

Lundbeck Export A/S

Central Business Registration

No: 26256275

Ottiliavej 9

DK-2500 Valby

Annual Report 2021

The Annual General Meeting approved the Annual Report on 29 April 2022

Chairman of the Annual General Meeting

Name: Jakob Østergaard Mikkelsen

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Lundbeck Export A/S**Company details**

Lundbeck Export A/S
Ottoliavej 9
DK-2500 Valby

Central Business Registration No: 26256275
Registered in: Copenhagen
Financial year: 1 January – 31 December 2021

Phone: +45 36301311

Board of Directors

Jacob Tolstrup, Chairman
Morten Bryde Hansen, Deputy Chairman
Dierk Erwin Schoch
Søren Kjeld Kristensen
Henrik Agerbæk-Larsen

Executive Board

Søren Kjeld Kristensen, Chief Executive Officer

Auditor

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Statement by Management on the Annual Report

The Board of Directors and the Executive Board have today considered and approved the Annual Report of Lundbeck Export A/S for the financial year 1 January – 31 December 2021.

The Annual Report is presented 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 2021 of the Company and of the results of the Company operations for 2021.

We believe that the Management's Review contains a fair review of the affairs and conditions referred to therein.

We recommend that the Annual Report be approved at the Annual General Meeting.

Copenhagen, 29 April 2022

Executive Board

Søren Kjeld Kristensen
Chief Executive Officer

Board of Directors

Jacob Tolstrup
Chairman

Morten Bryde Hansen
Deputy Chairman

Dierk Erwin Schoch

Søren Kjeld Kristensen

Henrik Agerbæk-Larsen

Independent Auditor's Report

To the Shareholder of Lundbeck Export 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 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Lundbeck Export A/S for the financial year 1 January - 31 December 2021, 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's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's 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's review and, in doing so, consider whether Management's 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's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's 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's 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.

Lundbeck Export A/S

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.

Hellerup, 29 April 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Torben Jensen

State Authorized Public Accountant

mne18651

Management's Review

	2021	2020	2019	2018	2017
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Financial highlights					
Key Figures					
Revenue	1,773,334	1,805,881	1,626,082	1,549,297	1,405,921
Gross profit	145,622	138,178	130,578	117,199	158,182
Operating profit/(loss)	51,647	54,355	49,946	46,183	95,395
Net financials	16,511	(36,127)	21,153	(3,142)	(54,768)
Profit for the year	49,510	11,849	50,930	25,953	28,507
Total assets	681,786	728,364	784,559	687,112	692,923
Investments in property, plant and equipment	175	518	1,764	1,288	1,944
Equity	360,459	321,780	359,665	334,532	337,213
Ratio					
Return on Equity (%)	14.5	3.5	14.7	7.7	8.2
Equity ratio (%)	52.9	44.2	45.8	48.7	48.7
Operating profit margin (%)	2.9	3.0	3.1	1.7	2.0
Gross margin (%)	8.2	7.7	8.0	7.6	11.3

For definitions of ratios please refer to accounting policies.

Primary activity

The Company's primary activity is to sell finished medicinal products and bulk goods to markets in the Middle East, the Indian subcontinent, Africa, Asia and Europe.

Follow-up on last year's expectation

The Company's revenue totalled DKK 1,773,334 thousand in 2021 compared to DKK 1,805,881 thousand in 2020. In 2021, revenue decreased 2% compared to 2020, which is in line with expectations.

Development in activities and finances

Operating profit amounted to DKK 51,647 thousand in 2021 compared to DKK 54,355 thousand in 2020. The slight decrease in operating profit is a result of lower sales in 2021. Profit for the year amounted to DKK 49,510 thousand compared to DKK 11,849 in 2020. The actual profit after tax achieved by the Company was higher by DKK 9,510 thousand when comparing to the highest indicated number in the range between DKK 15,000 – 40,000 thousand estimated in the Financial Statements 2020. The significant increase is mainly caused by exchange rate fluctuations for the primary currencies. Lundbeck Export is a selling entity on international markets, where SAR, RUB, USD, and CNY currencies play a significant role.

Lundbeck Export A/S

Outlook

The Company expects revenue and result before tax for 2022 to be on par with 2021. This means revenue ranging between DKK 1.6 billion and DKK 2.0 billion and a profit before tax between DKK 25 million and DKK 50 million.

Particular risks

The Company's key risks relate to market and commercial risks such as price pressure, new legislation, regulation and financial risks such as fluctuations in exchange rates.

Research and development activities

The research and development activities of the Lundbeck Group are performed by the Parent company. Therefore, the Company has no research and development activities itself, but leverage from the research and development activities held by the Parent Company.

Sustainability

The Company is covered by the policies of the Parent company, H. Lundbeck A/S. Management has chosen to disclose the mandatory annual statutory report on sustainability in the form of Sustainability Report on its homepage¹.

Data ethics policy

Lundbeck processes data for well-defined purposes that ultimately aim to improve the lives of patients. We have implemented rigorous controls to ensure adherence with our Data Privacy Policy. The Data Ethics Policy adds to these controls and is particularly relevant in the design of digital technologies. It applies to the processing of personal data from patients, partners and our employees as well as non-personal data, e.g. production and market data. Ethical aspects of new digital technologies are assessed in consultation with our specialists within data privacy and ethics. The assessment considers stakeholder expectations, risks and benefits to individuals of the data use. Lundbeck will routinely monitor the effectiveness of the policy as part of our Compliance Program.

Target for the supreme management body, the Board of Directors

The diversity target in Lundbeck Export was set in 2021 to be that at least one of the members elected by the shareholders to the Board of Directors should be of the underrepresented gender by 2025. In 2021, there were no female board members. The target was not reached in 2021 since the General Assembly did not decide to make any changes to the BoD.

Policy for the underrepresented gender at other management levels

H. Lundbeck A/S has established a target to maintain an overall equal gender split for people managers globally to drive the development. This also applies for Lundbeck Export. In 2021, the proportion of female/male managers in Lundbeck Export was 21%/79%, whereas the gender split for all employees was 37%/63%. We have worked through line of business to address gender equality among people managers, and also rolled out an e-learning program on unconscious bias to put focus on the topic. We will continue the work in 2022 and the coming years taking a closer look at our HR-related processes, such as recruitment and promotions.

¹https://www.lundbeck.com/content/dam/lundbeck-com/masters/global-site/pdf/Sustainability_Report_2021.pdf.coredownload.pdf

Lundbeck Export A/S

Events after the balance sheet date

The current situation between Russia and Ukraine is going to affect the world economy, and the related implications are expected to create instability and uncertainty on the global markets. At the time of completing this annual report, the impact and complete extent of the situation on the world's economy is undetermined, as the situation is still evolving. Management continuously monitors the situation and will implement the necessary steps to secure operations and expected financial performance for 2022. An accrual for bad debt of DKK 41,000 thousand is recognized in March 2022 due to the situation, of which DKK 14,570 thousand related to trade receivables as of 31 December 2021.

Management believes that the crises is going to have an adverse effect on the Company's revenue and results for 2022 to some extent. Management considers the situation and the accrual for bad debt as a subsequent event occurred after the balance sheet date, which is therefore a non-adjusting event to Lundbeck Export.

Except for the above, no events have occurred subsequently to the balance sheet date, which would have a material impact on the financial position of Lundbeck Export.

Accounting policies**Reporting class**

The Annual Report of Lundbeck Export A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied for these Financial Statements are consistent with those applied last year.

Cash flow statement

Pursuant to Section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The cash flow statement of the Company is included in the Consolidated Financial Statements of H. Lundbeck A/S.

Audit fee

Pursuant to Section 96(3) of the Danish Financial Statements Act, no fee to auditors appointed at the General Meeting has been presented. The fee to auditors appointed at the General Meeting is included in the Consolidated Financial Statements of H. Lundbeck A/S.

Recognition and measurement

Income is recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this financial year.

Assets are recognized in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is affected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the Annual Report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognized in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Accounting policies

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognized in the income statement when delivery is made, and the risk has been transferred to the buyer. Revenue is recognized net of VAT, revenue-based taxes and sales discounts.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Company's primary activities.

Cost of goods sold

Cost of goods sold comprises costs to generate revenue for the year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognized in current assets.

Employee costs

Employee costs comprise salaries and wages as well as holiday allowance, social security contributions, pension contributions, etc., to the Company's employees. This item also includes costs of share-based incentive programmes based on the Parent Company's shares.

Depreciation and impairment losses

Depreciation and impairment losses relating to property, plant and equipment comprise depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets.

Residual values are assessed annually. Depreciation relating to right-of-use assets is calculated on the basis of the lease term according to the lease agreement.

Financial income

Financial income comprise dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, as well as net realised and unrealised gains and losses on receivables and payables denominated in foreign currencies.

Financial expenses

Financial expenses comprise interest expenses, including interest expenses on payables to group enterprises and interest expenses relating to lease liabilities, as well as net realised and unrealised gains and losses on receivables and payables denominated in foreign currencies.

Accounting policies

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly in equity by the portion attributable to entries directly in equity.

The Company is jointly taxed with Lundbeckfond Invest A/S and its Danish subsidiaries. Current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balances calculated pursuant to the interest deduction limitation rule of the Danish Corporation Tax Act have been allocated among the jointly taxed companies that are subject to limitation of deductibility based on their share of the total limitation. Deferred tax liabilities in respect of these balances are recognized in the balance sheet, whereas deferred tax assets are recognized only if they qualify for recognition as deferred tax assets.

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

For leasehold improvements, the depreciation period cannot exceed the contract period.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognized in the income statement in the line item depreciation and impairment losses.

Right-of-use assets are recognized at the present value of future payments in accordance with the lease agreements, reduced by lease incentives and increased by upfront payments. Right-of-use assets are depreciated over the lease term and depreciation is recognized in the income statement. Right-of-use assets are presented as part of property, plant and equipment. See further information on the recognition of lease agreements in the section *Lease liabilities*.

Inventories

Goods for resale are measured at the latest known cost at the balance sheet date, which is equivalent to cost computed according to the FIFO method.

Accounting policies

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

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

Deferred tax assets, including the tax base of tax loss carryforwards, are recognized in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years, for example insurance. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Equity

Dividend

Dividend is recognized as a liability at the time of adoption at the general meeting. Proposed dividends for the financial year are disclosed as a separate item in equity.

Share-based payments

Share-based incentive programmes in which employees may opt to buy shares in the Parent company and in which shares are granted to employees (equity-settled programmes) are measured at the equity instruments' fair value at the date of grant and recognized under employee costs as or when the employee obtains the right to buy/receive the shares. The offsetting item is recognized directly in equity under retained earnings.

Lease liabilities

Lease liabilities are recognized at the present value of future payments in accordance with the lease agreements and include the present value of future payments relating to reasonably certain extensions. Interest on the lease liabilities is calculated using the incremental borrowing rate and recognized under financial expenses. The lease liabilities are reduced by any instalments paid to the lessor.

The Company uses the same incremental borrowing rate for lease agreements with similar characteristics.

Changes to lease agreements after initial recognition are accounted for either as a modification to an existing agreement, a separate agreement or a partial disposal depending on the nature of the change. Changes will result in changes to both the lease liability and the right-of-use asset.

The Company recognizes lease agreements under *Land and buildings* in accordance with IFRS 16 *Leases*. Other lease agreements are considered immaterial. Short-term, low-value and immaterial lease agreements are recognized as operating expenses on a straight-line basis over the lease term.

Accounting policies

Provisions

Provisions consist of different types of provisions, including provisions for pending lawsuits. Provisions are recognized and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the services agreed.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax receivable or payable is recognized in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Financial highlights

Financial highlights are calculated as stated below.

Ratios		Calculation formula
Return on equity (%)	=	$\frac{\text{Profit/(loss) for the year} \times 100}{\text{Average equity}}$
Equity ratio (%)	=	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
Operating profit margin (%)	=	$\frac{\text{Operating profit/(loss) for the year} \times 100}{\text{Revenue}}$
Gross margin (%)	=	$\frac{\text{Gross profit/(loss)} \times 100}{\text{Revenue}}$

Lundbeck Export A/S

Income statement

	Notes	2021 DKK'000	2020 DKK'000
		<u> </u>	<u> </u>
Revenue	1	1,773,334	1,805,881
Other operating income		120	75
Cost of goods sold		(1,095,867)	(1,127,076)
Other external expenses		<u>(531,965)</u>	<u>(540,702)</u>
Gross profit		145,622	138,178
Employee costs	2	(89,290)	(79,195)
Depreciation and impairment losses	3	<u>(4,685)</u>	<u>(4,628)</u>
Operating profit		51,647	54,355
Financial income	4	18,451	471
Financial expenses	5	<u>(1,940)</u>	<u>(36,598)</u>
Profit before tax		68,158	18,228
Tax on profit	6	<u>(18,648)</u>	<u>(6,379)</u>
Profit for the year		<u>49,510</u>	<u>11,849</u>
 Distribution of profit/(loss)			
Proposed dividends for the financial year		49,000	11,000
Retained earnings		<u>510</u>	<u>849</u>
		<u>49,510</u>	<u>11,849</u>

Lundbeck Export A/S**Balance sheet**

Assets	Notes	2021	2020
		DKK'000	DKK'000
Other fixtures and fittings, tools and equipment	7	1,203	2,139
Leasehold improvements	7	193	429
Right-of-use assets	8	<u>5,857</u>	<u>4,626</u>
Property, plant and equipment		<u>7,253</u>	<u>7,194</u>
Receivables from group enterprises		261,862	226,399
Deposits		736	648
Deferred tax assets	9	<u>58,813</u>	<u>37,505</u>
Financial assets		<u>321,411</u>	<u>264,552</u>
Non-current assets		<u>328,664</u>	<u>271,746</u>
Inventories		<u>4,137</u>	<u>10,138</u>
Trade receivables		188,334	321,390
Receivables from group enterprises		132	72
Corporation tax receivable from group enterprises		-	1,511
Other receivables		14,860	27,998
Prepayments		<u>12,210</u>	<u>14,489</u>
Receivables		<u>215,536</u>	<u>365,460</u>
Cash		<u>133,449</u>	<u>81,020</u>
Current assets		<u>353,122</u>	<u>456,618</u>
Total assets		<u>681,786</u>	<u>728,364</u>

Lundbeck Export A/S**Balance sheet**

Equity and liabilities	Notes	2021	2020
		DKK'000	DKK'000
Share capital		600	600
Proposed dividends		49,000	11,000
Retained earnings		<u>310,859</u>	<u>310,180</u>
Equity		<u>360,459</u>	<u>321,780</u>
Provisions	10	<u>3,349</u>	<u>427</u>
Lease liabilities	8	<u>1,364</u>	<u>1,785</u>
Non-current liabilities		<u>1,364</u>	<u>1,785</u>
Prepayments received from customers		-	15,693
Trade payables		47,337	42,642
Debt to group enterprises		199,660	290,762
Corporation tax payables to group enterprises		14,956	-
Lease liabilities	8	4,259	1,845
Deferred income		7,225	17,144
Other payables	11	<u>43,177</u>	<u>36,286</u>
Current liabilities		<u>316,614</u>	<u>404,372</u>
Total liabilities		<u>321,327</u>	<u>406,584</u>
Total equity and liabilities		<u>681,786</u>	<u>728,364</u>
Contingent liabilities	12		
Events after the balance sheet date	13		
Related parties	14		

Statement of changes in equity

	Share capital DKK'000	Proposed dividends DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 1 January 2021	600	11,000	310,180	321,780
Distributed dividends	-	(11,000)	-	(11,000)
Adjustment of share-based incentive programmes	-	-	169	169
Profit/(loss) for the year	-	49,000	510	49,510
Equity at 31 December 2021	600	49,000	310,859	360,459

Lundbeck Export A/S**Notes**

	2021	2020
	DKK'000	DKK'000
1. Revenue		
EU countries	75,292	72,705
Other countries	1,698,042	1,733,176
	1,773,334	1,805,881

	2021	2020
	DKK'000	DKK'000
2. Employee costs		
Wages and salaries	52,363	47,235
Pension costs	584	582
Other social security costs	6,843	3,822
Other staff costs	29,500	27,556
	89,290	79,195

Remuneration of the Company's Management and Board of Directors is not disclosed pursuant to section 98b (3)(ii) of the Danish Financial Statement Act.

	2021	2020
Average number of employees in the financial year	161	156

	2021	2020
	DKK'000	DKK'000
3. Depreciation and impairment losses		
Depreciation of property, plant and equipment	4,682	4,564
Profit/(loss) from disposal of property, plant and equipment	3	64
	4,685	4,628

The table above include depreciation and profit/(loss) on all assets recognized within property, plant and equipment, i.e. also right-of-use assets.

Lundbeck Export A/S**Notes**

	2021	2020
	DKK'000	DKK'000
4. Financial income		
Financial income from group enterprises	83	154
Interest income	421	317
Exchange rate adjustments	17,947	-
	18,451	471

	2021	2020
	DKK'000	DKK'000
5. Financial expenses		
Financial expenses from group enterprises	108	1
Exchange rate adjustments	-	33,386
Interest expenses relating to lease liabilities	3	8
Other financial expenses	1,829	3,203
	1,940	36,598

	2021	2020
	DKK'000	DKK'000
6. Tax for the year		
Current tax	39,956	18,489
Adjustments relating to previous years, current tax	-	-
Adjustments relating to previous years, deferred tax	-	72
Change in deferred tax for the year	(21,308)	(12,182)
	18,648	6,379

Tax for the year is composed of:

Tax on profit for the year	18,648	6,379
	18,648	6,379

Notes

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
7. Property, plant and equipment		
Cost at 1 January 2021	6,186	5,741
Additions	-	174
Disposals	(571)	-
Cost at 31 December 2021	5,615	5,915
Depreciation and impairment losses at 1 January 2021	4,047	5,312
Depreciation for the year	933	410
Depreciation on disposals	(568)	-
Depreciation and impairment losses at 31 December 2021	4,412	5,722
Carrying amount at 31 December 2021	1,203	193
	2021	2020
	DKK'000	DKK'000
8. Right-of-use assets and lease liabilities		
Amounts recognized in the income statement		
Expense relating to short-term leases, not capitalized	-	2
Expense relating to leases of low value assets, not capitalized	5	6
Depreciation of right-of-use assets, land and buildings, including profit/(loss)	3,339	3,475
Interest expenses relating to lease liabilities	3	8

Notes

	Land and buildings 2021 DKK'000	Land and buildings 2020 DKK'000
8. Right-of-use assets and lease liabilities - continued		
Right-of-use assets		
Cost at 1 January	10,326	6,838
Additions	-	-
Extensions	4,570	3,488
Cost at 31 December	14,896	10,326
Depreciation and impairment losses at 1 January	5,700	2,283
Depreciation for the year	3,339	3,417
Depreciation and impairment losses at 31 December	9,039	5,700
Carrying amount at 31 December	5,857	4,626
	2021	2020
	DKK'000	DKK'000
Lease liabilities at 31 December	5,623	3,630
Maturity of lease liabilities		
Within 1 year	4,259	1,845
Within 2-5 years	1,364	1,785
After 5 years	-	-
	5,623	3,630

Lundbeck Export A/S**Notes****2021****DKK'000****9. Deferred tax assets**

Deferred tax assets 1 January	37,505
Movements relating to profit for the year	21,308
Movements relating to transactions in equity	-
Deferred tax assets 31 December	58,813

Deferred tax assets mainly relate to accrued discounts and deferred income and are expected to be utilized within the foreseeable future.

2021**DKK'000****10. Provisions**

Provisions at 1 January 2021	427
Provisions charged	3,349
Provisions used	(427)
Provisions at 31 December 2021	3,349

Provisions break down as follows:

Within 1 year	558
Within 2-5 years	2,791
After 5 years	-
Provisions at 31 December 2021	3,349

2021**DKK'000****2020****DKK'000****11. Other payables**

Wages and salaries, personal income taxes, social security costs, etc.	37,103	36,099
Holiday pay obligation	161	43
Other current payables	5,913	144
	43,177	36,286

Notes**12. Contingent liabilities****Bank guarantees and letter of intent**

The Company's banks have issued bank guarantees of DKK 4.8 millions in favour of third parties.

Joint taxation

The Company is part of a Danish joint taxation scheme with Lundbeckfond Invest A/S, according to which the Company has partly a joint and several liability and partly a secondary liability with respect to corporate income taxes etc. for the jointly-taxed companies. In addition, the Company has partly a joint and several liability and partly a secondary liability with respect to any obligations to withhold tax on interest, royalties and dividends for these companies. However, in both cases the secondary liability is capped at an amount equal to the share of the capital of the Company directly or indirectly owned by the ultimate parent company.

13. Events after the balance sheet date

In February 2022 Russian troops invaded parts of Ukraine and at the time of publishing the Annual Report the war is still ongoing. Due to the situation Management decided in March 2022 to recognize bad debt accrual for Russia and Ukraine in total amount of DKK 41,000 thousand, of which DKK 14,570 thousand related to trade receivables as of 31 December 2021. Management considers the situation and the accrual for bad debt as a subsequent event occurred after the balance sheet date, which is therefore a non-adjusting event to Lundbeck Export. Except for the above, no events have occurred subsequently to the balance sheet date, which would have a material impact on the financial position of Lundbeck Export.

14. Related parties

Lundbeck Export A/S' related parties comprise the following:

Control:

H. Lundbeck A/S, Ottiliavej 9, DK-2500 Valby, Denmark

H. Lundbeck A/S holds the majority of the contributed capital in the Company.

Consolidated financial statements:

The Company is included in the Consolidated Financial Statements of H. Lundbeck A/S² (parent company).

The Company is included in the Consolidated Financial Statements of Lundbeckfonden³ (ultimate parent).

There have been no transactions with related parties that were not on an arm's length basis.

The Consolidated Financial Statements of H. Lundbeck A/S can be obtained by contacting the Company at the above address.

²https://www.lundbeck.com/content/dam/lundbeck-com/masters/global-site/pdf/Annual_Report_2021.pdf

³<https://lundbeckfonden.com/en/node/4086/annual-reports>