Arbeitsgemeinschaft Rettungsdienst Plauen GmbH & Co. HG	Germany	100%
ALK-Abelló Nordic A/S	Denmark	100%	Falck Fire Services DE GmbH	Germany	100%
ALK-Abelló S.A.S.	France	100%	Falck Notfallrettung und Katastrophenschutz GmbH	Germany	100%
ALK-Abelló Arzneimittel GmbH	Germany	100%	Falck Notfallrettung und Krankentransport Cuxhaven GmbH	Germany	100%
ALK-Abelló B.V.	Netherlands	100%			
ALK-Abelló Sp. z.o.o.	Poland	100%			
ALK Slovakia s.r.o.	Slovakia	100%			

16. Group overview - continued

Company name	Country	Ownership	Company name	Country	Ownership
Falck Notfallrettung und Krankentransport Dortmund GmbH	Germany	100%	Falck Eurasia B.V.	The Netherlands	100%
Falck Notfallrettung und Krankentransport GmbH	Germany	100%	Falck Holding B.V.	The Netherlands	100%
Falck Notfallrettung und Krankentransport Spree-Neiße GmbH	Germany	100%	Falck Sağlık AŞ	Turkey	100%
Falck Operations Services DE GmbH	Germany	100%	Falck Fire Services UK Limited	United Kingdom	100%
Falck Rettungsdienst GmbH	Germany	100%	Luvtel S.A.	Uruguay	100%
Falck Rettungsdienst Hanse GmbH	Germany	100%	Portovenus S.A.	Uruguay	16%
Falck Rettungsdienst Holding GmbH	Germany	100%	UCM Uruguay S.A.	Uruguay	100%
Falck Rettungsdienst Nord GmbH	Germany	100%	Falck Global Assistance, LLC	United States	100%
Falck India Pvt. Ltd. (India)	India	100%	Falck Mobile Health Corp.	United States	100%
Falck Servizi Industriali di Emergenza S.r.l.	Italy	100%	Falck Northern California Corp.	United States	100%
Falck Brann og Redningstjeneste AS	Norway	100%	Falck Northwest Corp.	United States	100%
Falck Global Assistance Norway AS	Norway	100%	Falck Rocky Mountain, Inc.	United States	100%
Falck Helseformidling AS	Norway	100%	Falck USA, Inc.	United States	100%
Falck Norge AS	Norway	100%			
EMI Holdings Management S.A.	Panama	100%			
EMI Panama S.A.	Panama	100%			
Falck Fire Services Polska Sp. z.o.o.	Poland	100%			
Falck IT Poland Spółka Z Ograniczoną Odpowiedzialnością	Poland	100%			
Falck Medycyna Sp. z.o.o.	Poland	100%			
Falck SCI Portugal – Segurança Contra Incêndios, SA.	Portugal	100%			
Falck Fire Services S.R.L	Romania	100%			
Falck Global Assistance Singapore Pte. Ltd.	Singapore	100%			
Falck Emergency AS	Slovakia	100%			
Falck Fire Services a.s.	Slovakia	100%			
Falck SK a.s.	Slovakia	100%			
Falck Záchraná a.s.	Slovakia	100%			
Falck Global Assistance Spain S.L.	Spain	100%			
Falck SCI, S.A.	Spain	100%			
Falck Servicios Sanitarios, S.L.	Spain	100%			
AB Previa	Sweden	100%			
Alviva AB	Sweden	100%			
Falck Ambulans AB	Sweden	100%			
Falck Global Assistance AB	Sweden	100%			
Falck Healthcare AB	Sweden	100%			
Falck Hälsopartner AB	Sweden	100%			
Falck Räddningstjänst AB	Sweden	100%			
Falck Services AB	Sweden	100%			
Falck Global Assistance (Thailand) Ltd.	Thailand	49%			
Falck Global Assistance Ltd.	Thailand	100%			

(1) SNIPR Biome ApS is owned by Lundbeckfond Invest A/S and SNIPR Holdings ApS

(2) Lundbeck UK LLP is owned by Lundbeck Group Ltd. (Holding), Lundbeck Limited and Lifehealth Limited, all of which have H. Lundbeck A/S as their direct or ultimate parent company

17. Accounting policies

The annual report for Lundbeckfond Invest A/S for 2022 has been prepared in accordance with the Danish Financial Statements Act for large enterprises of reporting class C.

The annual report is presented in Danish kroner (DKK), which is also the functional currency of Lundbeckfond Invest A/S. All amounts have been rounded to millions, unless otherwise indicated.

According to section 37(5) of the Danish Financial Statements Act investments in associates and other financial assets are recognised and measured in accordance with International Financial Reporting Standards (IFRS).

The accounting policies are unchanged from last year.

CONSOLIDATED FINANCIAL STATEMENTS

With reference to section 112(1) of the Danish Financial Statements Act and the consolidated financial statements of Lundbeckfonden, Lundbeckfond Invest A/S has not prepared consolidated financial statements.

TRANSLATION OF FOREIGN CURRENCY

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Exchange differences arising between the exchange rates at the transaction date and the exchange rates at the date of payment are recognised in the income statement under financial items except in case of hedge accounting. In case of hedge accounting, such differences are recognised in the same item as the hedged item.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. The differences between the exchange rates at the time of recognition and the exchange rates at the balance sheet date or settlement are recognised in the income statement under financial items in respect of unhedged items and under the same item in respect of hedged items.

FINANCIAL INSTRUMENTS

Forward exchange contracts, interest rate swaps, share options and other derivatives are initially recognised in the balance sheet at fair value on the contract date and subsequently remeasured at fair value at the balance sheet date. The fair value of derivatives is determined by applying recognised measurement techniques, whereby assumptions are based on the market conditions prevailing on the balance sheet date. Positive and negative fair values are included in other receivables and other payables respectively.

Changes in the fair value of derivatives classified as hedging instruments and meeting the criteria for hedging the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability.

Changes in the fair value of derivatives not qualifying for hedge accounting are recognised in the income statement under financial items as they arise.

INCOME STATEMENT

Financial items

Financial income and financial expenses comprise:

- Interest income and expenses
- Realised and unrealised fair value adjustments of financial assets and liabilities including short-term securities that are included in the company's documented investment strategy
- Realised and unrealised gains and losses on unhedged financial items denominated in foreign currencies, forward contracts and other financial derivatives not used for hedge accounting
- Foreign currency gain and loss on financial assets and financial liabilities
- Other financial income and expenses

Interest income and expenses are accrued based on the principal and the effective rate of interest.

Dividends from subsidiaries and associate are recognised in the income statement when the right to receive such dividends has been approved. An impairment test is made if more than the comprehensive income of a subsidiary is distributed.

Other income

Other income comprise items of a secondary nature to the main investment activities of the company, including service fees.

Employee costs

Employee costs comprise salaries, pension and other social expenses and received remuneration from subsidiaries.

Other external costs

Other external costs comprise expenses for administration and investment activities including expenses for premises and depreciations.

17. Accounting policies - continued

With reference to section 96(3) of the Danish Financial Statements Act and the consolidated financial statements of Lundbeckfonden, Lundbeckfond Invest A/S has not disclosed fees to statutory auditors.

Tax

Danish subsidiaries are jointly taxed with Lundbeckfond Invest A/S as the administration company. The current Danish corporate income tax liability is allocated among the companies of the tax pool in proportion to their taxable income (full allocation subject to reimbursement in respect of tax losses).

Lundbeckfonden has the option to use section 3(4) of the Danish Corporation Tax Act. Under these rules, the taxable income of Lundbeckfond Invest A/S is considered to have been earned by Lundbeckfonden.

Tax for the year, which consists of the year's current tax and the change in deferred tax, is recognised in the income statement as regards the amount that can be attributed to the net profit or loss for the year.

Current tax for the year is calculated based on the income tax rates and rules applicable at the balance sheet date.

BALANCE SHEET

Investments in subsidiaries

Investments in subsidiaries are recognised at cost. Costs include the consideration at fair value plus direct acquisition costs.

Subsequently, investments in subsidiaries that suffered an impairment are reviewed for possible reversal of the impairment at the end of each balance sheet date. Reversal of impairment are recognised in financial income.

If there is an indication of impairment, an impairment test is performed. Where the carrying amount exceeds the recoverable amount, the investments are written down to this lower value. The recoverable amount is the higher of fair value less costs to sell and value-in-use.

Investments in associates

Investments in associates are recognised at fair value. Both realised and unrealised gains and losses are recognised in the income statement under financial items.

Other financial assets

At initial recognition, other financial assets, that are included in the company's investment strategy, are measured at cost. Transaction costs of financial assets are expensed under financial items.

Subsequently, other financial assets are measured at fair value at the balance sheet date. Both realised and unrealised gains and losses are recognised in the income statement under financial items.

Bonds with a term to maturity of less than one year are recognised in current assets. Bonds forming part of repo transactions, i.e. the selling of bonds to be repurchased at a later date, remain in the balance sheet as financial assets, and the amount received on repo transactions is recognised as repo debt. Returns on such bonds are recognised under financial items.

The fair value of listed investments is calculated using market prices at the balance sheet date. The calculation of fair value of unlisted investments, including biotech investments, is made on the basis of relevant valuation methods based on discounted cash flows or trading multiples. If the fair value cannot be determined with sufficient reliability, the investments in question are recognised at cost at recent transaction or price at financing round taking into account whether or not the companies live up to predefined value triggers/business plans.

Receivables

Current receivables comprise other receivables arising in the company's normal course of business.

Other receivables recognised in financial assets are financial assets with fixed or determinable payments that are not quoted in an active market and are not derivative financial instruments.

On initial recognition, receivables are measured at fair value and subsequently at amortised cost, which usually corresponds to the nominal value less writedowns to counter the risk of loss calculated on the basis of an individual assessment. A provision account is used for this purpose.

Equity

Dividends are recognised as a liability at the time of adoption of the dividend resolution at the Annual General Meeting (time of declaration).

17. Accounting policies - continued

Corporate income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet, computed as tax calculated on the taxable income for the year, adjusted for provisional tax paid.

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities and their tax base. The tax value of the assets is calculated based on the planned use of each asset.

Deferred tax assets are recognised in the balance sheet at the value at which the assets are expected to be realised, either through an offset against deferred tax liabilities or as net tax assets to be offset against future positive taxable income.

Balances calculated according to the provision of the Danish Corporate Tax Act on interest deductibility limitations are allocated between the jointly-taxed companies according to a joint taxation agreement and are allocated between the companies that are subject to deductibility limitation in proportion to their share of the total limitation. Deferred tax liabilities in respect of these balances are recognised in the balance sheet, whereas deferred tax assets are recognised only if the criteria for recognition of deferred tax assets are met.

Other provisions

Other provisions including provision regarding incentive schemes are recognised when the company has a legal or constructive obligation that arise from past events and it is probable that an outflow of financial resources will be required to settle the obligation. Other provisions are measured as the best estimate of the costs required to settle the liabilities at the balance sheet date.

Debt

Repo debt relates to bonds included in repo transactions. Repo debt is recognised at amortised cost, and accumulated repo interest has been accrued.

Other payables are measured at amortised cost.

CASH FLOW STATEMENT

With reference to section 86(4) of the Danish Financial Statements Act and the consolidated financial statements of Lundbeckfonden, Lundbeckfond Invest A/S has not prepared a Cash Flow Statement.

KEY FIGURE

The key figure are calculated as follows:

Return on equity: $\text{Profit for the year} \times 100 / \text{Average equity}$

18. Events after the balance sheet date

No events of importance to the annual report have occurred during the period from the balance sheet date until the presentation of the financial statements.

MANAGEMENT STATEMENT

The Executive Management and the Board of Directors have today considered and adopted the annual report of Lundbeckfond Invest A/S for the financial year 1 January - 31 December 2022.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position at 31 December 2022 of the company and of the results of the company's operations for 2022.

In our opinion, the management's review includes a fair review of developments in the company's activities and finances, result for the year and the company's financial position in general.

We recommend that the annual report be adopted at the Annual General Meeting.

Copenhagen, 27 March 2023

EXECUTIVE MANAGEMENT

Lene Skole

BOARD OF DIRECTORS

Steffen Kragh
Chair

Peter Schütze
Vice Chair

Gunhild Waldemar

Lars Holmqvist

Michael Kjær

Susanne Krüger Kjær

Svend Andersen

Henrik Sindal Jensen
Elected by the employees

Katja Barnkob
Elected by the employees

Mikkel Helmer Nielsen
Elected by the employees

Morten Egholm Aagaard
Elected by the employees

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Lundbeckfond invest A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Lundbeckfond Invest A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management Review

Management is responsible for Management Review.

Our opinion on the financial statements does not cover Management Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management Review and, in doing so, consider whether Management Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 27 March 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No.33 77 12 31

Lars Baungaard
State Authorised Public Accountant
mne23331

Torben Jensen
State Authorised Public Accountant
mne18651