

ANNUAL REPORT 2024

# Let's pave the way for curing skin diseases

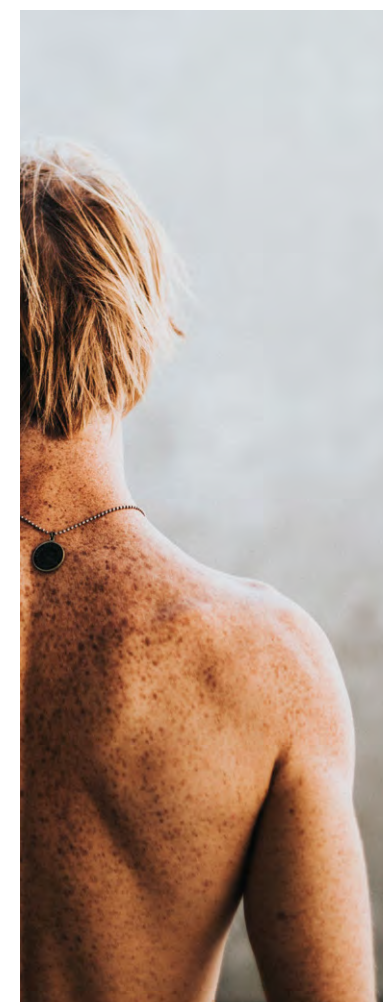
# Contents

## MANAGEMENT REVIEW

- [3 LEO Foundation at a glance](#)
- [4 Letter from the Chair and the CEO](#)
- [7 Ambition 2030](#)
- [8 Financial review and highlights](#)
- [11 Ownership activities](#)
- [15 Investment activities](#)
- [17 Philanthropic activities](#)
- [22 Governance](#)
- [25 Board of Trustees and organization](#)
- [29 Sustainability](#)
- [34 Risk management](#)

## FINANCIAL STATEMENTS

- [37 LEO Group – Consolidated Financial Statements](#)
  - [42 Notes](#)
  - [87 LEO Foundation – Financial Statements](#)
  - [90 Notes](#)
- ## MANAGEMENT STATEMENT AND AUDITOR'S REPORT
- [95 Management statement](#)
  - [96 Independent auditor's report](#)
  - [98 Foundation information](#)



**40 years of the LEO Foundation:** The LEO Foundation was established in 1984 by Knud Abildgaard, who, together with his wife Gertrud Abildgaard, owned Denmark's largest pharmaceutical manufacturer, Løvens kemiske Fabrik. He wanted to ensure the continuation of his life's work and the company we know today as LEO Pharma by transferring controlling ownership to an enterprise foundation. The plans crystallized in 1984, when Knud and Gertrud Abildgaard donated their shares in LEO Pharma to the LEO Foundation. This marked the beginning of the LEO Foundation.

# LEO Foundation at a glance

As an enterprise foundation, the LEO Foundation creates value by combining engaged ownership, philanthropy and investments to drive change for millions of people living with skin diseases. Working across the value chain – from pioneering scientific discoveries to delivering innovative medicines – we aim to contribute to a future where skin diseases are better understood, effectively treated and ultimately cured.



## Engaged ownership

**Controlling owner of LEO Pharma since 1986**

The LEO Foundation is an engaged owner of the pharmaceutical company LEO Pharma. Our main objective is to ensure the company's long-term development and success in becoming a global leader in medical dermatology and delivering outstanding results.



~80%

**Controlling shareholder** of LEO Pharma A/S

## Philanthropy

**Philanthropic support for scientific purposes**

The LEO Foundation is one of the largest private funders globally of independent skin research. We provide philanthropic grants to support the best international research that pioneers new discoveries and transforms our understanding of the skin and its diseases.



**DKK 275m**

Grants and awards to independent **skin research** in 2024

## Investments

**Financial assets of around DKK 18.3bn**

The LEO Foundation's financial assets are invested to enable us to ensure LEO Pharma's long-term continuation and strategic development, as well as to provide a growing basis for philanthropic grants.

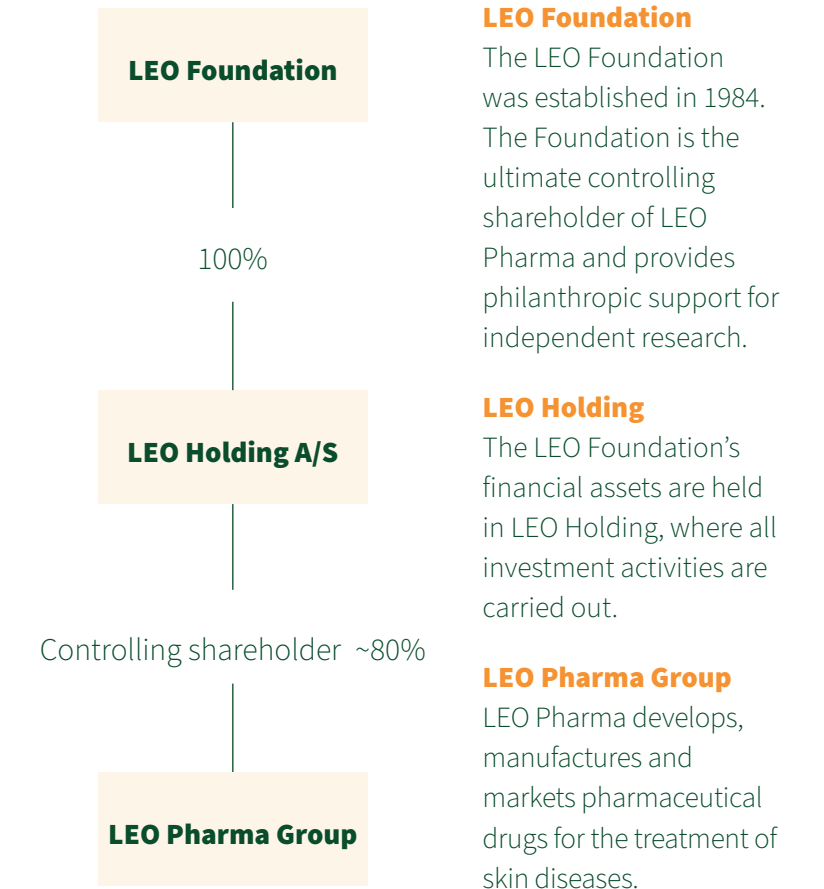


**DKK 18.3bn**

in **financial assets**

## The LEO Group

The LEO Group consists of the LEO Foundation, LEO Holding A/S and LEO Pharma A/S, including its Danish and international subsidiaries (collectively LEO Pharma Group).



# Celebrating the legacy and creating sustainable value

2024 was a year of progress and celebration for the LEO Foundation. Alongside celebrating the LEO Foundation's 40th anniversary, we continued to strengthen our core activities – strategic ownership, philanthropy and investments – keeping the LEO Group on track to meet its long-term ambitions.

At the LEO Foundation, our purpose is clear: Let's pave the way for curing skin diseases. As an enterprise foundation, we combine business ownership, philanthropic activities and financial investments to drive meaningful change for millions of people living with skin diseases. Working across the value chain – from pioneering scientific discoveries to delivering innovative medicines – we aim to contribute to a future where skin diseases are better understood, treated effectively and ultimately cured.

Last year was the first full year of working with renewed ambitions toward 2030, and it was a year of progress and growth across the LEO Group. LEO Pharma, which is majority-owned by the LEO Foundation, delivered strong organic revenue growth of 10% at constant exchange rates (CER) and significantly improved earnings. The LEO Foundation awarded DKK 275 million



→  
**Lars Olsen** (left)  
Chair of the Board  
of Trustees

**Peter Haahr** (right)  
CEO



The LEO Foundation marked its 40th anniversary at a reception on 5 September 2024.

in funding for independent skin research and awareness activities. Meanwhile, the LEO Foundation's investment activities benefited from positive financial markets, delivering a solid return of 13.3%.

### Ownership

As the stable, long-term shareholder of LEO Pharma, the LEO Foundation supports the company's ability to provide medicines to close to 100 million people in more than 70 countries. Guided by our charter, the Foundation has been the controlling shareholder of LEO Pharma for 40 years – a significant milestone which we celebrated in 2024. Today, we combine engaged ownership and strategic ambition with financial discipline to ensure sustainable value creation and competitive growth.

In 2024, LEO Pharma made progress on its strategic priorities, delivering double-digit revenue growth while significantly enhancing profitability – laying a robust foundation for pursuing strategic opportunities aligned with the company's growth objectives. The financial results for 2024 and the guidance for 2025 put LEO Pharma on track to meet its ambitions for profitable growth, innovation and organizational capabilities.

LEO Pharma's revenue grew by 10% (CER) in 2024, with dermatology revenue growing by 12% (CER), with significant contributions from Adtralza® and Adbry®, particularly in the U.S. Additionally, the established brands continued to deliver strong growth.

LEO Pharma's solid operational performance was driven by the dermatology portfolio, efficiencies and savings, and a strengthened global footprint, with the U.S. now its largest affiliate.

Leveraging the company's strengths as a pharma organization, Anzupgo® (delgocitinib) became available in the first European markets in the fourth quarter of 2024 following its approval by the European Commission. Anzupgo® is the first topical treatment in the European Union to be specifically indicated for adult patients with moderate-to-severe chronic hand eczema (CHE) for whom topical corticosteroids are inadequate or inappropriate. In the U.S., the FDA accepted LEO Pharma's filing of the new drug application (NDA) for delgocitinib in July. If approved, delgocitinib will become the first treatment in the U.S. specifically indicated for adults with moderate-to-severe CHE.

LEO Pharma's innovation model, which places greater emphasis on partnerships and mergers and acquisitions (M&A), reflects a commitment to enhancing the impact of LEO Pharma's global platform and accelerating the pace at which the company brings innovation to patients. In dermatology, the goal is to shape early-stage research, identify high-potential opportunities, and advance them through development and commercialization.

The strategic partnership between LEO Pharma and Gilead Sciences, announced in January

2025, exemplifies the potential for mutually beneficial collaboration. This partnership highlights LEO Pharma's scientific expertise and the potential of its pipeline in medical dermatology and beyond.

### Philanthropy

Beyond company ownership, the LEO Foundation is the largest private funder of independent skin research at leading universities and hospitals worldwide and is committed to supporting outstanding research to pioneer new discoveries and transform the understanding of the skin and its diseases. Currently, more than 350 active scientists supported by our funding are making significant contributions that help pave the way for curing skin diseases.

In 2024, we continued to advance our 2025 grant strategy, focusing on consolidating existing open competition research funding programs and introducing two new grant programs aimed at encouraging researcher collaboration and facilitating knowledge exchange through meetings and networking opportunities.

During the year, we awarded a total of DKK 275 million across 75 grants. This included a special anniversary prize to mark the LEO Foundation's 40th anniversary. Professor Gregor Jemec, DMSc, received the honorary prize for his extraordinary contribution to skin research, particularly his continued pioneering

work on the chronic skin disease hidradenitis suppurativa (HS). The prize, which is worth DKK 5 million, is to be used for research and to hold an international symposium.

### Investments

The LEO Foundation's financial investments are the backbone of the Foundation's long-term stability and strength. With DKK 18.3 billion in financial assets, we follow a long-term investment strategy, managing a diversified, global portfolio to generate attractive returns while carefully balancing risks.

In 2024, the LEO Foundation's financial portfolio benefited from positive financial markets and delivered a solid return of DKK 2,184 million, corresponding to 13.3%, with all asset classes contributing positively and, combined, exceeding the performance benchmark set for the financial portfolio for the year.

### Looking ahead

As we look forward to 2025 and beyond, our purpose of paving the way for curing skin diseases remains clear. And we are raising our ambitions and intensifying our efforts.

A key focus for LEO Pharma in 2025 will be implementing its enhanced innovation strategy, which leverages external innovation and strengthens the company's ability to sustainably identify and secure new pipeline assets. With

a continued commitment to balancing cost reductions with targeted investments that drive future growth, LEO Pharma is targeting a 2025 EBITDA margin of 15-18% and revenue growth of 6-9% (CER). Adtralza®/Adbry® and the launch of Anzupgo® in additional markets are set to be key drivers of revenue growth, while the established portfolio will provide a stable base for profitability and continued innovation.

In philanthropy, we will uphold our existing research-funding portfolio while finalizing the Foundation's grant strategy for the next five-year period, extending through 2030. This new strategy will expand the Foundation's philanthropic reach, building on the excellence-based core established under the current 2025 grant strategy. We expect a grant level of around DKK 350 million for 2025 – an increase of more than 25% compared to 2024, reflecting our continued commitment to supporting outstanding research that pioneers new discoveries and transforms our understanding of the skin and its diseases.

In terms of investment activities, the portfolio will see further enhancements through additional investments in alternative assets to drive returns and improve diversification. Deployment of commitments to illiquid alternatives is anticipated to accelerate, with a focus on partnering with existing managers in raising new funds. The overall risk level of

the portfolio is expected to remain stable. The portfolio's risk and liquidity profile will continue to ensure that the LEO Foundation has the financial strength that enables us to ensure LEO Pharma's long-term continuation and strategic development as well as provide a growing basis for philanthropic grant activities.

We would like to express our gratitude to all LEO Group colleagues and board members; our co-shareholder in LEO Pharma, Nordic Capital; scientific review panel members; and grantees around the world for their dedication and hard work throughout 2024.

While purpose, legacy and sustainable growth guide us forward, it is people who make it all possible. To everyone who has been part of the LEO Foundation's and the LEO Group's journey this year – and over the past 40 years – thank you.

Let's keep paving the way for curing skin diseases!

### Lars Olsen

Chair of the Board of Trustees

### Peter Haahr

CEO



# Let's pave the way for curing skin diseases

The skin is a vital organ – the body's largest! We see it, touch it and live in it every day. It is a dynamic, ever-changing shield that keeps us safe, warm, and able to sense and connect to the outside world. And those are just some of the roles of our remarkable skin.

Yet the skin holds many mysteries. What happens, for example, when the skin becomes ill, and diseases such as eczema, psoriasis, acne or infections occur?

Currently, one in three people are struggling with a skin disease. Children and adults are living with itchiness and pain – often for many years. While often very visible on the skin, the burden of skin diseases goes much deeper. Skin diseases mean lost days in school and at work, people giving up hobbies and social activities, and forced changes in life plans. They may lead to embarrassment, isolation, stress and depression, and carry significant societal and economic consequences.

Advances in skin science have transformed how we understand the skin and how we can treat its

diseases. Yet there is still no adequate treatment for many of the about 1,500 known skin diseases. There is a need for scientific discoveries and innovation to address unmet needs.

At the LEO Foundation our purpose of paving the way for curing skin diseases remains clear. We combine business ownership, investments and philanthropic activities to drive change – from catalyzing early scientific discoveries to delivering medicines that help people with skin diseases to heal and lead better lives.

And we are raising our ambitions and intensifying our efforts. Our ambitions toward 2030 are being implemented through four strategic priorities, all of which share the common goal of contributing to paving the way for curing skin diseases.

In 2024, we made significant progress toward delivering on our ambitions. You can explore this in detail by following the page references to the right.

**We pave the way for curing skin diseases by...**

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**Our ambition is that by 2030...**



**Pioneer new discoveries**

... catalyzing outstanding research that pioneers new discoveries and transforms our understanding of the skin and its diseases.

... we will have catalyzed **major advancements in basic, translational and clinical research**, and created significant societal impact through philanthropic grants for research and awareness activities, reaching an annual level of more than **DKK 500 million**.

[Learn more](#)  
Page 17



**Be an engaged owner**

... assessing, challenging and supporting LEO Pharma in becoming a global leader in medical dermatology delivering outstanding results.

... LEO Pharma will have become a **listed, leading global player in medical dermatology**, making **innovative treatments** available to people living with skin diseases.

[Learn more](#)  
Page 11



**Grow and diversify our assets**

... generating attractive investment returns that enable us to ensure LEO Pharma's long-term continuation and strategic development, as well as provide a growing basis for philanthropic grants.

... we will have delivered **superior returns on financial assets** and further diversified our investment activities, while acting as a responsible investor.

[Learn more](#)  
Page 15



**Drive sustainable development**

... driving and promoting sustainable and responsible practices across our operations.

... the LEO Foundation will be recognized for exercising **good governance**, promoting **diversity and inclusion**, and encouraging **climate transition**.

[Learn more](#)  
Page 29

# Financial review – LEO Group

**The LEO Group's financial results in 2024 reflected continued progress on strategic priorities at LEO Pharma, while the LEO Foundation's financial investments benefited from positive financial markets, delivering a solid return.**

The Group's 2024 result was positively impacted by a gain of DKK 2,184 million on LEO Foundation's investing activities offset by a net loss of DKK 1,776 million at LEO Pharma, resulting in net profit for the year of DKK 303 million.

## Operating activities

LEO Pharma's sales increased by 9% to DKK 12,453 million in 2024. At constant exchange rates (CER), Group sales growth was 10%, driven entirely by organic growth. Dermatology, which now accounts for 80% of Group sales (up from 79% in 2023), delivered solid double-digit growth for the second consecutive year, driven by the continued strong uptake of Adtralza®/Adbry®.

LEO Pharma's R&D costs were DKK 2,270 million, or 18% of revenue in 2024, compared to 19% of revenue in 2023. The 2024 costs included non-recurring expenses of DKK 68 million related to the transformation and restructuring of the organization. Key investment projects for the year included trial costs primarily related to tralokinumab and delgocitinib.

The Group's administrative costs totaled DKK 1,527 million, compared to DKK 1,768 million in 2023. The 2024 costs included non-recurring expenses of DKK 34 million related to transformation and restructuring of the organization, while 2023 was negatively impacted by a figure of DKK 75 million also related to transformation and restructuring of the organization. The Foundation's own net administrative and operational costs amounted to DKK 26 million, which is an increase of 13% compared to 2023, mainly caused by expansion of the organization.

The Group's operating result (EBIT) was a loss of DKK 1,188 million, compared to a loss of DKK 1,747 million in 2023.

## Philanthropic activities

The LEO Foundation awarded 75 grants totaling DKK 275 million in 2024, compared to 68 grants totaling DKK 217 million in 2023. The outstanding grant liability increased to DKK 542 million at year-end, versus DKK 462 million in 2023.

## Investing activities

The LEO Foundation's financial investments benefited from the positive financial markets and generated a positive return of DKK 2,184 million or 13.3%, compared to DKK 1,639 million in 2023. All asset classes – equities, credit, government and mortgage bonds, alternatives and overlay strategies – contributed positively. The financial markets were impacted by positive economic growth and by falling inflation, though at a slower pace than the central banks originally expected.

## Net result

Overall, the net result for the Group in 2024 was a gain of DKK 303 million, compared to a loss of DKK 1,628 million in 2023.

## Assets

At December 31, 2024, total assets amounted to DKK 38,429 million, compared to DKK 37,313 million in 2023. This includes financial investments of DKK 18,308 million at year-end, compared to DKK 16,516 million at year-end 2023.

Intangible assets amounted to DKK 4,942 million at December 31, 2024, against DKK 6,099 million in 2023. The decrease was primarily caused by ordinary amortization.

## Equity

The Group's total equity decreased slightly from DKK 19,925 million in 2023 to DKK 19,908 million at year-end 2024, mainly due to the negative result in LEO Pharma. This led to a decrease in non-controlling interests' share of equity, offset by the positive net result from the Foundation's investing activities.

## Cash flow

Total Group cash flow from operating activities was positive at DKK 71 million, compared to a negative DKK 1,945 million in 2023. This improvement was mainly due to the higher operating result and the change in working capital.

Cash flow from investing activities, excluding the purchase and sale of financial assets, was an



LEO Foundation Skin Immunology Research Center (SIC), the Maersk Tower in Copenhagen, Denmark. Photo: C. F. Møller Architects / Adam Mørk

outflow of DKK 317 million, against an outflow of DKK 537 million in 2023.

Cash flow from financing activities was an outflow of DKK 115 million, comprising use of overdraft facilities, offset by payment of lease liabilities and grants paid out during the year, compared with an inflow of DKK 1,677 million in 2023, mainly proceeds from borrowings.

### Outlook

The financial performance of the LEO Group depends on developments in LEO Pharma's commercial activities as well as the returns generated by the Foundation's investing activities.

In 2025, the expected revenue growth in LEO Pharma is 6-9% at constant exchange rates, expected to be driven by strong double-digit increases for Adtralza®/Adbry™ and the launch of Anzupgo® in additional markets, including the U.S. in the second half of the year, pending FDA approval.

The adjusted EBITDA margin\* is expected to improve to 15-18% in 2025, up from 7% in 2024, driven by sales growth and efficiency gains from restructuring initiatives implemented in 2024. Net profit is expected to be positive for the year, and free cash flow (excluding M&A) is also anticipated to be positive. The outlook is subject to risks and uncertainties. Various factors, including potential BD/M&A activities, changes in the geopolitical and macroeconomic

environment, demand shifts, regulatory changes and development in input costs, could significantly alter the outlook.

Based on the financial strength of the LEO Foundation and its vision of making a strong contribution to research that improves the lives of people living with skin diseases, the Foundation expects a grant level of around DKK 350 million in 2025.

*\* EBITDA adjusted for transformation and restructuring costs.*



# Financial highlights – LEO Group

(DKK million)	2024	2023	2022	2021	2020
<b>Income statement</b>					
Revenue	12,453	11,392	10,641	9,957	10,133
Operating profit/(loss)	(1,188)	(1,747)	(3,351)	(4,194)	(757)
Financial items	1,282	672	(2,201)	1,833	809
Profit/(loss) before tax	94	(1,075)	(5,551)	(2,362)	50
Net profit/(loss) for the year	303	(1,628)	(5,253)	(2,831)	(410)
<b>Balance sheet</b>					
Investments in property, plant and equipment	258	348	590	800	1,164
Non-current assets	17,638	16,535	18,421	17,832	16,535
Current assets	20,791	20,778	19,726	22,418	22,000
<b>TOTAL ASSETS</b>	<b>38,429</b>	<b>37,313</b>	<b>38,146</b>	<b>40,249</b>	<b>37,313</b>
<b>EQUITY</b>	<b>17,908</b>	<b>17,925</b>	<b>19,837</b>	<b>26,870</b>	<b>26,404</b>
<b>Key ratios</b>					
Return on equity	2%	(9%)	(23%)	(11%)	(2%)
Solvency ratio	47%	48%	52%	67%	68%





# LEO Pharma – sustained growth to strengthen global leadership in medical dermatology

We pave the way for curing skin diseases by assessing, challenging and supporting LEO Pharma in becoming a global leader in medical dermatology delivering outstanding results.

The LEO Foundation is an engaged owner of LEO Pharma and, guided by our charter, the primary purpose and objective of the Foundation is to ensure the long-term continuation and success of LEO Pharma.

In 2024, LEO Pharma made progress on its strategic priorities, delivering double-digit revenue growth while significantly enhancing profitability – laying a robust foundation for pursuing strategic

opportunities aligned with the company’s growth objectives. The financial results for 2024 and the guidance for 2025 put LEO Pharma on track to meet its ambitions for profitable growth, innovation and organizational capabilities.

## GROWTH

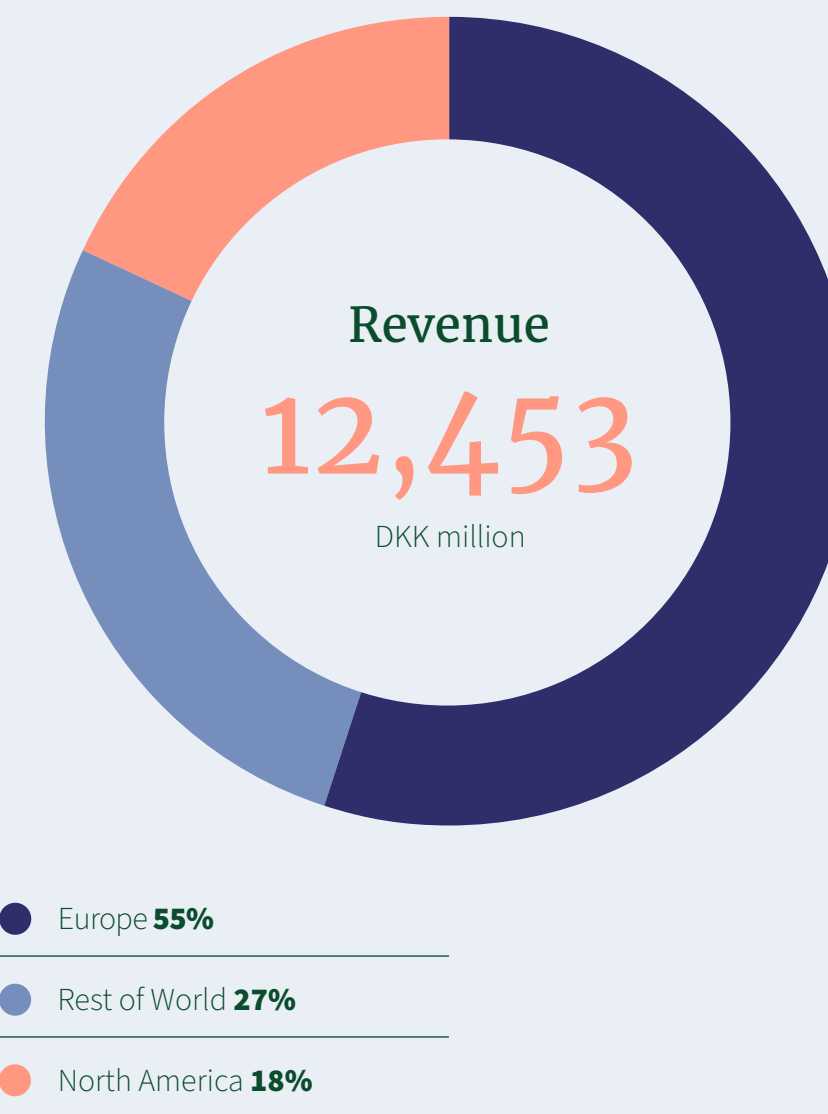
LEO Pharma’s revenue growth in 2024 was largely driven by Adtralza®/Adbry®, now launched in 20 markets. Revenue from Adtralza®/Adbry® increased by 69% at constant exchange rates (CER), driven by continued uptake across markets, particularly in North America.

In September, the European Commission approved LEO Pharma’s Anzupgo® (delgocitinib) for adults with moderate-to-severe chronic hand eczema (CHE). Anzupgo® is the first topical treatment in the European Union to be specifically indicated for adult patients with moderate-to-severe CHE for whom topical

corticosteroids are inadequate or inappropriate. The approval follows a positive opinion from the European Medicines Agency’s (EMA) Committee. Anzupgo® was launched in Germany in October as the first country in the world, followed by Denmark. LEO Pharma also advanced ambitions for delgocitinib in the U.S., with the FDA accepting the filing of the new drug application (NDA) in July. If approved, delgocitinib will become the first treatment in the U.S. specifically indicated for adults with moderate-to-severe CHE.

LEO Pharma’s established brands remain an important value driver, and a cornerstone in the treatment paradigm for diseases such as psoriasis and atopic dermatitis. Brands such as Protopic® and Enstilar® account for a significant share of the LEO Pharma Group’s revenue, and the established brands delivered revenue growth of 3%. An NDA for Enstilar® was filed in China for use in adults with stable plaque psoriasis.

Share of revenue based on geography



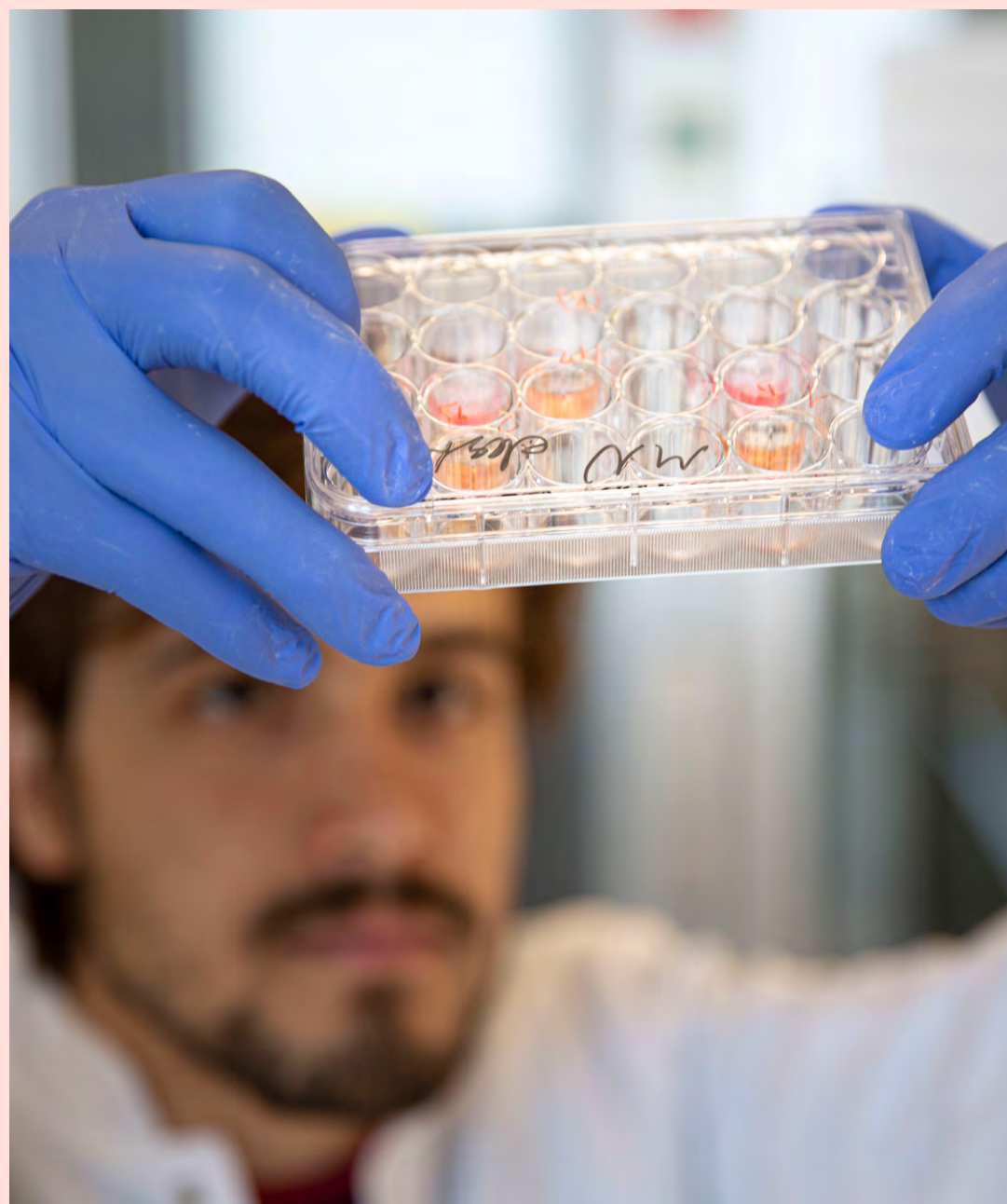


Photo: LEO Foundation Skin Immunology Research Center (SIC)

The immediate strategic priority remains to leverage LEO Pharma's more than 60 years of experience in medical dermatology and strong global commercial platform to maximize the growth potential of the strategic brands, while the value contribution from the established brands, including for thrombosis, supports reinvestment in sales. Adtralza®/Adbry® and Anzupgo® are the key near-term growth drivers, with a particular focus on capturing the significant growth potential in the U.S. Given the strong clinical data, LEO Pharma is assessing options to expand Anzupgo® to other indications.

### PIPELINE

Over the last few years, LEO Pharma has implemented significant changes to its innovation model, with an emphasis on external sourcing and collaboration on differentiated assets where significant value can be added.

LEO Pharma will continue to build on differentiated innovation capabilities, such as search and evaluation, skin biology, and formulation, as well as its reputation as a strategic alliance partner within medical dermatology, exemplified by the strategic partnership with Gilead announced on January 11, 2025.

In July, *The Lancet* published data from the DELTA 1 and DELTA 2 trials, investigating the safety and efficacy of delgocitinib in adult patients with moderate-to-severe CHE. Earlier in the year, the DELTA FORCE trial data showed that topical treatment with delgocitinib was superior on

all primary and secondary points at week 12 compared to the only other currently approved treatment specifically for CHE, an oral, systemic treatment for adult patients with severe CHE.

In September, nine-month interim data from the TRACE study was presented, showing that tralokinumab reduced the severity of moderate-to-severe atopic dermatitis (AD) in the head and neck region of the body.

During the year, LEO Pharma decided to discontinue its IL-17A PPI program (LP0128) due to preclinical findings in a four-week non-rodent GLP toxicity study. Additionally, the results of the double-blind part of the Phase 3 trial of TMB-001 in congenital ichthyosis were analyzed, revealing no statistically significant difference between treatment with TMB-001 and the vehicle. Consequently, the results did not warrant the submission of an NDA to the U.S. FDA.

In the near term, LEO Pharma aims to create a de-risked late-stage pipeline. In the longer term, the ambition is to serve as a vital integrator within the dermatology innovation ecosystem. By leveraging its disease insights and skin biology expertise, LEO Pharma seeks to define problems and collaborate with partners to develop effective solutions. The strategic partnership with Gilead is an example of such a partnership.

### PROFITABILITY

In 2024, LEO Pharma made significant progress in enhancing profitability, laying a robust

foundation for pursuing strategic opportunities aligned with the company’s growth objectives. With a clear strategic direction that leverages its strengths and a committed, capable leadership team, LEO Pharma took important steps to prioritize and right-size operations, as well as improve capital allocation.

The adjusted EBITDA margin reached 7%, an increase of 2 percentage points on the previous year. This positive development was primarily the result of revenue growth and the closure of projects with limited commercial potential.

These initiatives led to redundancies affecting up to 200 positions in 2024. While difficult, these measures were necessary to improve profitability and were executed without compromising the company's ability to deliver growth and innovation.

Despite the significant improvement in EBITDA margin, LEO Pharma still trails behind its peers and remains loss-making. This underscores the strong need to continue enhancing its financial performance to achieve sustainable growth and drive the company toward profitability.

LEO Pharma remains committed to balancing cost reductions with targeted investments that drive future growth. In 2025, the company aims to improve profitability, targeting an EBITDA margin of 15-18%. This will be achieved through further operating expense reductions, primarily by reorienting the pipeline and refining the

commercial presence. The cost base reduction will enable LEO Pharma to continue investing in key growth drivers such as Anzupgo® and Adtralza®/Adbry®.

Through disciplined financial management and operational excellence initiatives, LEO Pharma is well positioned to enhance profitability and achieve its long-term strategic objectives.

### FINANCIAL PERFORMANCE

LEO Pharma Group sales increased by 9% to DKK 12,453 million in 2024. At constant exchange rates (CER), Group sales growth was 10%, driven entirely by organic growth. Dermatology, which now accounts for 80% of Group sales (up from 79% in 2023), delivered solid double-digit growth for the second consecutive year, driven by the continued strong uptake of Adtralza®/Adbry®.

### Revenue by therapeutic area

Sales in Dermatology grew by 11% to DKK 10,008 million, corresponding to 12% growth (CER). The continued uptake of Adtralza®/Adbry®, now available in 20 markets, drove a 69% increase in sales (CER) for the product and accounted for most of the growth in dermatology sales. The introduction of a pre-filled Adtralza®/Adbry® pen, now available in 12 markets, further strengthened its uptake.

Anzupgo® was launched in its first two markets, Germany and Denmark, during Q4. While initial feedback has been positive, the launch did not significantly impact full-year revenue.

Beyond Adtralza®/Adbry® and Anzupgo®, the established dermatology brands recorded combined sales growth of 3% (CER). This growth was driven by Protopic®, which achieved solid double-digit growth for the second consecutive year. Kyntheum® and Skinoren® also contributed, while sales for the rest of the established brands remained largely stable.

Sales in Thrombosis increased by 8% to DKK 2,304 million, corresponding to 8% growth (CER). This growth was positively impacted by an extraordinary reversal of prior-year sales discounts. Other revenues from contract manufacturing of divested products totaled DKK 141 million in 2024, down from DKK 212 million in 2023.

### Revenue by region

Geographically, sales grew most strongly in the North American region, increasing by 34% to DKK 2,234 million, corresponding to 35% growth (CER). This robust growth marked a key milestone as the U.S. became LEO Pharma’s largest market by revenue in 2024, driven by the continued strong uptake of Adbry®. Canada also contributed significantly to the regional performance, achieving double-digit growth (CER) for the year.

Sales in Europe increased by 7% to DKK 6,836 million, corresponding to 7% growth (CER). The regional growth was led by Germany, which achieved double-digit growth (CER) for the year. Italy, Greece, the UK, Turkey and France also contributed significantly, with mid- to high-single-digit growth (CER).

**For further information about the LEO Pharma Group, please refer to LEO Pharma’s Annual Report.**  
[Click here](#)

- ~4,000 Employees in 32 countries
- 70+ Markets (31 affiliates & 41 partner markets)
- ~100 million Patients in treatment with LEO Pharma products annually
- 10% LEO Pharma Group revenue growth (CER)
- 12% Dermatology revenue growth (CER)
- 20 Adtralza®/Adbry® available in 20 markets



LEO Foundation Skin Immunology Research (SIC), the Maersk Tower in Copenhagen, Denmark. Photo: C. F. Møller Architects / Adam Mørk

Sales in the Rest of World region increased to DKK 3,383 million, corresponding to 5% growth (CER). Key markets driving this growth included the UAE, Saudi Arabia and Australia, all of which delivered double-digit growth (CER). However, sales in Japan were negatively impacted by pricing pressures. China contributed moderately to growth, as low consumer confidence affected both online and offline retail channels, particularly in the second half of the year.

#### Costs and profit & loss

Gross profit increased by 4% to DKK 7,518 million in 2024, resulting in a gross margin of 60%, compared to 63% in 2023.

Sales and distribution costs amounted to DKK 4,922 million in 2024, compared to DKK 5,098 million in 2023. The decrease was primarily due to extraordinarily high impairment charges in 2023, partially offset by non-recurring costs of DKK 179 million related to the transformation and restructuring of the organization in 2024.

Research and development costs amounted to DKK 2,270 million in 2024, compared to DKK 2,122 million in 2023. The 2024 costs included non-recurring expenses of DKK 68 million related to the transformation and restructuring of the organization.

Operating profit before depreciation and amortization, excluding non-recurring items (adjusted EBITDA), amounted to DKK 895 million

for 2024, up 43% on 2023. This represents a 2 percentage point improvement in the adjusted EBITDA margin, reaching 7% for 2024. Operating profit/(loss) (EBIT) improved by DKK 556 million compared to 2023, but remained negative at DKK 1,143 million. This corresponds to an EBIT margin of negative 9% for the year, up from negative 15% in 2023.

The financial performance in 2024 was in line with the most recent outlook, updated in August, which projected sales growth of 9-11% (CER) and an adjusted EBITDA margin of 6-8%. This outlook had been revised upward following the publication of the H1 2024 results. Consequently, the full-year performance exceeded the initial outlook provided in the 2023 Annual Report, which anticipated sales growth of 4-8% (CER) and an adjusted EBITDA margin in the mid-single digits.

#### Outlook

Revenue growth in 2025 is expected to be 6-9% (CER). Given current exchange rates versus the Danish krone (as of February 21, 2025), revenue growth reported in DKK is expected to be 1 percentage point higher than at CER. Growth at constant exchange rates is expected to be driven by strong double-digit increases for Adtralza<sup>®</sup>/Adbry<sup>®</sup> and the launch of Anzupgo<sup>®</sup> in additional markets, including the U.S. in the second half of the year, pending FDA approval. Group revenue growth at constant exchange rates is expected to be higher in the second half of the year compared to the first half,

due in part to the increasing impact from the launch of Anzupgo<sup>®</sup>.

The adjusted EBITDA margin is expected to improve to 15-18% in 2025, up from 7% in 2024, driven by sales growth and efficiency gains from restructuring initiatives implemented in 2024. Adjusted EBITDA excludes the DKK 1.8 billion one-time upfront payment from the strategic partnership with Gilead announced on January 11, as well as other non-recurring items.

Reported net profit is expected to be positive for the year, and free cash flow (excluding M&A) is also anticipated to be positive.

The above outlook is subject to risks and uncertainties. Various factors could significantly alter the outlook, including but not limited to the impact of potential BD/M&A activities, changes in the geopolitical and macroeconomic environment, significant demand shifts and/or price reforms in key markets such as the U.S. and China, regulatory changes or delays, supply disruptions, and developments in raw material and other input costs.



# Investment activities

## – a year of solid returns

We pave the way for curing skin diseases by generating attractive investment returns that enable us to ensure LEO Pharma's long-term continuation and strategic development, as well as providing a growing basis for our philanthropic grants.

The LEO Foundation's financial investments are the engine of the Foundation's long-term stability and strength. With DKK 18.3 billion in financial assets, we follow a long-term investment strategy, managing a diversified, global portfolio to generate attractive returns while carefully balancing risks.

The financial markets in 2024 mirrored the strength of 2023, particularly in risk assets, though with notable disparities between equity and fixed-income markets. Key themes of the year included positive economic growth, a gradual but slower-than-expected decline in inflation, and shifts in monetary policy. A major event was the US presidential election, where Trump's victory prompted financial markets to discount the effect of economic policy, including tariffs, impacting long-term US yields and global equities.

Global equity markets were on an upward trajectory in 2024, punctuated by occasional setbacks, most notably a "flash crash" – a sudden and significant drop in the value of the market, followed by a quick recovery – originating in Japan in August. Regional returns varied

significantly, with US equities gaining 25% and European equities rising 10%, while emerging markets equities increased by 8%. When adjusted for appreciation of nearly 7% in the US dollar, US equities became the standout performers when measured in Danish kroner, delivering an impressive 34% return. Conversely, Danish equities underperformed, achieving a gain of just 2.4%.

In fixed-income markets, shifting expectations for central bank policies – particularly in the U.S. – drove significant movements in yields. US two-year yields initially rose by 0.7%, then fell by 1.5%, before climbing another 0.7%, ending the year nearly unchanged from 2023. Similar trends were observed for 10-year yields, which closed the year with modest increases of 0.5% in the U.S. and 0.3% in Germany.

### Solid returns on the investment portfolio

The LEO Foundation's financial portfolio benefited from the positive financial markets and delivered a solid return of DKK 2,184 million, or 13.3%, with all asset classes – equities, credit, government and mortgage bonds, alternatives and overlay strategies – contributing positively and, combined,

exceeding the performance benchmark set for the financial portfolio for the year.

Equities delivered a robust contribution of DKK 1.3 billion, achieving an asset class return of 18.5%. However, individual mandate returns ranged widely, from 0.1% to 24.3%, underscoring the importance of diversification of investments in managing risk and optimizing performance.

The government and mortgage bond portfolio generated a 3.9% return, adding DKK 105 million, while credit investments contributed DKK 137 million, with a return of 6.5%. Overlay strategies provided an additional DKK 7 million.

Alternatives showed strong performance, contributing DKK 623 million and a return of 11.6%. This result was supported by USD appreciation and high returns from private equity,

### Investment portfolio

Assets	Market value (DKK million)			Return (%)		
	31.12.2024	31.12.2023	31.12.2022	2024	2023	2022
Government and mortgage bonds	972	1,601	1,185	3.9	5.1	(9.9)
Equities	8,705	8,012	7,400	18.5	16.0	(14.2)
Credit	2,243	2,106	2,602	6.5	9.8	(12.2)
Alternatives	6,388	4,797	4,469	11.6	2.4	3.5
<b>Total</b>	<b>18,308</b>	<b>16,516</b>	<b>15,655</b>	<b>13.3</b>	<b>10.7</b>	<b>(9.2)</b>



credit and fixed-income hedge funds, although real estate faced negative returns.

**Investment portfolio highlights**

During the year, we continued to enhance our portfolio by adding illiquid alternatives, aligned with our strategic plan. This included one new commitment to a private equity fund and two additional top-up commitments to a private equity fund and an Infrastructure fund, totaling DKK 672 million.

While the expected deployment of funds to alternatives progressed as planned, their share of the portfolio grew by less than expected, primarily due to the significant returns achieved by listed equities. Overall, the allocation to illiquid alternatives increased by DKK 1.2 billion, representing an increased allocation of 4.2 percentage points of the financial portfolio.

Among the publicly listed assets, we reduced government and mortgage fixed-income exposure by DKK 200 million and added a new fixed-income hedge fund.

Significant portfolio adjustments in 2024 included a reduction in equity weighting of DKK 772 million in total, using equity index futures. In addition, interest rate risk was adjusted during the second half of the year using fixed-income futures. Toward the end of 2024, exposure to emerging markets equities was reduced by DKK 730m – approximately

4% of the financial portfolio, with a corresponding increase in allocation to US and European equities.

By the end of 2024, the portfolio was balanced, with 48% allocated to equities, 35% to alternatives, 12% to credit, and government and mortgage bonds representing 5%.

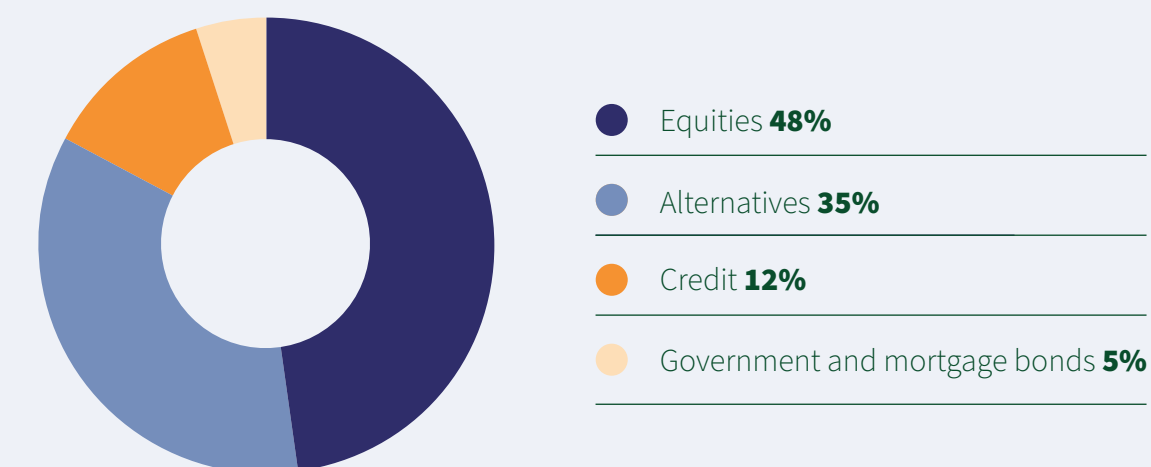
**Outlook**

In 2025, the portfolio will see further enhancements through additional investments in alternative assets, to drive returns and improve diversification. Deployment of commitments to illiquid alternatives is anticipated to accelerate, with a focus on partnering with existing managers

raising new funds. The overall risk level in the portfolio is expected to remain stable, ensuring a balanced approach to growth and preservation.

The portfolio’s risk and liquidity profile will continue to ensure that the LEO Foundation has the financial strength to enable us to ensure LEO Pharma’s long-term continuation and strategic development, as well as providing a growing basis for our philanthropic grant activities.

**Asset allocation of the investment portfolio at 31.12.2024**





# Philanthropic activities – consolidating grant programs and encouraging collaboration

**We pave the way for curing skin diseases by supporting outstanding research that pioneers new discoveries and transforms our understanding of the skin and its diseases.**

At the LEO Foundation, we support free and independent skin research of the highest quality that can pioneer discoveries and transform our understanding of the skin and its diseases. We also provide grants for education and awareness activities that strengthen the talent base for the next generation of researchers as well as promoting and communicating science to the public.

In 2024, we continued to advance our 2025 grant strategy, with a focus on consolidating two new open competition research grant programs introduced in 2023. These programs include the LEO Foundation Dr Abildgaard Fellowships, supporting early-career researchers, and the Serendipity Grants, allowing existing grantees to apply for funding to explore new and potentially groundbreaking ideas arising from their ongoing research projects.

Our grant strategy sets a clear goal for all types of philanthropic activities from the LEO Foundation: to support and catalyze a thriving international skin research ecosystem. With this ecosystem as a watermark and guiding principle, we expanded our research funding programs during the year by introducing two new grant programs aimed at encouraging researcher collaboration and facilitating knowledge exchange through meetings and networking opportunities. The Research Networking program supports collaboration and knowledge-sharing by providing researchers and students with opportunities to present and discuss the latest research advancements with their peers at scientific meetings and symposia. The Visiting Researchers' program enables the temporary embedment of skin researchers in a foreign research environment, aiming to foster genuine international collaborations and strengthen the exchange of knowledge, ideas, methodologies

and technologies between Danish and international skin research communities.

In 2024, we awarded a total of DKK 275 million across 75 grants, based on 291 applications. Notably, a record 205 applications were reviewed for the open competition Research Grants program. In total, 251 grant applications and award self-nominations were peer-reviewed and evaluated by external expert panels in 2024.

### Impact assessment and evaluation

We want to ensure that our philanthropic activities create a positive impact, not only within the specific research field, but also for society at large. To achieve such insights, we need comparable data and systematic monitoring over time. That is why we ask grantees and awardees to report annually on their research and activities through one of two online reporting tools: Researchfish

and Foundgood. These tools collect both quantitative and qualitative data on the progress as well as outputs and outcomes of the projects we fund. We use this information in the dialogue with our grantees, and it helps us to assess the effects of our support and inform decisions on new funding programs.

As part of our efforts to track and understand the impact of our philanthropic activities, we collect a wide range of data. Some key highlights include the following: since 2020, more than 350 dedicated researchers have been fully or partially funded by our grants, and since 2016, over 900 publications have disseminated major findings in dermatological research. These publications are cited more than twice the average rate within the field, and the findings have contributed to the formation of both new policy documents and the establishment of spin-out companies.

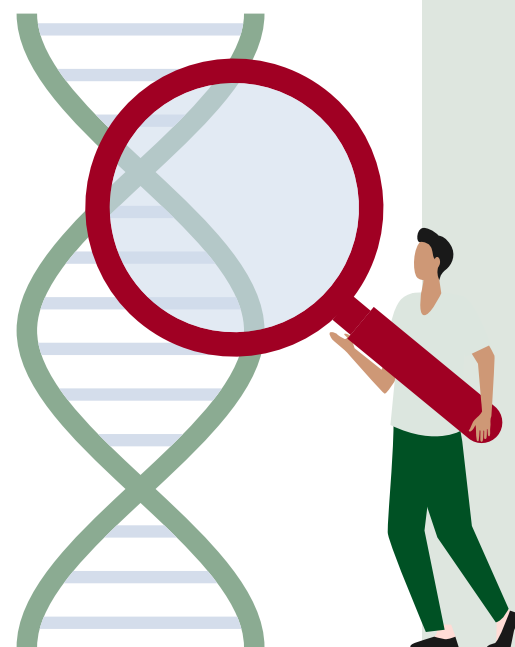
A total of 75 grants were added to our active portfolio in 2024, which also marked the start of major inter-foundation collaborations to further enhance our value creation. One excellent example is the launch of the Center for Pharmaceutical Data Science Education, which you can read more about on page 20 of this Annual Report.

We are continuously refining methods to track the short-, medium- and long-term value creation of our philanthropic activities – from academic impact to broader societal impact. In 2024, we finalized the structure for expanded annual impact reporting to the Foundation's Board.

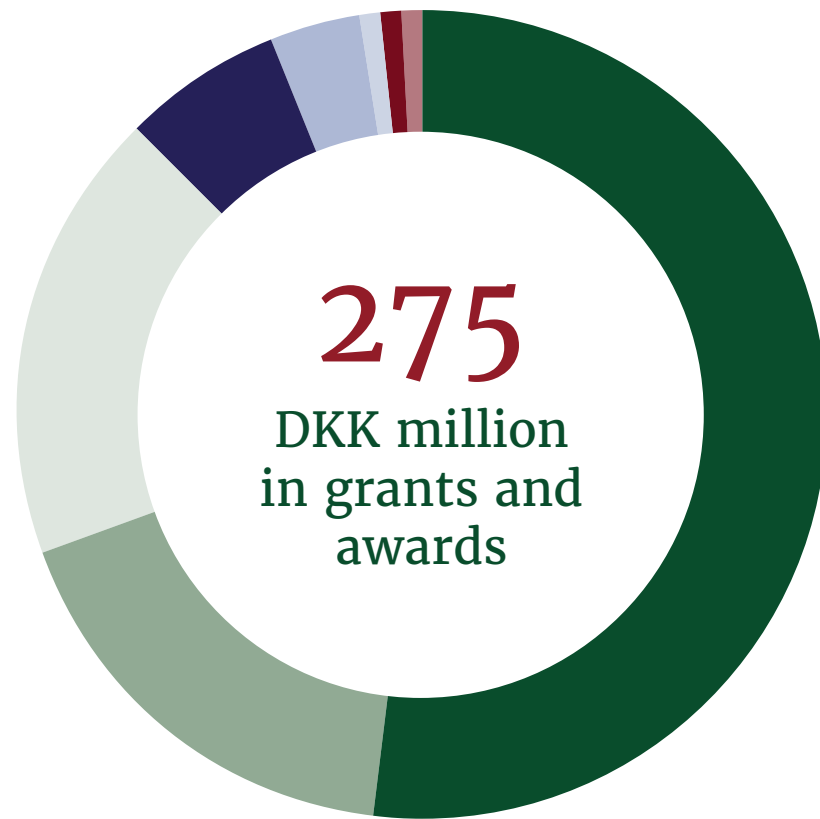
### Outlook

In 2025, we will uphold our existing research funding portfolio, maintaining funding for the two new programs introduced in 2024. In addition, 2025 will mark the finalization and publication of the Foundation's grant strategy for the next five-year period (2026-2030). This new strategy will expand the Foundation's philanthropic reach, building on the excellence-based core established under the current 2025 grant strategy.

We expect a grant level of around DKK 350 million for 2025, reflecting our continued commitment to supporting outstanding research that pioneers new discoveries and transforms our understanding of the skin and its diseases.



# 2024 key figures



- 38 Research Grants in open competition,** DKK 143 million

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- Six standalone grants,** DKK 50 million

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- Four LEO Foundation Dr Abildgaard Fellowships,** DKK 48 million

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- Five Serendipity Grants,** DKK 18 million

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- 11 Education and Awareness Grants,** DKK 10 million

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- Seven Research Networking Grants,** DKK 2 million

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- One Visiting Researcher Grant,** DKK 2 million

---

- Three LEO Foundation Awards,** DKK 2 million

**194**  
DKK million  
in total payout

**75**  
grants and  
awards in total

**291**  
applications  
in total

**46/54**  
% female/  
male



## 40 years of the LEO Foundation

To mark the LEO Foundation's 40th anniversary, a special anniversary prize was awarded. **Professor Gregor Jemec, DMSc,** received the honorary prize for his extraordinary contribution to skin research – especially for his pioneering and persistent work on the chronic skin disease hidradenitis suppurativa (HS). The DKK 5 million prize is to be used for research and to hold an international symposium.

[Learn more](#)



# Showcasing 2024: Philanthropic activities driving the grant strategy

These examples illustrate our core purpose of paving the way for curing skin diseases while aligning with our broader strategic objectives.

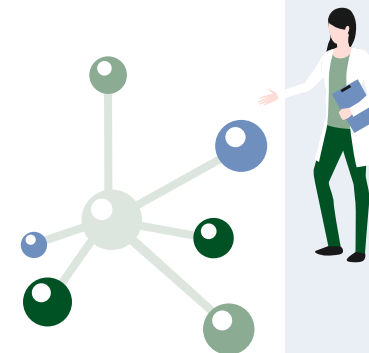
## Skin Genetic Consortium: Advancing genetic research in skin diseases

One of the projects awarded a research grant in the open competition program was the establishment of the Skin Genetic Consortium (SGC), led by Associate Professor Lavinia Paternoster at the University of Bristol, UK. This project aims to uncover the genetic basis of skin diseases. By utilizing extensive genetic data from diverse populations, the SGC seeks to enhance our understanding of these conditions.

The consortium is committed to open science, developing a standardized platform for data integration and making results widely accessible. This initiative will provide a vital resource for researchers across disciplines, setting a new standard in genetic research for skin health and improving outcomes for patients worldwide.



Photo: Associate Professor Lavinia Paternoster



## New Center for Pharmaceutical Data Science Education established

In August 2024, the University of Copenhagen and the University of Southern Denmark announced the establishment of the Center for Pharmaceutical Data Science Education, supported by the LEO Foundation, the Novo Nordisk Foundation and the Lundbeck Foundation.

The center will receive DKK 123 million over six years to integrate data science into

pharmaceutical education at all levels. This initiative aims to equip future pharmaceutical professionals with skills in artificial intelligence, machine learning and big data, in order to enhance innovation and healthcare solutions globally. This collaboration will strengthen deep data science knowledge to drive digital transformation and future-proof pharmaceutical sciences education.

## Inspiring young minds: Children's books celebrate Danish scientists

As part of the Education and Awareness Grants program, the LEO Foundation supported the publication of four children's books in the "Danske stjerner" (Danish Stars) series. These books aim to inspire young readers by introducing them to notable Danish scientists and their discoveries.

The books highlight the lives of:

- Niels Finsen, who received the Nobel Prize in 1903 for developing light therapy to treat skin tuberculosis.

- Fatima AlZahra'a Alatraktchi, who is recognized for her innovative method of detecting bacteria.
- Morten Meldal, a Nobel Prize laureate who is celebrated for his groundbreaking work on click chemistry.
- Elise Sørensen, a nurse who invented the ostomy pouch.

The books are for children aged four to eight, and combine storytelling about what motivated the individual scientists featured in the books with facts to inspire children's curiosity about science.

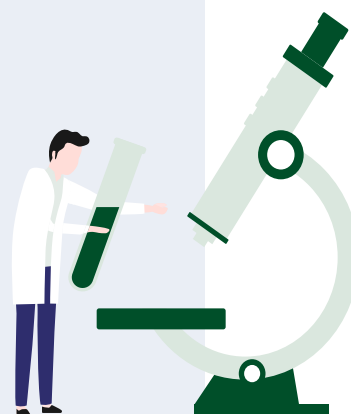


Photo: Børnebogforlaget



Photo: Videnskab.dk

## A sound library of knowledge about skin and skin diseases for all

A new podcast series called "Hudlægens bord" (The Dermatologist's Table) was launched for a Danish audience by Denmark's leading popular science media, Videnskab.dk, with support from the LEO Foundation. Hosted by dermatologist Iben Marie Miller, PhD, the podcast explores various aspects of skin health and skin diseases – topics that concern many people. The podcast delves into skin-related topics such as acne, skin

color, hereditary hair loss, sun protection and skin aging, with insights from researchers and experienced dermatologists.

Iben Marie Miller emphasizes the importance of presenting detailed scientific information in an engaging and easy-to-understand way, while addressing myths and misinformation about skin health.

# Governance

The LEO Foundation operates a transparent governance model with clearly defined roles and responsibilities.

As an engaged owner of LEO Pharma and one of Denmark's largest enterprise foundations with substantial philanthropic activities and significant financial investments, the LEO Foundation has considerable impact in Denmark and internationally. Consequently, we have an important obligation and responsibility to operate transparently and with high integrity.

### Governance recommendations

The LEO Foundation is committed to being transparent and responsible in all our actions, and we fully support and comply with all the recommendations issued by the Danish Committee on Foundation Governance.

### Board of Trustees

The LEO Foundation is governed by a Board of Trustees in collaboration with the management team. The Board of Trustees consists of 11 members. Seven members are appointed in accordance with the Foundation's charter, while four are elected by LEO Pharma employees in accordance with applicable laws.

The composition of the Board reflects the qualifications and skills necessary for the LEO Foundation to fulfill the objectives specified in our charter.

The members of the LEO Foundation's Board of Trustees also make up the Board of Directors of LEO Holding A/S.

Matters related to overall strategies and the LEO Foundation's grant activities are handled by the Board of Trustees of the LEO Foundation, while matters related to investments and our engaged ownership of LEO Pharma are handled by the Board of Directors of LEO Holding A/S. Both boards meet at least four times a year and, in addition, hold an annual seminar to discuss and review strategies.

The Board has set up two permanent board committees: a Grant Committee (as part of the LEO Foundation) and an Investment Committee (as part of LEO Holding A/S). Both committees meet at regular intervals. In addition, ad hoc committees are established when deemed relevant, to handle specific matters. For instance, a Strategic Ownership Committee was established to assist the Board in managing the ownership of LEO Pharma.

### Grant governance

The LEO Foundation has established a working procedure and an approval process based on accepted international standards, to ensure that all grant applications are thoroughly reviewed.

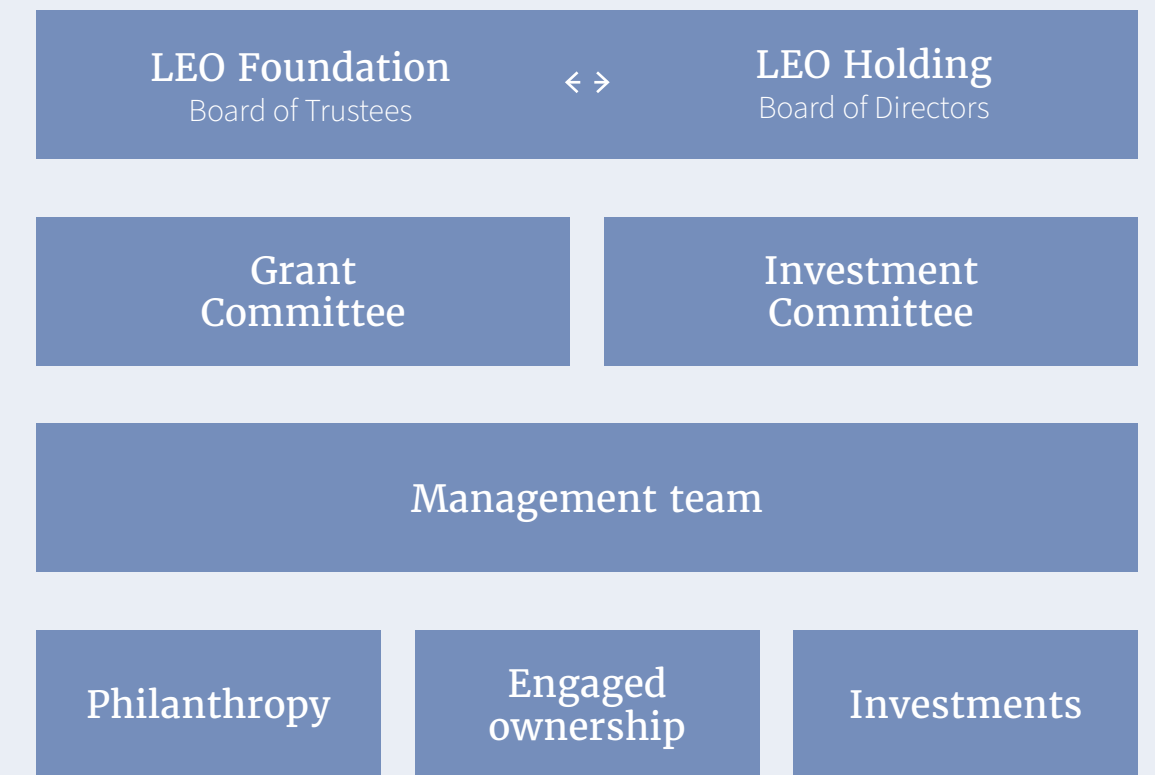
The Grant Committee supervises all grant and award activities and advises the Board on relevant matters, including grant strategies and policies. The Grant Committee also ensures that all grant and award applications undergo rigorous assessment, to verify alignment with the LEO Foundation's objectives for its philanthropic activities. This includes the evaluation of applications by standing panels of external experts from research institutions

For a full overview of the LEO Foundation's compliance with the Recommendations for Foundation Governance, please visit [leo-foundation.org/governancerecommendations](https://leo-foundation.org/governancerecommendations)

[Click here](#)



### Governance structure



around the world who, among other things, assess the scientific topic, the proposed research and the applicant’s qualifications. The Scientific Evaluation Committee reviews applications for research grants in open competition, while the Global Review Panel reviews nominations for the LEO Foundation Awards. In addition, in 2024, four ad hoc expert committees reviewed applications for the LEO Foundation Dr Abildgaard Fellowships, the Serendipity Grants as well as applications for standalone grants.

Committees and panel members must be impartial and comply with the LEO Foundation’s conflict of interest policy.

The Board makes the final decision on all grants and awards, based on recommendations from the external review panels and the Grant Committee.

The principles of freedom and independence of research underpin all parts of our grant strategy, as does the expectation that results and insights from research projects and other projects in receipt of grants from the Foundation should be shared with as many people as possible. Researchers have full publishing freedom, and the research results based on a Foundation grant belong to the researchers and the public research institutions.

**Investment governance**

The Investment Committee advises the Board on matters relating to investments and asset management. It prepares and recommends

investment strategies and policies to the Board, and ensures their implementation in cooperation with the management team.

The Investment Committee also monitors and reviews relevant internal controls, risk management and governance models. The Board maintains overall responsibility for the investments.

**Engaged ownership of LEO Pharma**

The LEO Foundation’s main objective is to ensure the long-term continuation and success of LEO Pharma. As the controlling shareholder of LEO Pharma, we exercise engaged ownership by electing highly qualified professionals to the Board of Directors of LEO Pharma and by means of regular interaction with the company’s chairmanship, Executive Management and minority co-shareholder Nordic Capital.

LEO Pharma issues monthly reports on the progress and performance of the business, followed by ad hoc status meetings with shareholders. In addition, an annual Capital Markets Day is held, at which the strategic progress is reviewed and discussed.

The LEO Foundation holds two seats on the company’s Board of Directors with direct representation. These seats are currently held by LEO Foundation CEO Peter Haahr and board member Lars Green.

**For more information about LEO Pharma’s governance, please refer to the LEO Pharma Annual Report.**

[Click here](#)




**Our engaged ownership is based on three main principles that guide our actions and behavior:**

**Dedicated**

We take a long-term strategic view of the business and are strongly committed to ensuring the successful development of LEO Pharma.

- We facilitate and contribute to constructive shareholder interactions, to ensure alignment on the long-term strategic direction of the company.
- We assess, challenge and support the company’s strategic development and performance.

**Responsible**

We want to make a sustained difference, and consider sustainability and integrity prerequisites for LEO Pharma’s long-term success.

- We uphold and protect the company’s fundamental values and promote a culture of integrity and positive corporate behavior.
- We work to promote responsible business practices throughout the company.

**Ambitious**

We set the bar high and support LEO Pharma in reaching its full potential and advancing the standards of care for patients around the world.

- We encourage the company to be at the forefront of scientific discovery and drive continuous innovation.
- We work to ensure a strong focus on competitive operations and financial performance.

# Engaged ownership – governance journey

The LEO Foundation was established in 1984 by Knud Abildgaard, who, together with his wife Gertrud Abildgaard, owned Denmark's largest pharmaceutical manufacturer, Løvens kemiske Fabrik. He wanted to ensure the continuation of his life's work and the company we know today as LEO Pharma by transferring controlling ownership to an enterprise foundation. The plans crystallized in 1984, when Knud and Gertrud Abildgaard donated their shares in LEO Pharma to the LEO Foundation. Following their passing in 1986, the Foundation became the sole owner of the company.

Guided by its charter, the LEO Foundation's main objective is to ensure LEO Pharma's long-term development and success. In addition to owning LEO Pharma, the Foundation provides philanthropic support to independent research in the fields of medicine, chemistry and pharmacy.

Over the years, the Foundation has undergone significant development. A key aspect was a thorough update of the governance model in 2017, which included establishing a separate chairmanship for the Foundation's Board of

Trustees – which previously overlapped with the chairmanship of LEO Pharma's Board of Directors. In addition, the Foundation strengthened its engaged ownership of the company by implementing a new engagement and reporting model, fully aligned with the Recommendations for Foundation Governance, and with a clear focus on pursuing competitive strategic and financial performance. An independent management team and organization were appointed to handle and professionalize the Foundation's charter-defined tasks.

Following the establishment of the new governance model, the Foundation's Board carefully considered whether sole ownership of LEO Pharma remained the optimal long-term ownership structure to support LEO Pharma's journey toward global leadership in medical dermatology. In 2021, the Board decided to adjust the ownership structure to create a stronger balance between the Foundation's long-term perspective and the shorter-term focus of independent investors, while also fueling growth and enhancing funding flexibility to support LEO Pharma's ambitions.

This led to welcoming Nordic Capital, a leading global healthcare private equity investor, as an active minority co-shareholder and strategic partner. Combined with the LEO Foundation's continued controlling ownership of LEO Pharma, the partnership with Nordic Capital ensures that the company has the best possible platform for achieving its ambitions.

The ownership model will continue to evolve, combining engaged ownership and strategic ambition with financial discipline, to ensure sustainable and competitive growth of LEO Pharma.

As part of this evolution, the targeted public listing of LEO Pharma is considered an attractive opportunity to unlock new potential, supporting the company's development and growth. With the LEO Foundation as continuing controlling shareholder, this structure ensures both long-term stability and strategic ambition while leveraging the equity market's dynamic attention and typical shorter-term performance focus. It also provides increased funding flexibility and a diverse shareholder base, enhancing LEO Pharma's ability to advance the standard of care for millions of people with skin diseases.



The LEO Foundation was established in 1984 by Knud Abildgaard (1901-1986).

# Board of Trustees



## Lars Olsen

### Chair

Born 1965 / M

Doctor of Medicine, MBA

Elected in 2015 (re-elected 2023, end of term 2025)

### Background

- Executive Vice President, Global Sales & Marketing, LEO Pharma
- Executive Vice President, Research & Development, LEO Pharma

### Additional positions

- Chair of the Board and member of the Investment Committee, LEO Holding A/S

Appointed by authorities: No

Considered independent: No

### Competencies

Pharma, general management, R&D, sales and marketing



## Eivind Kolding

### Vice Chair

Born 1959 / M

Master of Law, Advanced Management Program

Elected in 2017 (re-elected 2023, end of term 2025)

### Background

- CEO, Novo A/S
- CEO, Danske Bank A/S
- Group CFO, later CEO, A.P. Møller - Mærsk A/S
- Lawyer, Bornstein & Grønborg

### Additional positions

- Vice Chair of the Board and member of the Investment Committee, LEO Holding A/S
- Chair of the boards of DAFA Group A/S, Danish Ship Finance, Frankly A/S, Kunstforeningen Gammel Strand, MFT Energy A/S, NTG Nordic Transport Group A/S
- Member of the boards of NNIT A/S (Vice Chair), Altor Fund Manager AB, Erhvervslivets Tænketank (Advisory Board)

Appointed by authorities: No

Considered independent: Yes

### Competencies

General management, finance, law



## Allan Carsten Dahl

### Board member

Born 1967 / M

Principal Professional, LEO Pharma, Master of Science (Chemistry), PhD

Elected in 2015 (re-elected 2022, end of term 2026)

### Background

- Development Chemist, PharmaZell Denmark A/S
- Development Chemist, GEA Pharmaceutical A/S
- Development Chemist, H. Lundbeck A/S
- Research and Development Chemist, Niels Clauson-Kaas A/S

### Additional positions

- Employee-elected member of the Board, LEO Holding A/S

Appointed by authorities: No

Considered independent: No

### Employee-elected

Elected by the employees of LEO Pharma



## Anja Boisen

### Board member

Born 1967 / F

Professor, DTU Health Technology; Director, IDUN – a DNRF/VKR Center of Excellence; Master of Science (Physics); PhD; Executive Program

Elected in 2019 (re-elected 2023, end of term 2025)

### Background

- Director, IDUN – a DNRF/VKR Center of Excellence
- Development Engineer, Cantion A/S
- Associate Professor, DTU

### Additional positions

- Member of the Board, LEO Holding A/S
- Member of the Grant Committee, LEO Foundation
- Member of the boards of Heliac, Lightnovo ApS, Villum Fonden
- Member of the Royal Danish Academy of Sciences and Letters

Appointed by authorities: No

Considered independent: Yes

### Competencies

Research, general management, innovation, fundraising



## Cristina Lage

### Board member

Born 1954 / F

Master of Science (Business)

Elected in 2016 (re-elected 2023, end of term 2025)

### Background

- CEO, Unipension A/S
- CEO, Nordea Invest A/S
- CEO, Nordea Liv og Pension A/S
- Secretary General, Social Liberal Party
- CEO, TV2/Danmark A/S
- CEO, Louisiana Museum of Modern Art
- CFO, ISS Scandinavia A/S

### Additional positions

- Member of the Board and Chair of the Investment Committee, LEO Holding A/S
- Member of the Board and Audit Committee, C.W. Obel A/S
- Member of the boards of C.L. Davids Fond, Det Obelske Familiefond, OK-Fonden (Vice Chair)

Appointed by authorities: No

Considered independent: Yes

### Competencies

General and change management, investment and asset management, financial risk management



For further information  
about the Board of Trustees

[Click here](#)





## Franck Maréno

### Board member

Born 1977 / M

Team Leader Fermentation and Heparinase, LEO Pharma, AP Graduate Laboratory and Biotechnology "Technonome"

Elected in 2021 (re-elected 2022, end of term 2026)

### Background

- Principal Technician, LEO Pharma New Fucidin API Production
- Operator, Ferring Pharmaceuticals
- Union Representative, Ferring Pharmaceuticals
- Technician, Cederroth Paramedical
- Technician, LEO Pharma Fucidin API Purification

### Additional positions

- Employee-elected member of the boards of LEO Holding A/S, LEO Pharma

Appointed by authorities: No

Considered independent: No

### Employee-elected

Elected by the employees of LEO Pharma



## Jannie Kogsbøll

### Board member

Born 1962 / F

Operator, LEO Pharma, Higher Commercial Examination

Elected in 1998 (re-elected 2022, end of term 2026)

### Background

- F Group A/S (Fona)

### Additional positions

- Employee-elected member of the boards of LEO Holding A/S, LEO Pharma

Appointed by authorities: No

Considered independent: No

### Employee-elected

Elected by the employees of LEO Pharma



## Karin Jexner Hamberg

### Board member

Born 1961 / F

Chief Medical Officer, Senior Vice President, Global Patient Safety, H. Lundbeck A/S, Doctor of Medicine

Elected in 2019 (re-elected 2023, end of term 2025)

### Background

- Vice President, Medical Affairs & Clinical Development Centers, H. Lundbeck A/S
- Vice President, Clinical Study Execution, H. Lundbeck A/S
- Executive Vice President, CMO, Lifecycle Pharma (now Veloxis), Hørsholm, Denmark & New York City, USA
- Vice President, Development, LEO Pharma
- Director, R&D Project Management, LEO Pharma

### Additional positions

- Member of the Board, LEO Holding A/S
- Member of the Grant Committee, LEO Foundation
- Chair, Main Consortium, Business Lighthouse Mental Health

Appointed by authorities: No

Considered independent: Yes

### Competencies

Strategic R&D management



## Lars Green

### Board member

Born 1967 / M

Master of Science (Business), PED, IMD

Elected in 2020 (re-elected 2023, end of term 2025)

### Background

- CFO and Executive Vice President, Novozymes A/S
- Executive Vice President, Business Services & Compliance, Novo Nordisk A/S
- Senior Vice President, Finance and Operations, Novo Nordisk Inc., NJ, USA
- Senior Vice President, Corporate Finance, Novo Nordisk A/S
- Director of Finance & IT, Novo Nordisk Pharma Ltd., Tokyo, Japan

### Additional positions

- Member of the Board, LEO Holding A/S
- Member of the Board and Chair of the Audit Committee, LEO Pharma
- Member of the boards of the Danish Committee on Corporate Governance, Nordic Storm A/S, Pharmacosmos A/S

Appointed by authorities: No

Considered independent: Yes

### Competencies

Pharma, finance, general management, corporate governance



## Lotte Hjortshøj

### Board member

Born 1971 / F

Executive Assistant, LEO Pharma, Diploma Graduate

Elected in 2018 (re-elected 2022, end of term 2026)

### Background

- Personal Assistant, LEO Pharma
- Head of HR Administration, LEO Pharma
- HR Coordinator, LEO Pharma
- Project Manager, LEO Pharma

### Additional positions

- Employee-elected member of the Board, LEO Holding A/S

Appointed by authorities: No

Considered independent: No

### Employee-elected

Elected by the employees of LEO Pharma



## Peter Schwarz

### Board member

Born 1959 / M

Professor-in-chair, Medical Doctor, Doctor of Medical Science (Dr.med.); Specialist in Endocrinology, Medicine and Clinical Biochemistry; Head of Research, Department of Endocrinology, Rigshospitalet

Elected in 2017 (re-elected 2023, end of term 2025)

### Background

- Research Fellow, Harvard Medical School
- Head of Department, Hvidovre Hospital
- Professor, Rigshospitalet-Glostrup Hospital

### Additional positions

- Member of the Board, LEO Holding A/S
- Chair of the Grant Committee, LEO Foundation

Appointed by authorities: No

Considered independent: Yes

### Competencies

Basic and clinical research, general management, fundraising



# Foundation staff

The LEO Foundation organization comprises a dedicated team of highly competent specialists.



**Peter Haahr**  
CEO



**Anne-Marie Engel**  
Chief Scientific Officer



**Anton Kieler Saietz**  
Senior Associate



**Boline Skovly**  
Communication Advisor and Editor



**Eva Bang-Hansen**  
Scientific Management Assistant



**Eva Benfeldt**  
Senior Scientific Officer



**Lars Kruse**  
Senior Scientific Officer



**Lars Thørs**  
Senior Investment Director



**Line Elkjær Christiansen**  
Junior Analyst



**Morten S. Christensen**  
Chief Investment Officer



**Pernille Mørch-Sørensen**  
Executive Assistant



**Peter Kjeldsen Hansen**  
Vice President, Head of Strategic Ownership and Business Development



**Signe Krabek**  
Senior Director, Head of Communication and Public Affairs



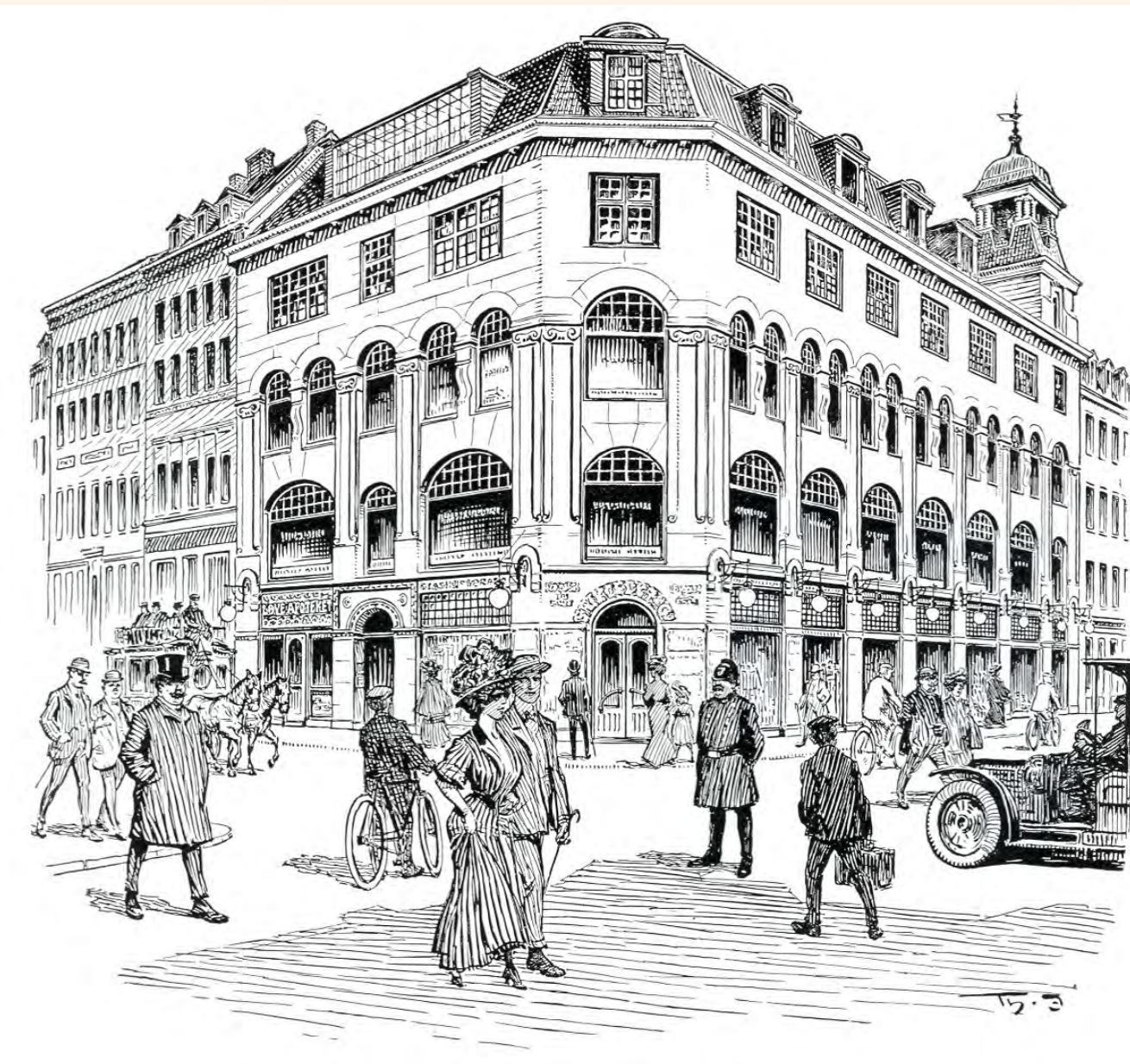
**Signe Rømer Holm**  
Scientific Officer



**Stine Wolf Larsen**  
Finance Director

←  
For further information about the Foundation team  
[Click here](#)

Photo: LEO Pharma



# LEO Historical Archives and Museum

The old porter's building at LEO Pharma's headquarters is home to the LEO Historical Archives and Museum, which is run by the LEO Foundation. The LEO Museum gives LEO employees and stakeholders alike the

opportunity to delve into the history of LEO Pharma – from the back rooms of the original “Løveapoteket” pharmacy (Lion Pharmacy) in central Copenhagen, to the present day and LEO Pharma's latest endeavors.



**Sophie Seebach**  
Head of LEO Historical Archives and Museum



**Berit Glasser Heede**  
Senior Historian



**Mie Holmstrøm Jørgensen**  
Junior Analyst

Learn more about the history of LEO

[Click here](#)





# Sustainability

We pave the way for curing skin diseases by driving and promoting sustainable and responsible business practices across our operations.

Sustainability is a cross-cutting priority embedded in the LEO Foundation’s purpose, strategy and activities. Guided by our 2030 ambitions, the Foundation is committed to driving and promoting sustainable and responsible practices across all activities.

Our most significant contribution to society and sustainable development lies in **improving the health** and lives of people living with skin diseases – from catalyzing early scientific discoveries to delivering medicines

that help people with skin diseases heal and lead better lives.

As an enterprise foundation, we create value by combining business ownership, financial investments and philanthropic activities. These three core activities define the LEO Foundation’s **business model**. For more details, please see LEO Foundation at a glance (page 3).

In addition to leveraging core activities to drive positive change, we aim to contribute to sustainable development by **taking responsibility** for environmental, social and governance (ESG) practices. This is achieved through a focus on exercising good governance, promoting diversity and inclusion, and encouraging climate transition.

Our sustainability focuses and efforts are supported by the LEO Foundation Code of Conduct, which establishes 10 guiding principles to ensure that high ethical standards are upheld across all aspects of the Foundation’s consolidated entities, operations and activities.

The Code of Conduct addresses critical areas such as human and labor rights, environmental and climate responsibility, anti-corruption and bribery prevention, and social and employee welfare.

### Preparing for new requirements

In 2024, we began preparing for compliance with the Corporate Sustainability Reporting Directive (CSRD). As part of this, we conducted a double materiality assessment (DMA) to identify sustainability-related risks and impacts across the value chain with reference to the European Sustainability Reporting Standards (ESRS).

In this context, we mapped the value chains of the LEO Foundation’s subsidiaries, LEO Pharma and LEO Holding.

The Board approved the DMA developed in 2024. In 2025, we plan to revisit the DMA and the scope of reporting in light of the European Commission’s Omnibus proposal, launched in February 2025, which proposes amendments to several sustainability laws, including the CSRD.

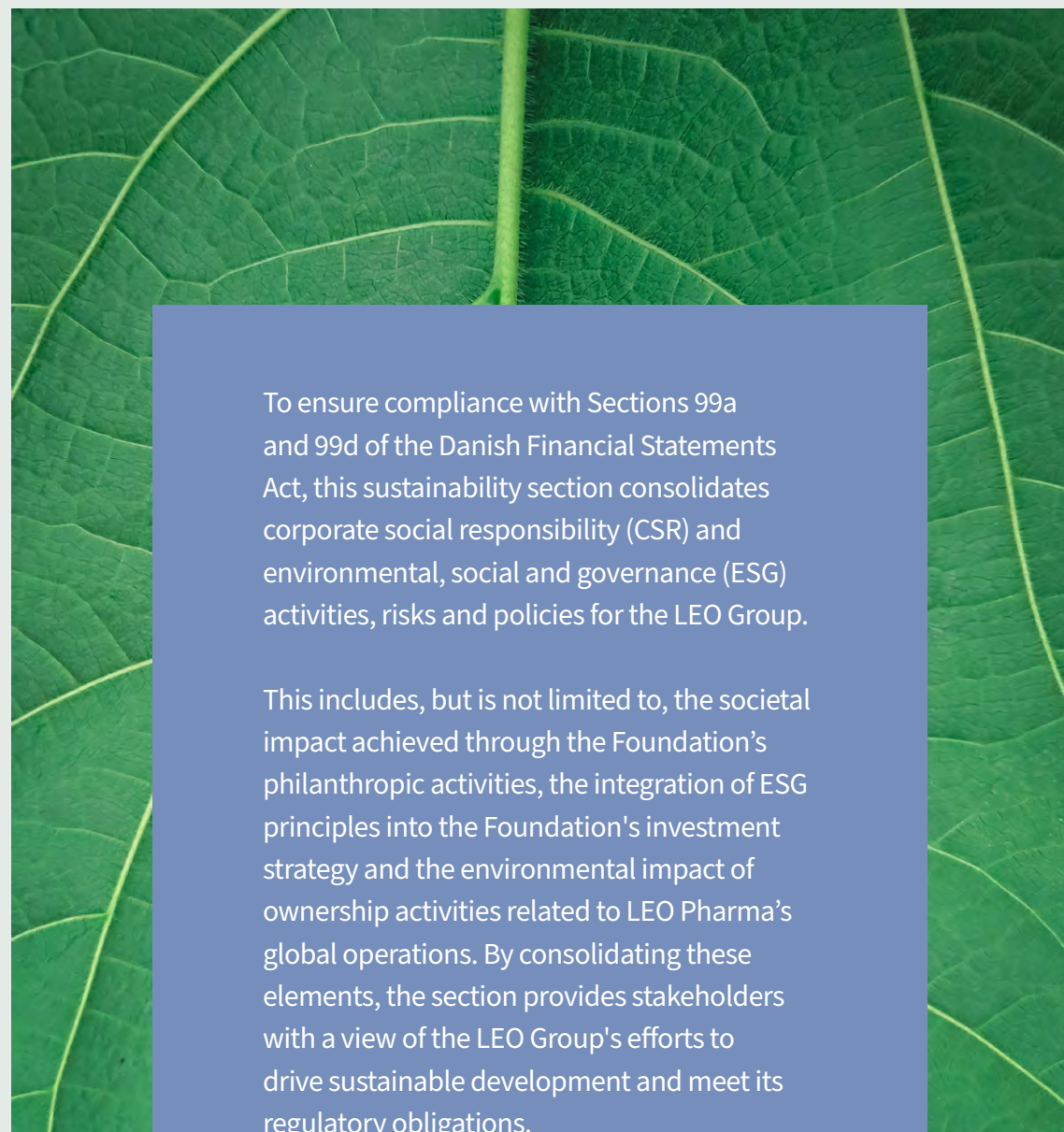
For more information on how the LEO Foundation works to create impact within key sustainability themes, including commitments toward 2025, please refer to the LEO Foundation’s website.

[Click here](#)



## Our sustainability focus





To ensure compliance with Sections 99a and 99d of the Danish Financial Statements Act, this sustainability section consolidates corporate social responsibility (CSR) and environmental, social and governance (ESG) activities, risks and policies for the LEO Group.

This includes, but is not limited to, the societal impact achieved through the Foundation's philanthropic activities, the integration of ESG principles into the Foundation's investment strategy and the environmental impact of ownership activities related to LEO Pharma's global operations. By consolidating these elements, the section provides stakeholders with a view of the LEO Group's efforts to drive sustainable development and meet its regulatory obligations.

For detailed information on LEO Pharma's sustainability statement, we refer to the company's annual report and website, which outline company-specific policies, activities and results for 2024.

### Sustainability and ESG governance and processes

The Board endorses the Foundation's sustainability approach, priorities, policies and progress. The CEO holds overall responsibility for sustainability efforts, ensuring that ESG principles are integrated into the strategy, management and business model. The management team oversees the implementation of sustainability initiatives and monitors progress to ensure alignment with the Foundation's commitments and the timely integration of sustainability into operational processes.

The Foundation remains committed to continuous improvement, regularly updating ESG measures in response to the latest developments in best practices, regulatory requirements and stakeholder expectations.

Looking ahead, we will further advance our sustainability efforts and governance framework in the coming reporting periods to ensure that ESG factors are consistently integrated into long-term strategy and day-to-day operations.

### IDENTIFYING AND MANAGING SUSTAINABILITY RISKS

In the following section, we report on responsibility, risks and mitigations, focusing primarily on those that fall within the direct control of the LEO Foundation.

The LEO Foundation manages the risks associated with **investment activities** through a dedicated ESG policy. Since adopting this policy in 2018, the Foundation has integrated the principles of the UN Global Compact into its investment strategy, focusing on human rights, labor standards, environmental responsibility and anti-corruption. Capital is allocated through index funds or manager mandates, with all asset managers required to align with the Foundation's ESG policy and to actively engage with portfolio companies on critical issues.

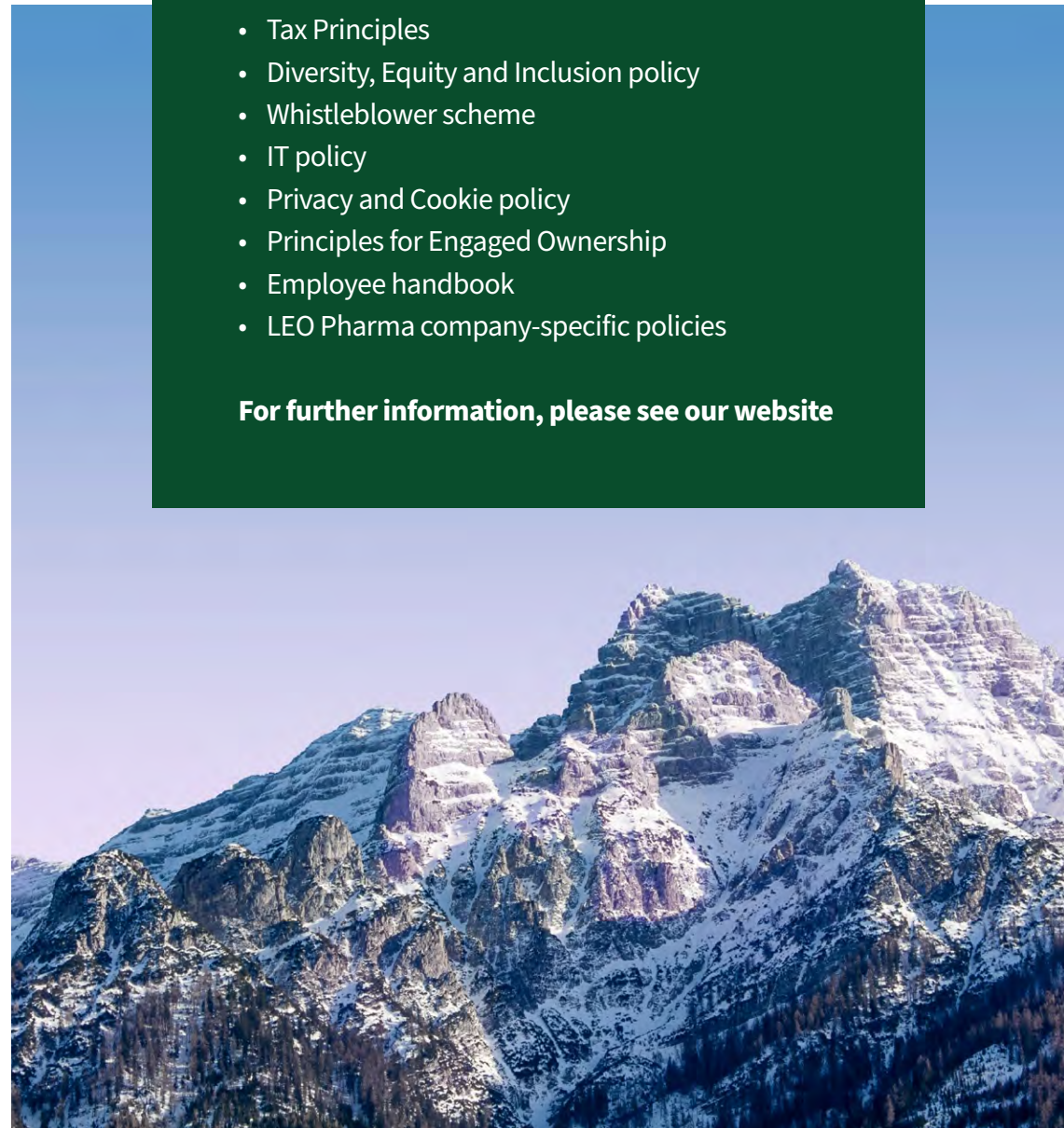
For our **operations and philanthropic activities**, the Foundation addresses ESG risks through the Code of Conduct and policies for responsible conduct.

At a consolidated level, key environmental, social and governance risks are closely linked to ownership and LEO Pharma's operations. These are included at a high level below, while a comprehensive overview of company-related risks, mitigations and policies can be found on LEO Pharma's website and in its annual report and sustainability statement.

**Policies and positions**

- LEO Foundation Code of Conduct
- ESG policy
- Conflict of Interest policy
- Tax Code of Conduct
- Tax Principles
- Diversity, Equity and Inclusion policy
- Whistleblower scheme
- IT policy
- Privacy and Cookie policy
- Principles for Engaged Ownership
- Employee handbook
- LEO Pharma company-specific policies

**For further information, please see our website**



**ENVIRONMENT**

Climate and environmental responsibility are critical priorities across the LEO Group, particularly within the Foundation’s financial investments and LEO Pharma’s global operations. We continue to strengthen our approach to mitigating environmental risks and embedding climate considerations into our decision-making processes.

Key risks	Mitigation actions	2024 outcomes	Future plans
<ul style="list-style-type: none"> <li>• Negative environmental impact of the Foundation’s financial portfolio and operations, as well as the impact of LEO Pharma’s global operations.</li> <li>• Failure to comply with environmental regulations.</li> </ul>	<ul style="list-style-type: none"> <li>• LEO Foundation-affiliated persons must acknowledge the Code of Conduct, which sets expectations for environmental compliance and promoting reduce/reuse/recycle practices.</li> <li>• Reduction of the Foundation’s internal footprint through sustainable procurement practices and daily awareness to minimize negative impacts.</li> <li>• Passive listed equity portfolio in developed and emerging markets aligned with the EU’s climate transition benchmark.</li> <li>• LEO Pharma is committed to near- and long-term targets to reduce CO<sub>2</sub>e emissions, aligning with the Paris Agreement and climate science recommendations to limit global warming to 1.5°C.</li> </ul>	<ul style="list-style-type: none"> <li>• Embedded climate-related investment focus.</li> <li>• LEO Pharma’s Scope 1 and 2 CO<sub>2</sub>e emissions fell by 5% from 2023, and the company achieved 100% renewable electricity to power facilities worldwide, up from 92% in 2023.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and implement a climate policy, baseline and transition plan.</li> <li>• Further expand climate-related investment sourcing and reporting.</li> <li>• LEO Pharma committed to achieving a net zero climate target by 2050. This involves developing an extensive decarbonization plan across the company’s operations.</li> </ul>

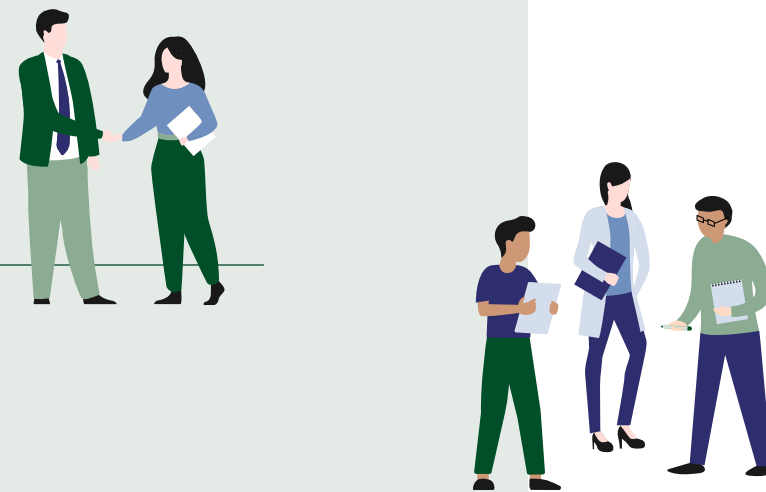


**NOTE:** Data for the LEO Foundation ensure compliance with the Danish Financial Statements Act, Section 99a. Data are collected and reviewed internally, representing the initial steps in a process to enhance the Foundation’s ESG transparency. All LEO Pharma CO<sub>2</sub>e calculations follow the GHG Protocol (2015) corporate standard. For LEO Pharma’s data accounting principles, please refer to its annual report.

**SOCIAL**

Talent diversity, equitable practices and an inclusive culture are fundamental to fostering an engaged workforce. We prioritize these principles to support strategic ambitions and to attract, retain and develop top talent. We consider that ensuring employee health and an inclusive culture where every individual is treated equitably are among the most important topics, along with protecting human rights and personal data.

Key risks	Mitigation actions	2024 outcomes	Future plans
<ul style="list-style-type: none"> <li>Inability to attract, retain and develop diverse talent.</li> <li>Failure to ensure equitable practices and inclusion in operations and grant activities.</li> <li>Risk of human rights violations in operations and investments.</li> <li>Risk of non-compliance with data privacy regulations (e.g., GDPR).</li> </ul>	<ul style="list-style-type: none"> <li>LEO Foundation-affiliated persons must acknowledge the Code of Conduct, which sets standards for diversity, inclusion, non-discrimination, harassment, labor rights and data protection.</li> <li>Employee handbook maintains a focus on employee matters and provides guidance and rules on various relevant topics, such as workplace environment and professional development.</li> <li>Whistleblower scheme in place.</li> <li>Monitoring gender balance across activities.</li> <li>Benchmarking of remuneration.</li> <li>Targets for achieving gender equality.</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of a new Diversity, Equity and Inclusion (DEI) policy that defines principles and expectations for fostering DEI.</li> <li>Whistleblower scheme in place with no reports received.</li> <li>Introduction of an inclusive language tool to avoid unconscious bias in calls for applications and in external communication.</li> <li>LEO Pharma introduced a global anti-harassment and bullying policy, updated the Code of Conduct with expanded human rights clauses, and implemented a responsible alcohol policy for work events to enhance employee safety and well-being.</li> </ul>	<ul style="list-style-type: none"> <li>Continued focus on building diverse Board, leadership and scientific review panel teams.</li> <li>Development of policies and tools to prevent and manage work-related stress and support good mental health.</li> <li>LEO Pharma plans to roll out mandatory anti-harassment training.</li> </ul>



The LEO Foundation’s Board aims for gender balance (40%/60%) among charter-appointed members, and the current composition meets this target. As a small organization, the Foundation is not required to set a diversity policy or report on this, but we remain committed to gender diversity reporting. We aim for an equal balance between genders, and at the end of 2024 the composition of the management team aligned with this target.

Where our philanthropic activities are concerned, we continued to monitor gender diversity in 2024, on review panels and committees and among grantees as well as in our funding practices. We monitor and compare the gender distribution of both applicants and grant recipients, and report this to the Board. The gender distribution among grant recipients in 2024 was 46% female and 55% male, based on the breakdown of total grantees reported in our application system.

Gender diversity	Unit	2024	2023	2022
<b>Board level</b>				
Number of charter-appointed members	Headcount	7	7	7
Underrepresented gender (%)	% female/male	43/47	43/47	43/47
<b>Management level</b>				
Number of members	Headcount	5	5	5
Underrepresented gender (%)	% female/male	40/60	40/60	40/60

**NOTE:** Board gender diversity is measured by reviewing the gender representation of charter-appointed board members. It is calculated as the average ratio of female to male members, excluding employee-elected members. Management level includes the CEO and direct reports with management responsibilities and at least one internal direct report. Data are based on figures at 31 December 2024, and measured as a percentage.

## GOVERNANCE

Governance, transparency and anti-corruption are foundational pillars of our business model. Ethical behavior is a priority across all activities.

Key risks	Mitigation actions	2024 outcomes	Future plans
<ul style="list-style-type: none"> <li>Bribery or kickbacks for personal gain in operations and grant activities.</li> <li>Misuse of grant funds (e.g., embezzlement, theft or false claims).</li> <li>Corrupt behavior by managers of companies in the financial portfolio.</li> <li>Potential conflicts of interest in business and investment decisions.</li> </ul>	<ul style="list-style-type: none"> <li>Our Code of Conduct, including clauses on anti-bribery, anti-money laundering, financial controls, whistleblower scheme and an open and honest culture.</li> <li>Grants and awards are made subject to the recipients' acknowledgement of our Code of Conduct.</li> <li>Financial portfolio is managed by integrating the ESG policy. ESG screening applied to 100% of the listed equity portfolio and expanded to selected companies with the highest ESG profile in passive listed developed markets and emerging markets equities, given some risk constraints.</li> <li>Conflict of Interest policy in place.</li> </ul>	<ul style="list-style-type: none"> <li>Updated ESG reporting on financial portfolio introduced for the Board.</li> <li>No bribery, corruption or anti-money laundering violations reported.</li> <li>Conflict of Interest policy updated as part of governance processes.</li> <li>First double materiality assessment (DMA) aligned with the CSRD conducted.</li> </ul>	<ul style="list-style-type: none"> <li>Align with CSRD reporting requirements.</li> <li>Formal data ethics policy to be developed.</li> <li>Continue to enhance the transparency of the LEO Foundation's societal impact reporting.</li> <li>Continue to support LEO Pharma in preparing to meet public market requirements for good governance and ESG.</li> </ul>



Photo: LEO Pharma



**Data ethics** (Statutory report, Danish Financial Statements Act, Section 99d)

The LEO Group is committed to the ethical use of data across all its activities. We recognize the importance of transparency, accountability and respect for data privacy in all data-processing activities. Our approach ensures that grantees, business partners and employees have their data handled responsibly and securely, in line with applicable legal standards and ethical principles.

While a formal data ethics policy is under development, existing measures ensure responsible data handling, including:

- Privacy and Cookie Policy** – Defines how personal data are collected, stored and processed through our digital platforms.
- Guide to Reporting Requirements and Usage of Data in Researchfish** – Ensures grantees adhere to ethical data reporting standards.
- Whistleblower scheme** – Provides a secure, anonymous mechanism for reporting data privacy issues and ethical concerns.

LEO Pharma upholds a data ethics policy on ethical use, confidentiality and security. In 2024, the company enhanced cybersecurity awareness through mandatory and recurring compliance and cybersecurity training, activated e-mail phishing drills and cybersafety campaigns.

# Risk management

**Risk management is an integral part of how the LEO Foundation works, allowing us to appropriately manage and mitigate risks and respond to changing circumstances.**

The LEO Foundation's main risks relate to value generation and operational risks at LEO Pharma, as well as the management of the Foundation's financial assets and, to a lesser extent, of the Foundation's philanthropic activities.

The LEO Foundation applies an Enterprise Risk Management (ERM) process which is aimed at identifying relevant risks across the Foundation's activities and consolidating them into a common risk management program.

The purpose of the ERM process is to ensure that the Foundation is well prepared to respond to changing circumstances, with the objective

of ensuring that sufficient capital is always available to withstand a severe crisis, including a convergence of several high-impact risk events.

A comprehensive ERM process is conducted annually, presenting the Board with specific identified individual risks and mitigations as well as an overall assessment of the risks related to the LEO Foundation's activities. Alongside this, a worst-case risk scenario is presented and discussed as a means of identifying mitigations for such a low-likelihood but high-consequence risk scenario.

## **Risks related to the Foundation**

Risk management is an integral part of how we manage our financial portfolio, both from a strategic and an operational perspective.

In 2024, we further anchored the Foundation's financial plan toward 2025, which was developed in 2022 and includes defined long-term strategic risk tolerances for the management of the financial portfolio. Specifically, capital is allocated with consideration to 1) the ability to withstand a

maximum loss on the financial portfolio in exceptionally negative market conditions, 2) the ability to grow the capital available for philanthropic activities and, most importantly, 3) ensuring that at any given time, the Foundation is able to liquidate assets, without incurring losses from forced disposals, at a value that can cover the losses in a worst-case risk scenario defined in the ERM process.

In 2025, we plan to revisit the financial plan and develop the Foundation's financial plan toward 2030.

The financial portfolio is managed in accordance with the Investment Policy, which is reviewed and approved annually by the Board. The Investment Policy sets out the strategic asset allocation and the boundaries for each asset class within which tactical asset allocation can be made.



Photo: LEO Pharma

**For more information about risks at LEO Pharma, please refer to the LEO Pharma Annual Report**

[Click here](#)

**For more information about the LEO Foundation's Code of Conduct and ESG policy, please refer to the Sustainability section.**



Furthermore, the Investment Policy sets limits on counterparty risk, overall interest rate risk and the liquidity of the financial portfolio. Currency risk is hedged for all fixed-income exposure, while equity investments have full currency exposure but with the option of hedging. All asset classes, external managers and external investment funds are approved by the Board's Investment Committee prior to any investments. Compliance with the Investment Policy is verified by the finance department, and investment results are documented in reports to the Investment Committee and the CEO.

Each week, a portfolio performance report is prepared by the Chief Investment Officer and distributed to the CEO and the Chair of the Investment Committee, followed by a meeting between the CEO and the investment team. A monthly report is issued to the Investment Committee, and an investment update is presented to the full Board by the Chief Investment Officer at all regular Board meetings. Furthermore, at each Board meeting, the Board is presented with an updated analysis of risk measures related to the strategically set risk tolerance levels of the financial portfolio.

In relation to ESG, the investment team reviews the external investment managers as an integrated part of the investment process. All investment managers report annually on ESG factors and matters, including, where relevant, exited investments, engagement with companies and ESG Committee issues.

In addition to risks associated with the financial portfolio, the Foundation is subject to a number of other risks of a more generic nature, including risks related to the Foundation's philanthropic activities as well as political and reputational risks. These are assessed and mitigated through the implementation of policies and procedures and an annual assessment of specific identified risks conducted as part of the ERM process. To support this, a dedicated LEO Foundation Code of Conduct has been implemented.

Sustainability- and ESG-related risks present potential and actual risks to the Foundation. In our sustainability statement, we outline material sustainability risks.

#### **Risks related to LEO Pharma**

As a global pharmaceutical company, LEO Pharma operates in a highly complex business environment. Through its operations, the company is exposed to a broad array of risks. An ERM program has therefore been implemented to ensure structured, methodological and effective management of key risks across its value chain.

In 2024, LEO Pharma further anchored the ERM program and processes across LEO Pharma, and the assessment methodology and tools were also strengthened. The Global Leadership Team (GLT) and Audit Committee (AC) held dedicated sessions to discuss the implementation of the ERM program and its continued refinement.

At LEO Pharma, the Board of Directors has overall responsibility for ERM, with delegation of the role of oversight of the ERM program to its AC. The CEO and the GLT are responsible for ensuring that the ERM program is implemented and for setting the overall risk management strategy and risk appetite. The CEO and the GLT ultimately own and must manage all relevant risks in each business area.

A dedicated enterprise risk team manages LEO Pharma's ERM program in close collaboration with business units across the company's global value chain. Following the identification and evaluation of key risks across the organization, the enterprise risk team prepares consolidated key risk profiles for LEO Pharma.

The consolidated key risk profiles are shared with the CEO and the GLT and, ultimately, the AC, for their respective discussion, review and evaluation. The risk profiles are also shared with the Board of Directors, as well as with the Foundation, on an annual basis.

LEO Pharma reports on business and sustainability risks in its Annual Report.

# Key business and operational risks

We consider risk identification and management as important and integral parts of how we operate and oversee activities at the LEO Foundation. To this end, we have implemented the LEO Foundation Code of Conduct as a key mitigating action. In addition, we have established a comprehensive ERM process, which is described separately in the section above.

At the same time, as a relatively small organization, we often observe that the most significant risks relate to the global operations of LEO Pharma, where an ERM program is in place to manage key risks across the global value chain.

In addition to risks concerning LEO Pharma, we identify and manage risks related to our own operations, philanthropic activities and investment activities. The following risks and mitigations focus on actions within the direct control of the LEO Foundation.

Risk area	Key risks	Mitigating actions
<b>Operational</b> Incl. financial processes and IT security	<ul style="list-style-type: none"> <li>Breaches of processes or IT security could lead to loss of capital and disruption of our business.</li> <li>Unauthorized access to systems and data could impact the confidentiality, integrity and availability of systems and data.</li> </ul>	<ul style="list-style-type: none"> <li>Our Code of Conduct and dedicated financial policies and processes with annual external assessment.</li> <li>IT policy (including security practices and requirements).</li> <li>Systems and operations outsourced to a professional third party with solid firewalls and back-up systems.</li> </ul>
<b>Financial</b> Incl. capital market downturn	<ul style="list-style-type: none"> <li>A significant capital market downturn could have a sizable negative impact on our ability to support LEO Pharma and carry out grant activities.</li> <li>Changes in rules and regulations set by regulatory authorities may impact the Foundation's ambitions and operations.</li> </ul>	<ul style="list-style-type: none"> <li>Long-term investment strategy sustainable through investment cycles, complemented by monitoring of specific risk measures to be able to promptly respond to market developments.</li> <li>Key processes and policies developed to ensure compliance with laws and regulations, complemented by participation in industry associations and networks to monitor the regulatory environment.</li> </ul>
<b>Reputational</b> Incl. third-party compliance and leaking of confidential information	<ul style="list-style-type: none"> <li>Undesired behavior by grantees, managers of companies in our financial portfolio, employees or other stakeholders could impact our reputation.</li> <li>Leaking of confidential information could impact our businesses negatively.</li> </ul>	<ul style="list-style-type: none"> <li>Our Code of Conduct, Employee handbook, and an open and honest culture.</li> <li>Grants are subject to a set of general terms and conditions governing the use of awarded research grants.</li> <li>Due diligence on investment activities includes attention to the ethics of the asset managers, as reflected in our ESG policy.</li> <li>Employees undertake a duty of confidentiality in connection with employment and must adhere to our IT Policy and Code of Conduct.</li> </ul>

LEO GROUP

# Consolidated financial statements

## CONTENTS

Income statement	38
Statement of comprehensive income	38
Balance sheet at December 31	39
Statement of changes in equity	40
Cash flow statement	41
Notes	42

## Income statement

JANUARY 1 - DECEMBER 31			
(DKK million)	Note	2024	2023
Revenue	2.1	12,453	11,392
Cost of sales	2.2, 3.2, 4.2	(4,935)	(4,192)
<b>Gross profit</b>		<b>7,518</b>	<b>7,200</b>
Sales and distribution costs	2.2, 4.2, 3.1	(4,922)	(5,098)
Research and development costs	2.2, 4.2, 3.1	(2,270)	(2,122)
Administrative costs	2.2, 3.1, 3.2, 3.3, 3.4, 6.2	(1,527)	(1,768)
Other operating income, net	2.3	13	41
<b>Operating profit/(loss)</b>		<b>(1,188)</b>	<b>(1,747)</b>
Financial income	5.1	2,331	1,881
Financial expenses	5.1	(1,048)	(1,209)
<b>Profit/(loss) before tax</b>		<b>94</b>	<b>(1,075)</b>
Income tax	2.4	209	(553)
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>		<b>303</b>	<b>(1,628)</b>
Attributable to:			
LEO Foundation		640	(947)
Non-controlling interests	6.7	(337)	(681)
		<b>303</b>	<b>(1,628)</b>

## Statement of comprehensive income

JANUARY 1 - DECEMBER 31			
(DKK million)	Note	2024	2023
<b>Net profit/(loss) for the year</b>		<b>303</b>	<b>(1,628)</b>
<b>Other comprehensive income</b>			
Remeasurement of defined benefit plans	3.4	27	(38)
Tax	2.4	(4)	8
<b>Items that will not be reclassified subsequently to the income statement</b>		<b>23</b>	<b>(30)</b>
Foreign exchange adjustments, subsidiaries		(31)	(80)
Fair value adjustments of cash flow hedges		(127)	(93)
Cash flow hedges reclassified to financial expenses		5	64
Tax	2.4	27	6
<b>Items that may be reclassified subsequently to the income statement</b>		<b>(126)</b>	<b>(103)</b>
<b>Total other comprehensive income/(loss) after tax</b>		<b>(103)</b>	<b>(133)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>		<b>200</b>	<b>(1,761)</b>
Attributable to:			
LEO Foundation		557	(1,054)
Non-controlling interests	6.7	(356)	(707)
		<b>200</b>	<b>(1,761)</b>

## Balance sheet at December 31

<b>ASSETS</b>				
(DKK million)	Note	2024	2023	
Intangible assets	3.1	4,942	6,099	
Property, plant and equipment	3.2	4,446	4,517	
Right-of-use assets	3.3	208	306	
Other financial assets	5.4	5,962	4,342	
Deferred tax assets	2.4	1,816	1,118	
Pensions	3.4	206	145	
Other non-current assets		58	8	
<b>Non-current assets</b>		<b>17,638</b>	<b>16,535</b>	
Inventories	4.2	4,973	4,866	
Trade receivables	4.1	2,368	2,142	
Tax receivables		205	369	
Other receivables		581	722	
Other financial securities	5.4	12,410	12,442	
Cash and bank balances		254	237	
<b>Current assets</b>		<b>20,791</b>	<b>20,778</b>	
<b>ASSETS</b>		<b>38,429</b>	<b>37,313</b>	

<b>EQUITY AND LIABILITIES</b>				
(DKK million)	Note	2024	2023	
Foundation capital	5.5	98	98	
Reserves		168	115	
Retained earnings		17,076	16,801	
<b>Equity attributable to the LEO Foundation</b>		<b>17,343</b>	<b>17,014</b>	
Non-controlling interests	6.7	566	911	
<b>Equity</b>		<b>17,908</b>	<b>17,925</b>	
Loans and credit institutions	5.2, 5.4	10,414	10,404	
Deferred tax liabilities	2.4	37	30	
Pensions	3.4	75	77	
Provisions	3.5	307	131	
Lease liabilities	3.3	164	238	
Tax payables		65	130	
Other non-current liabilities	5.4	3,245	3,172	
<b>Non-current liabilities</b>		<b>14,307</b>	<b>14,183</b>	
Loans and credit institutions	5.2, 5.4	502	265	
Trade payables		1,440	1,255	
Provisions	3.5	1,164	925	
Lease liabilities	3.3	82	87	
Tax payables		107	280	
Other payables	4.3	2,919	2,394	
<b>Current liabilities</b>		<b>6,214</b>	<b>5,206</b>	
<b>EQUITY AND LIABILITIES</b>		<b>38,429</b>	<b>37,313</b>	

## Statement of changes in equity

(DKK million)	Foundation capital	Currency translation reserve	Cash flow hedges reserve	Share-based payments	Reserve for future grants	Retained earnings	Total	Non-controlling interests	Total equity
<b>2024</b>									
Equity at January 1	98	(278)	19	48	326	16,801	17,014	911	17,925
<b>Comprehensive income for the year:</b>									
Net profit/(loss) for the year	-	-	-	-	400	240	640	(337)	303
Other comprehensive income/(loss) for the year	-	(25)	(77)	-	-	19	(83)	(20)	(103)
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>(25)</b>	<b>(77)</b>	<b>-</b>	<b>400</b>	<b>259</b>	<b>557</b>	<b>(356)</b>	<b>200</b>
Capital raise in LEO Pharma A/S	-	-	-	-	-	24	24	5	29
Purchase of treasury shares	-	-	-	-	-	(7)	(7)	(2)	(9)
Share-based payments	-	-	-	31	-	-	31	7	38
Grants for the year	-	-	-	-	(275)	-	(275)	-	(275)
<b>EQUITY AT DECEMBER 31</b>	<b>98</b>	<b>(303)</b>	<b>(58)</b>	<b>79</b>	<b>451</b>	<b>17,076</b>	<b>17,343</b>	<b>566</b>	<b>17,908</b>

(DKK million)	Foundation capital	Currency translation reserve	Cash flow hedges reserve	Share-based payments	Reserve for future grants	Retained earnings	Total	Non-controlling interests	Total equity
<b>2023</b>									
Equity at January 1	98	(213)	42	26	216	19,232	19,401	436	19,837
<b>Comprehensive income for the year:</b>									
Net profit/(loss) for the year	-	-	-	-	325	(1,272)	(947)	(681)	(1,628)
Other comprehensive income/(loss) for the year	-	(65)	(24)	-	-	(20)	(108)	(25)	(133)
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>(65)</b>	<b>(24)</b>	<b>-</b>	<b>325</b>	<b>(1,291)</b>	<b>(1,054)</b>	<b>(707)</b>	<b>(1,761)</b>
Capital raise in LEO Pharma A/S	-	-	-	-	-	(1,133)	(1,133)	1,178	45
Purchase of treasury shares	-	-	-	-	-	(6)	(6)	(2)	(8)
Share-based payments	-	-	-	22	-	-	22	5	27
Grants for the year	-	-	-	-	(215)	-	(215)	-	(215)
<b>EQUITY AT DECEMBER 31</b>	<b>98</b>	<b>(278)</b>	<b>19</b>	<b>48</b>	<b>326</b>	<b>16,801</b>	<b>17,014</b>	<b>911</b>	<b>17,925</b>

## Cash flow statement

JANUARY 1 - DECEMBER 31			
(DKK million)	Note	2024	2023
<b>Operating profit/(loss)</b>		<b>(1,188)</b>	<b>(1,747)</b>
Depreciation, amortization and impairment losses	3.1, 3.2, 3.3	1,742	2,250
Adjustment for non-cash operating items etc.	6.4	319	(48)
Change in working capital	6.4	467	(496)
Interest etc. received		120	38
Interest etc. paid		(857)	(892)
Income tax received/paid		(532)	(1,051)
<b>Cash flows from operating activities</b>		<b>71</b>	<b>(1,945)</b>

JANUARY 1 - DECEMBER 31			
(DKK million)	Note	2024	2023
Investments in intangible assets	3.1	(61)	(207)
Investments in property, plant and equipment	3.2	(259)	(349)
Proceeds from sale of property, plant and equipment		3	19
Investments in other securities	5.4	(1,324)	(6,696)
Proceeds from sale of other securities	5.4	648	8,588
Change in investment portfolio cash	5.4	1,069	(1,105)
<b>Cash flows from investing activities</b>		<b>76</b>	<b>251</b>
Proceeds from loans	5.2	1,170	2,750
Repayment of loans	5.2	(1,160)	(750)
Overdraft facilities	5.2	171	(69)
Issuance of loans		(12)	(87)
Proceeds from capital raise in LEO Pharma A/S		29	149
Purchase of treasury shares		(9)	(8)
Payment of lease liabilities	3.3	(110)	(115)
Grants paid out during the year		(194)	(194)
<b>Cash flows from financing activities</b>		<b>(115)</b>	<b>1,677</b>
<b>Net cash flow for the period</b>		<b>32</b>	<b>18</b>
Cash and cash equivalents, January 1		237	286
Effect of foreign exchange rate changes on cash and cash equivalents		(16)	(31)
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>		<b>254</b>	<b>237</b>

LEO GROUP

# Notes

## CONTENTS

<b>1</b>	<b>Basis of reporting</b>		<b>5</b>	<b>Capital structure and financing</b>	
1.1	Basis of preparation	44	5.1	Financial income and expenses	68
1.2	Accounting policies	45	5.2	Financial risks	69
1.3	Definitions of key figures	46	5.3	Derivative financial instruments	73
			5.4	Financial assets and liabilities by category	75
			5.5	Foundation capital	77
<b>2</b>	<b>Operating profit and tax</b>		<b>6</b>	<b>Other disclosures</b>	
2.1	Revenue	48	6.1	Management remuneration	79
2.2	Employee costs	49	6.2	Share-based payment	80
2.3	Other operating income and expenses	49	6.3	Fees to statutory auditors	82
2.4	Tax	50	6.4	Other cash flow specifications	82
			6.5	Guarantees, contingencies and commitments	83
<b>3</b>	<b>Invested capital</b>		6.6	Related party transactions	84
3.1	Intangible assets	54	6.7	Non-controlling interests	84
3.2	Property, plant and equipment	58	6.8	Events after the balance sheet date	85
3.3	Leases	59	6.9	Companies in the LEO Group	86
3.4	Pensions	61			
<b>4</b>	<b>Operating assets and liabilities</b>				
4.1	Trade receivables	64			
4.2	Inventories	65			
4.3	Other payables	65			
4.4	Provisions	66			

LEO GROUP

# Basis of reporting

## CONTENTS

1.1	Basis of preparation	44
1.2	Accounting policies	45
1.3	Definitions of key figures	46

## Note 1.1

### Basis of preparation

#### Basis of preparation

The consolidated financial statements have been prepared in accordance with International Accounting Standards (IFRS) as adopted by the EU, and the additional requirements of the Danish Financial Statements Act for large Class C companies.

The consolidated financial statements are presented in Danish kroner (DKK), which is also the functional currency of the Parent Company. The presentation is in millions, unless otherwise stated.

#### Rounding

In general, rounding may cause variances in totals and percentages in the Annual Report.

#### Reclassification in prior-year figures

LEO Pharma has updated the assessment of the functional split of costs in the income statement. LEO Pharma's Management believes that these updates improve the comparability of our financial statements and align our reporting practice with industry standards and best practices. The updated allocation of operational costs among the functions impacted the following line items in the income statement for 2023:

- Cost of sales decreased from DKK 4,281m to DKK 4,192m
- Sales and distribution costs increased from DKK 4,902m to DKK 5,098m
- Research and development costs increased from DKK 1,874m to DKK 2,122m
- Administrative costs decreased from DKK 2,075m to DKK 1,720m

The reassessment had no impact on operating profit/(loss).

#### Global market and climate uncertainties

Management continuously assesses the overall geopolitical uncertainties, supply situation and macroeconomic indicators, such as inflation and interest rates, that may impact LEO Pharma's financial performance. Similarly to the 2023 statements, the ongoing global market and climate uncertainties have not significantly impacted LEO Pharma's activities. The company remains vigilant and proactive in monitoring these factors to mitigate potential risks and ensure sustainable growth.

#### Application of materiality

In the preparation of the consolidated financial statements, the LEO Group aims to focus on information that is material and relevant to the users of the consolidated financial statements.

The consolidated financial statements are a result of aggregating large numbers of transactions into classes of similar items according to their nature or function. If a line item is not individually material, it is aggregated with other items of a similar nature in the consolidated financial statements or in the notes.

#### Key accounting estimates and judgments

The preparation of the consolidated financial statements requires Management to make assumptions, estimates and judgments that impact the reported assets and liabilities, and affect the application of the accounting policies. Any changes in accounting estimates are applied to the current and future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. The following box presents an overview of the key estimates and judgments that significantly impact the amounts recognized in the financial statements:

#### Key accounting estimates and judgments

##### Key accounting estimates

Key accounting estimates are based on quantitative and qualitative factors that could significantly impact the values of assets and liabilities in the reporting period.

Accounting estimates are based on historical experience and assumptions that are reasonable under the circumstances and in the current situation. The actual amounts may therefore differ from the estimated amounts as more detailed information becomes available.

Example: estimate of useful life of intangible assets considering contractual terms, economic factors etc.

##### Key accounting judgments

Accounting judgments refer to the decisions made by Management when applying the Group's accounting policies, which could significantly affect the amounts recognized in the consolidated financial statements. These judgments are typically made based on guidance and information available at the time of application.

Example: judgments to assess whether or not there are indications of impairment for intangible assets.

#### Overview of key estimates and judgments

- [Note 2.4 Tax - deferred tax: Valuation of deferred tax assets \(estimate\). Recoverability of deferred tax assets \(judgment\)](#)
- [Note 3.1 Intangible assets: Useful lives and valuation \(estimate\). Impairment testing of intangible assets \(judgment\)](#)
- [Note 4.2 Inventories: Cost of inventories and provision for obsolescence \(estimate\)](#)
- [Note 4.4 Provisions: Provisions for sales deductions \(estimate\)](#)
- [Note 5.4 Financial assets and liabilities: Fair value of unlisted investments \(estimate\)](#)

Reference is made to the specific notes for further information on key accounting estimates and judgments.

## Note 1.2

### Accounting policies

#### Material accounting policies

The LEO Group's material accounting policies are described in the individual notes to the consolidated financial statements.

#### Consolidation

The consolidated financial statements comprise the LEO Foundation and entities in which the LEO Foundation directly holds more than 50% of the votes or otherwise exercises control (its subsidiaries).

The consolidated financial statements are prepared by combining the financial statements of the Parent Company and all its subsidiaries, with subsequent elimination of intercompany transactions, intercompany shareholdings and balances as well as unrealized profits from intercompany transactions. The financial statements of all the companies have been prepared by applying the LEO Group's accounting policies.

#### Foreign currency translation

Financial statement items for each entity in the Group are measured in the currency of its main financial environment. Transactions in other currencies are considered foreign currency transactions. On initial recognition, transactions in foreign currencies are translated at the exchange rates at the transaction date.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rate at the time when the receivable or the payable arises, or on recognition in the most recent financial statements, are recognized in financial income and financial expenses in the income statement.

On consolidation of foreign subsidiaries with a functional currency other than DKK, income statements are translated into DKK at the exchange rates at the transaction date and balance sheet items are translated at the exchange rates at the balance sheet date. The previous month-end exchange rate is used as the exchange rate at the transaction date to the extent that this does not significantly distort the presentation of the underlying transactions. Foreign exchange differences from translating the opening balance of equity and income statements at different exchange rates are recognized in other comprehensive income. Adjustments of balances with foreign entities that are considered part of the investment are also recognized in other comprehensive income under a separate translation reserve in the consolidated financial statements.

#### Cash flow statement

The cash flow statement is prepared according to the indirect method based on operating profit/(loss). The statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the start and end of the year.

Cash flows from operating activities are calculated as the Group's operating profit/(loss), adjusted for non-cash operating items such as depreciation, amortization and impairment losses, as well as changes in working capital. Working capital includes inventories, trade receivables, trade payables and other similar items.

Cash flows from investing activities comprise payments from acquisitions and disposals of intangible assets and property, plant and equipment, investments in and proceeds from sale of other investments, as well as net investments in securities.

Cash flows from financing activities comprise payments from the raising and repayment of current and non-current debt and payments to and from shareholders. Cash solely comprises cash at bank and in hand.

#### Non-controlling interests

On initial recognition, non-controlling interests are measured at their proportionate share of the acquired company's identifiable assets, liabilities and contingent liabilities measured at fair value.

The gross obligation under the issued put option on non-controlling interests is presented as a reduction of the Group's equity attributable to the LEO Foundation.

Increases and reductions of non-controlling interests are accounted for as transactions with shareholders, in their capacity as shareholders. Thus, any differences between adjustments to the carrying amount of non-controlling interests and the fair value of the consideration received or paid are recognized directly in equity.

#### Grants

Grants paid out: Grants that have been adopted and paid out in accordance with the purpose of the Foundation at the balance sheet date are deducted from equity.

Grants not yet paid out: Grants that have been adopted in accordance with the purpose of the Foundation and announced to the recipients, but not yet paid out at the balance sheet date, are deducted from equity and recognized as debt.

Grant limit: At the meeting of the Board of Trustees at which the Annual Report is adopted, the Board of Trustees lays down

a grant limit in respect of the amount expected to be granted. This amount is transferred from retained earnings to reserve for future grants. Concurrently with being announced to the recipients, the grant amounts are paid out, transferred to debt or, in rare cases, transferred to provisions relating to grants.

#### Implementation of new standards and interpretations

Effective January 1, 2024, the LEO Group implemented all the new or changed accounting standards and interpretations: Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments; Amendments to IAS 1 Presentation of Financial Statements; Amendment to IFRS 16 Leases. The adoption had no material impact on the disclosures or the amounts reported in the consolidated financial statements.

#### New and revised IFRS issued, but not yet effective, that are relevant to the Group

IASB has issued new or amended accounting standards and interpretations that have not yet become effective: IFRS 18, which replaces IAS 1 and introduces new requirements for presentation of the income statement and disclosures of Management-defined performance measures. IFRS 18 will be effective for reporting periods beginning on or after January 1, 2027.

The LEO Group has not yet assessed the implications of applying the new standard to the Group's consolidated financial statements. The LEO Group expects to adopt the IFRS standards and interpretations when they become mandatory.

## Note 1.3

### Definitions of key figures

#### Definitions of key figures<sup>1</sup>

Return on equity	$\frac{\text{Profit/loss before tax}}{\text{Average equity}}$	× 100
Solvency ratio	$\frac{\text{Equity}}{\text{Assets}}$	× 100

1. Definitions according to the Danish Society of Financial Analysts' Recommendations & Financial Ratios.

LEO GROUP

# Operating profit and income tax

## CONTENTS

2.1	Revenue	48
2.2	Employee costs	49
2.3	Other operating income and expenses	49
2.2	Tax	50

## Note 2.1 Revenue

LEO Pharma is engaged in manufacturing of pharmaceutical products, mainly in the therapeutic areas of dermatology and thrombosis.

The Group's gross revenue from sale of products is reduced by various deductions, estimated and recognized in the same period that the revenues are recognized. Specific bonus and incentive programs in the form of rebates and commercial agreements for product returns are the main variable considerations and as such reduce the sale price. The estimated rebates and returns are based on information related to expected orders and on customer- and product-specific experience. For further

information on key accounting estimates, please refer to Note 4.4 Provisions.

In 2024, revenue from sales-based royalties amounted to DKK 39m (2023: DKK 57m).

The Group has updated its reporting split of revenue areas in 2024 and introduced "Established brands" and "Strategic brands" for the Dermatology business. The disclosure in the following table follows the internal reporting to Management. To provide transparency, the Group discloses the comparative figures according to the new split.

(DKK million)	2024	2023
<b>Revenue by region</b>		
Europe	6,836	6,375
North America	2,234	1,667
Rest of World	3,383	3,350
<b>Total</b>	<b>12,453</b>	<b>11,392</b>
<b>Revenue by area</b>		
<b>Dermatology</b>		
Established brands	7,917	7,805
Strategic brands	2,091	1,234
<b>Total Dermatology</b>	<b>10,008</b>	<b>9,039</b>
Thrombosis	2,304	2,141
CMO/divested	141	212
<b>TOTAL</b>	<b>12,453</b>	<b>11,392</b>

### Accounting policies

Revenue comprises sale of goods primarily from own production, and sales-based royalty income.

### Sale of goods

Revenue from the sale of goods is recognized when LEO Pharma's customers obtain control of the goods, which is typically at the time of delivery.

### Sales deductions, product returns

The amount of revenue recognized at the time of delivery is adjusted for expected returns, which are estimated based on historical data and other relevant factors for the specific product and market. A refund liability is recognized in these

circumstances and included in provisions and/or other payables, depending on the type of product return.

### Sales-based royalties

Sales-based royalties from outlicensed products as well as milestone payments are recognized when the subsequent sale occurs.

LEO Pharma sometimes receives upfront payments related to various sales and distribution rights where the upfront payments are recognized over time, resulting in contract liabilities. Contract liabilities are recognized as revenue in line with fulfillment of the performance obligation.

## Note 2.2

### Employee costs

(DKK million)	2024	2023
Wages and salaries	3,147	3,105
Pensions	244	265
Share-based payments	44	43
Social security expenses	337	337
Other employee expenses	210	213
<b>Total employee costs for the year</b>	<b>3,983</b>	<b>3,963</b>
Of which capitalized as intangible assets	(22)	(34)
<b>TOTAL EMPLOYEE COSTS IN THE INCOME STATEMENT</b>	<b>3,961</b>	<b>3,929</b>
<b>Employee costs are included in the following items in the income statement</b>		
Cost of sales	713	757
Sales and distribution costs	1,862	1,813
Research and development costs	658	573
Administrative costs	668	786
<b>TOTAL EMPLOYEE COSTS</b>	<b>3,901</b>	<b>3,929</b>
Average number of full-time employees	4,200	4,505

In 2024, the announced restructuring program at LEO Pharma impacted the total employee costs by DKK 265m (2023: DKK 55m).

Members of the Executive Management of LEO Pharma participate in short- and long-term incentive programs that provide

a bonus for the achievement of predetermined targets. Please refer to Note 6.2 Share-based payment.

For information on remuneration of the Executive Board and Board of Trustees of LEO Foundation, reference is made to note 6.1 Management remuneration.

## Note 2.3

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the LEO Group's primary

activities, i.e., gains and losses on divestments of intellectual property rights and on sale of property, plant and equipment.

(DKK million)	2024	2023
Gain on sale of assets	5	10
Other income	35	48
<b>Other operating income</b>	<b>40</b>	<b>58</b>
Loss on sale of assets	(1)	(8)
Other expenses	(26)	(9)
<b>Other operating expenses</b>	<b>(27)</b>	<b>(17)</b>
<b>OTHER OPERATING EXPENSES, NET</b>	<b>13</b>	<b>41</b>

## Note 2.4

### Tax

<b>INCOME TAX FOR THE YEAR</b>		<b>2024</b>	<b>2023</b>
(DKK million)			
Current tax		(445)	(339)
Change in deferred tax for the year		738	(279)
Prior-year adjustments, current tax		(53)	81
Prior-year adjustments, deferred tax		(8)	(1)
<b>TOTAL TAX INCOME/(EXPENSE) FOR THE YEAR</b>		<b>232</b>	<b>(539)</b>
<b>Tax for the year is included in</b>			
Tax on profit/(loss) for the year		209	(553)
Tax on other comprehensive income		23	14
<b>TOTAL TAX INCOME/(EXPENSE) FOR THE YEAR</b>		<b>232</b>	<b>(539)</b>

<b>RECONCILIATION OF THE GROUP'S EFFECTIVE TAX RATE RELATIVE TO THE DANISH CORPORATE INCOME TAX RATE</b>		<b>2024</b>	<b>%</b>
(DKK million)			
<b>Profit/(loss) before tax</b>		<b>94</b>	
Calculated tax, 22%		(21)	22%
<b>Tax effect of:</b>			
Differences in the income tax rates of foreign subsidiaries compared to the Danish corporate income tax rate		83	87.4%
Non-deductible expenses/non-taxable income and other permanent differences		166	175.7%
Other taxes		(3)	(3.6)%
Change in deferred tax as a result of a change in the income tax rate		7	7.7%
Change in valuation of net deferred tax assets		39	41.2%
Prior-year tax and other adjustments		(62)	(65.7)%
<b>EFFECTIVE TAX/TAX RATE FOR THE YEAR</b>		<b>209</b>	<b>220.7%</b>

<b>RECONCILIATION OF THE GROUP'S EFFECTIVE TAX RATE RELATIVE TO THE DANISH CORPORATE INCOME TAX RATE</b>		<b>2023</b>	<b>%</b>
(DKK million)			
<b>Profit/(loss) before tax</b>		<b>(1,075)</b>	
Calculated tax, 22%		237	22.0%
<b>Tax effect of:</b>			
Differences in the income tax rates of foreign subsidiaries compared to the Danish corporate income tax rate		61	5.7%
Non-deductible expenses/non-taxable income and other permanent differences		131	12.3%
Other taxes		(10)	(0.9)%
Change in deferred tax as a result of a change in the income tax rate		(43)	(4.0)%
Change in valuation of net deferred tax assets		(1,010)	(94.4)%
Prior-year tax and other adjustments		80	7.5%
<b>EFFECTIVE TAX/TAX RATE FOR THE YEAR</b>		<b>(553)</b>	<b>(51.9)%</b>

The Group did not register any material uncertain tax positions in 2024.

#### Pillar II

In 2023, the Danish Ministry of Taxation adopted the EU Minimum Tax Directive in Danish national legislation (Pillar II), effective January 1, 2024. Under the legislation, the Parent Company will be required to pay the top-up tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15%.

The ultimate parent of the Group, LEO Foundation, is considered a non-profit organization and therefore assumed to be exempted from the rules.

For 2024, it has been determined that all jurisdictions within the Group meet one of the three Safe Harbour tests, so no top-up tax provision is required or has been calculated. The determination is based on the consolidated financial statements for 2024.

The Group has applied the temporary exception from the accounting requirements for deferred taxes in IAS 12 issued by the International Accounting Standards Board (IASB) in May 2023. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar II income taxes.

## Note 2.4

### Tax (continued)

(DKK million)	Balance at January 1	Exchange rate adjustment	Prior-year adjustments	Current year movements	Balance at December 31
<b>2024</b>					
Intangible assets	1,158	-	(7)	311	<b>1,462</b>
Property, plant and equipment	631	-	(1)	38	<b>668</b>
Inventories	592	1	(4)	(58)	<b>531</b>
Provisions	200	2	12	11	<b>225</b>
Other items	59	4	11	26	<b>101</b>
Special tax credits	203	-	6	25	<b>234</b>
Tax loss carryforwards	2,646	-	(26)	330	<b>2,950</b>
Valuation allowance on deferred tax assets	(4,401)	-	(44)	54	<b>(4,392)</b>
<b>TOTAL TEMPORARY DIFFERENCES</b>	<b>1,088</b>	<b>7</b>	<b>(53)</b>	<b>737</b>	<b>1,779</b>
Deferred tax assets	1,118	7	(53)	744	<b>1,816</b>
Deferred tax liabilities	(30)	-	-	(7)	<b>(37)</b>
<b>DEFERRED TAX ASSETS/(LIABILITIES)</b>	<b>1,088</b>	<b>7</b>	<b>(53)</b>	<b>737</b>	<b>1,779</b>
<b>2023</b>					
Intangible assets	1,071	-	(25)	112	<b>1,158</b>
Property, plant and equipment	433	-	77	121	<b>631</b>
Inventories	864	(4)	-	(268)	<b>592</b>
Provisions	154	(2)	89	(41)	<b>200</b>
Other items	60	3	3	(7)	<b>59</b>
Special tax credits	87	-	(14)	130	<b>203</b>
Tax loss carryforwards	2,028	1	(49)	666	<b>2,646</b>
Valuation allowance on deferred tax assets	(3,410)	-	-	(992)	<b>(4,401)</b>
<b>TOTAL TEMPORARY DIFFERENCES</b>	<b>1,288</b>	<b>(2)</b>	<b>81</b>	<b>(278)</b>	<b>1,088</b>
Deferred tax assets	1,327	(2)	81	(287)	<b>1,118</b>
Deferred tax liabilities	(39)	-	-	9	<b>(30)</b>
<b>DEFERRED TAX ASSETS/(LIABILITIES)</b>	<b>1,288</b>	<b>(2)</b>	<b>81</b>	<b>(278)</b>	<b>1,088</b>

Prior-year adjustments primarily derive from the tax return true-up for previous years in LEO Pharma A/S, LEO Pharma Inc, USA, and LEO Laboratories Ltd., Ireland.

Capitalized tax loss carryforwards are driven by LEO Pharma A/S with no significant amounts related to its subsidiaries. The unused tax loss carryforwards relating to LEO Pharma A/S do not expire. Tax losses not recognized in the year amounted to DKK 0m (2023: DKK 0m).

The recognized deferred tax assets in LEO Pharma A/S at December 31, 2024, amounted to DKK 746m (2023: DKK 373m). The excess deferred tax assets in LEO Pharma A/S are subject to a valuation allowance of DKK (319)m in the current year and DKK (44)m as prior-year adjustments (2023: DKK (1,404)m).

## Note 2.4

### Tax (continued)

#### Accounting policies

##### Income tax

Income tax for the year, which consists of the year's current tax, the change in deferred tax and adjustments in respect of previous years, is recognized in the income statement at the amount that can be attributed to the profit/(loss) for the year and in other comprehensive income at the amount that can be attributed to items in other comprehensive income. The change in deferred tax as a result of changed income tax rates or tax rules is recognized in the income statement. Interest on tax cases that are ongoing or have been settled during the year is reported under financial items.

Current tax for the year is calculated on the basis of the income tax rates and rules enacted at the balance sheet date. The Parent Company, the Danish subsidiary and LEO Holding A/S are jointly taxed.

##### Deferred tax

Deferred tax is recognized on all temporary differences between the carrying amounts of assets and liabilities and their tax bases, except for temporary differences arising on initial recognition of a transaction that is not a business combination, and with the temporary difference ascertained at the time of initial recognition affecting neither the financial result nor the taxable income.

Deferred tax is measured on the basis of the income tax rates and tax rules enacted in the respective countries at the balance sheet date. Deferred tax assets, including the tax assets relating to tax loss carryforwards, are recognized in the balance sheet at the value at which the assets are expected to be utilized. Deferred tax assets and liabilities are offset if the Group has a legal right to offset these and intends to settle these on a net basis or to realize the assets and settle the liabilities simultaneously.

#### Key accounting estimates

Significant assumptions regarding the valuation of the recognized deferred tax asset are both the ability to meet the objectives in the strategy for the next five years and the return on the investment portfolio within the joint taxation group. The return on the investment portfolio is sensitive to general market fluctuations.

Management's estimate of future income according to forecasts, business plans and initiatives scheduled for the coming years forms the basis for estimating the utilization

of the deferred tax assets in future periods. A forecast period of five years is applied to the estimated utilization of deferred tax assets for LEO Pharma A/S and the companies under the joint taxation scheme.

Judgment is exercised concerning the recoverability of deferred tax assets and whether to recognize deferred tax assets in relation to tax loss carryforwards.

LEO GROUP

# Invested capital

## CONTENTS

3.1	Intangible assets	54
3.2	Property, plant and equipment	58
3.3	Leases	59
3.4	Pensions	61

## Note 3.1

### Intangible assets

#### Intellectual property rights

At December 31, 2024, intellectual property rights comprised the following individually significant intangible assets:

- Dermatology portfolio (mainly Skinoren®, Advantan®, Travocort® and Travogen®) with a carrying amount of DKK 2,527m (2023: DKK 2,808m).
- Protopic® and Pimafucort® with a carrying amount of DKK 294m (2023: DKK 577m) and remaining useful life of 1 year.
- Tralokinumab with a carrying amount of DKK 790m (2023: DKK 907m) and remaining useful life of between 7 and 9 years.

#### Software

Software comprises both purchased and internally developed software, reporting systems etc.

#### Development projects and software in progress

Development projects and software in progress, DKK 23m (2023: DKK 200m), comprised development projects, DKK 0m (2023: DKK 168m), and software in progress, DKK 23m (2023: DKK 32m).

During the year the Group recognized DKK 130m in additions (2023: DKK 16m) related to development projects and DKK 28m (2023: DKK 47m) related to software projects.

At December 31, 2024, development projects comprised temtokibart DKK 0m (2023: DKK 78m), delgocitinib DKK 0m (2023: DKK 66m) and other development projects, DKK 0m (2023: DKK 17m).

	Goodwill	Intellectual property rights	Software	Development projects and software in progress	Total intangible assets
(DKK million)					
<b>2024</b>					
Cost at January 1	192	14,069	2,885	209	17,355
Exchange rate adjustments	-	(6)	-	-	(6)
Additions	-	-	-	158	158
Disposals	-	-	(388)	(104)	(492)
Transfers	-	100	37	(137)	-
<b>Cost at December 31</b>	<b>192</b>	<b>14,163</b>	<b>2,534</b>	<b>126</b>	<b>17,015</b>
Amortization and impairment losses at January 1	-	(9,568)	(1,679)	(9)	(11,256)
Exchange rate adjustments	-	2	-	-	2
Amortization	-	(748)	(350)	-	(1,098)
Disposals	-	-	388	104	492
Impairment losses	-	(11)	(4)	(198)	(213)
<b>Amortization and impairment losses at December 31</b>	<b>-</b>	<b>(10,325)</b>	<b>(1,645)</b>	<b>(103)</b>	<b>(12,073)</b>
<b>CARRYING AMOUNT AT DECEMBER 31</b>	<b>192</b>	<b>3,838</b>	<b>889</b>	<b>23</b>	<b>4,942</b>

	Goodwill	Intellectual property rights	Software	Development projects and software in progress	Total intangible assets
(DKK million)					
<b>2023</b>					
Cost at January 1	192	14,076	2,594	2,380	19,241
Exchange rate adjustments	-	(7)	-	-	(7)
Additions	-	-	-	63	63
Disposals	-	-	(37)	(1,897)	(1,934)
Transfers	-	-	328	(337)	(9)
<b>Cost at December 31</b>	<b>192</b>	<b>14,069</b>	<b>2,885</b>	<b>209</b>	<b>17,355</b>
Amortization and impairment losses at January 1	-	(8,480)	(1,341)	(1,765)	(11,586)
Exchange rate adjustments	-	1	-	-	1
Amortization	-	(714)	(375)	-	(1,089)
Disposals	-	-	37	1,897	1,934
Impairment losses	-	(375)	-	(141)	(516)
<b>Amortization and impairment losses at December 31</b>	<b>-</b>	<b>(9,568)</b>	<b>(1,679)</b>	<b>(9)</b>	<b>(11,256)</b>
<b>CARRYING AMOUNT AT DECEMBER 31</b>	<b>192</b>	<b>4,501</b>	<b>1,206</b>	<b>200</b>	<b>6,099</b>

## Note 3.1

### Intangible assets (continued)

(DKK million)	2024	2023
Specification of amortization:		
Cost of sales	31	35
Sales and distribution costs	769	734
Research and development costs	55	50
Administrative costs	243	270
<b>TOTAL</b>	<b>1,098</b>	<b>1,089</b>

#### Impairment testing

##### Goodwill

LEO Pharma is considered as a single identifiable group of assets that generates independent cash inflows, as Management makes decisions and assesses business performance at the consolidated level.

In 2024, the recoverable amount of LEO Pharma as a single cash-generating unit (CGU) was based on a method of assessing the fair value less cost of disposal. The fair value of LEO Pharma is based on the actual valuation of the share price (enterprise value) of LEO Pharma compared with the carrying amount of equity. Management has not identified any goodwill impairment at December 31, 2024.

##### Intellectual property rights and software

Intellectual property rights and software are tested for impairment in two steps. First, the Group performs a review for indications of Impairment per asset. If any indications of impairment are identified, the second step is to compare the discounted future cash flow (value in use) generated by the specific asset with its carrying amount.

**2024:** No impairment losses, or reversals of previously recognized impairment losses, were recognized, based on the impairment test.

**2023:** Impairment losses of DKK 375m were recognized under sales and distribution costs related to intellectual property rights for tralokinumab within a specific geographical area. The recoverable amount of tralokinumab before impairment amounted to DKK 907m. No reversals of impairment losses from prior periods were recognized in 2023.

##### Impact of changes in key assumptions

When preparing the impairment tests by using the discounted future cash flows to determine the recoverable amount of an asset, Management considers the sensitivity of changes in the key assumptions, to evaluate the inherent risk in the valuation of the recoverable amount.

The Group has conducted an analysis of the sensitivity of changes in the key assumptions applied in the impairment tests in 2024. Management believes that any reasonably possible change

in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

##### Development projects and software in progress

The Group performs annual impairment tests on single internal assets in progress and acquired development assets that are not yet commercialized. The recoverable amount of intellectual property rights and development projects is based on the value in use of the discounted expected future cash flows. The recoverable amounts of the specific assets are compared with the carrying amount.

**2024:** The impairment losses recognized on development projects amounted to DKK 198m and primarily relate to discontinuation of the TMB-001 development project at DKK 104m. The clinical project was terminated, as primary and key secondary endpoints of the randomized, double-blind period of the phase 3 clinical trial were not met. Consequently, the recoverable amount was determined at DKK 0m. Other impairment losses of development projects amounted to DKK 94m and relate to discontinuation of various development projects.

The impairment losses of DKK 198m were recognized under research and development costs. No reversals of impairment losses from prior periods have been recognized in 2024.

**2023:** Impairment losses recognized on development projects amounted to DKK 141m and primarily related to the izuforant development project (DKK 109m).

The impairment losses of DKK 141m were recognized under research and development costs. No reversals of impairment losses from prior periods were recognized in 2023.

##### Research and development costs

In 2024, research and development costs recognized in the income statement amounted to DKK 2,270m (2023: DKK 2,122m), including impairment losses of DKK 198m (2023: DKK 141m).

## Note 3.1

### Intangible assets (continued)

#### Accounting policies

##### Intellectual property rights

Amortization is provided on a straight-line basis over the expected useful lives of the assets and recognized in sales and distribution costs and research and development costs in the income statement. Costs relating to the maintenance of patents etc. are expensed in the income statement as incurred.

Software purchased or internally developed is amortized on a straight-line basis over the expected useful life. Amortization and impairment are recognized in the income statement as administrative costs.

The expected useful life is as follows:

Intellectual property rights:	5-15 years
Software:	3-10 years

##### Development projects and software in progress

Acquired or internal development projects and software in progress are recognized as intangible assets if the recognition criteria are met:

- The projects are clearly defined and identifiable
- The Group intends to use the projects once completed
- The future earnings from the projects are expected to cover the development and administrative costs
- The cost can be reliably measured.

R&D intangible assets are capitalized as development projects when milestone payments related to acquired clinical intellectual rights are made with the intention to market the product at a future stage, and it is probable that future earnings can cover production, sales and distribution, administrative, as well as research and development costs.

Research costs are expensed in the income statement. The costs of software in progress include direct salaries, materials and other direct costs attributable to the development activities.

Consistent with industry practice, internal and subcontracted development costs are expensed as incurred, due to significant regulatory uncertainties inherent in developing new products. After marketing approval by a regulatory authority is obtained or

considered highly probable, development costs are capitalized as intangible assets.

Development projects are not amortized, as the assets are not available for use.

##### Impairment testing

Goodwill and intangible assets under construction are tested for impairment annually or if there are indications of impairment during the year. If an impairment need is identified, the carrying amount is written down to the recoverable amount, which is the higher of fair value less cost of disposal or value in use.

Development projects are assessed on an ongoing basis taking due account of development in progress, expected approvals and commercial utilization.

When assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value

of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

##### Research and development costs

Research and development costs comprise internal and external costs related to studies, employee costs, materials, costs for subcontracted development activities, depreciation, amortization, impairment losses and other directly attributable costs.

## Note 3.1

### Intangible assets (continued)

#### Key accounting estimates and judgments

##### Impairment testing, indicators

Management makes judgments to assess if there are any indications of impairment. To identify impairment events, Management considers the following events:

- Changes to patent and license rights
- Changes in expected future cash inflows and outflows to/from the Group
- Research and development results
- Technological changes
- Development of competing products

##### Valuation of intangible assets

To determine the recoverable amount of intangible assets, the future cash flows are discounted to present value applying a discount rate that reflects the risks associated with the

cash flow. The expected future cash flows are based on budgets and target plans for the patent period or other applicable period for marketable products. The budgets and target plans are based on Management's expectations of current market conditions and future growth expectations. Key factors estimated in the valuation include discount rates and growth rates, working capital etc.

##### Estimated useful lives

The useful life and amortization period are estimated individually in each case and are initially assessed when the assets are acquired or brought into use. The main factors in consideration are contractual terms that may limit the useful life, the useful life of other assets to which the intangible asset may relate and economic factors. Management assesses intangible assets for changes in useful lives on an annual basis.

## Note 3.2

### Property, plant and equipment

(DKK million)	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Assets under construction	Total property, plant and equipment
<b>2024</b>					
Cost at January 1	2,672	3,271	546	2,355	8,844
Exchange rate adjustments	4	1	1	-	6
Additions	2	6	14	236	258
Disposals	(85)	(11)	(71)	-	(167)
Transfers	5	144	6	(154)	1
<b>Cost at December 31</b>	<b>2,598</b>	<b>3,411</b>	<b>496</b>	<b>2,437</b>	<b>8,942</b>
Depreciation and impairment losses at January 1	(1,665)	(2,267)	(394)	-	(4,326)
Exchange rate adjustments	(2)	(1)	-	-	(3)
Disposals	85	11	71	-	167
Depreciation	(65)	(197)	(48)	-	(310)
Impairment losses	(11)	-	(12)	-	(23)
<b>Depreciation and impairment losses at December 31</b>	<b>(1,658)</b>	<b>(2,454)</b>	<b>(383)</b>	<b>-</b>	<b>(4,496)</b>
<b>CARRYING AMOUNT AT DECEMBER 31</b>	<b>940</b>	<b>957</b>	<b>112</b>	<b>2,437</b>	<b>4,446</b>

Assets under construction mainly relate to the construction of a new production plant in Ballerup, Denmark at a carrying amount of DKK 1,843m (2023: DKK 1,746m) and construction related to expansion of an existing plant in Ireland at a carrying amount of DKK 647m (2023: DKK 424m).

For capital commitments, please refer to Note 6.5 Guarantees, contingencies and commitments.

At December 31, 2024, assets at the Ballerup site, Denmark, were pledged as collateral for loans. The carrying amount of these assets was DKK 2,549m (2023: DKK 2,553m).

(DKK million)	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Assets under construction <sup>1</sup>	Total property, plant and equipment
<b>2023</b>					
Cost at January 1	2,602	3,281	651	2,694	9,228
Exchange rate adjustments	-	4	-	2	6
Additions	6	7	5	330	348
Disposals	(76)	(346)	(152)	(175)	(749)
Transfers	140	325	41	(496)	10
<b>Cost at December 31</b>	<b>2,672</b>	<b>3,271</b>	<b>546</b>	<b>2,355</b>	<b>8,844</b>
Depreciation and impairment losses at January 1	(1,664)	(2,382)	(473)	-	(4,519)
Exchange rate adjustments	(1)	(3)	-	-	(4)
Disposals	74	346	137	175	732
Depreciation	(74)	(226)	(57)	-	(357)
Impairment losses	-	(2)	(1)	(175)	(178)
<b>Depreciation and impairment losses at December 31</b>	<b>(1,665)</b>	<b>(2,267)</b>	<b>(394)</b>	<b>-</b>	<b>(4,326)</b>
<b>CARRYING AMOUNT AT DECEMBER 31</b>	<b>1,007</b>	<b>1,004</b>	<b>151</b>	<b>2,355</b>	<b>4,517</b>

(DKK million)

Specification of depreciation and impairment:

	2024	2023
Cost of sales	250	429
Sales and distribution costs	23	15
Research and development costs	31	23
Administrative costs	29	68
<b>TOTAL</b>	<b>333</b>	<b>535</b>

## Note 3.2

### Property, plant and equipment (continued)

#### Accounting policies

For self-constructed assets, cost comprises direct costs of materials, sub-suppliers and salaries etc. The total cost of an asset is broken down into components that are depreciated separately if the expected useful life of the individual components is not the same.

If the recoverable amount of an asset is estimated to be less than the carrying amount, an impairment is recognized.

Impairment losses are recognized in the respective function that the asset belongs to on recognition, such as in cost of sales, sales and distribution costs, research and development costs, or administrative costs.

Depreciation is provided on a straight-line basis over the expected useful life. The useful life is reassessed once a year

to ascertain that the depreciation profile reflects the expected useful life and future residual value of the assets. Land is not depreciated.

The expected useful lives are as follows:

- Buildings 10-50 years
- Plant and machinery 5-10 years
- Other fixtures and fittings, tools and equipment 3-10 years

Leasehold improvements are depreciated over the term of the leased assets.

## Note 3.3

### Leases

LEO Pharma's leases mainly consist of property leases of e.g., offices and cars.

Lease contracts are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease

contracts are typically signed for fixed periods. If a rental contract includes an extension option for LEO Pharma, Management assesses whether it is reasonably certain that the extension option will be utilized.

RIGHT-OF-USE ASSETS						
(DKK million)	2024			2023		
	Properties	Cars etc.	Total	Properties	Cars etc.	Total
Carrying amount at January 1	235	71	306	322	77	399
Additions	16	42	58	-	40	40
Remeasurements	(38)	-	(38)	(11)	-	(11)
Disposals	(22)	-	(22)	(1)	-	(1)
Depreciation	(48)	(40)	(88)	(65)	(45)	(110)
Impairment	(11)	-	(11)	-	-	-
Exchange rate adjustments	3	-	3	(10)	(1)	(11)
<b>CARRYING AMOUNT AT DECEMBER 31</b>	<b>135</b>	<b>73</b>	<b>208</b>	<b>235</b>	<b>71</b>	<b>306</b>

## Note 3.3

### Leases (continued)

(DKK million)	2024	2023
<b>Lease liabilities</b>		
Current	82	87
Non-current	164	238
<b>LEASE LIABILITIES AT DECEMBER 31</b>	<b>246</b>	<b>325</b>

For a contractual maturity analysis of lease liabilities, refer to Note 5.2 Financial risks, Contractual maturity analysis for financial liabilities.

The cash flow statement for lease liabilities was impacted by DKK 120m (2023: DKK 125m), of which DKK 10m (2023: DKK 10m) impacted the operating cash flow and DKK 110m (2023: DKK 115m) impacted the cash flows from financing activities.

(DKK million)	2024	2023
<b>Amounts expensed in the income statement:</b>		
Other operating income, net	6	(1)
Depreciation and impairment of right-of-use assets	(99)	(110)
Interest expense on lease liabilities	(10)	(10)
<b>TOTAL AMOUNT RECOGNIZED IN THE INCOME STATEMENT</b>	<b>(103)</b>	<b>(121)</b>

Variable lease payments, short-term leases and leases of low-value assets were not material in 2024 or 2023.

Depreciation is included in sales and distribution costs in the income statement.

#### Accounting policies

On initial recognition, right-of-use assets correspond to the lease liability recognized, adjusted for any lease prepayments, including dismantling and restoration costs.

The lease payments include fixed payments less any lease incentives receivable and variable lease payments. Variable lease payments that are not included in the measurement of the lease liability are recognized as expenses in the income statement.

The lease payments are discounted using the interest rate implicit in the contract if the rate can be determined, or otherwise LEO Pharma's incremental borrowing rate that the subsidiaries would have to pay to borrow the funds necessary to obtain the leased assets with similar characteristics, in a similar economic environment and with similar terms.

The consideration in the contract is allocated to the lease and non-lease components based on their relative stand-alone prices. For some property agreements, where lease and non-lease components cannot be separated, non-lease components, i.e., the service elements, will form part of the right-of-use asset and lease liabilities recognized in the balance sheet.

For contracts with a rolling term (evergreen leases), the lease term is estimated at five years. Properties of strategic importance are estimated based on the time frame necessary to vacate the premises. The estimated lease term is reassessed at each reporting date.

Depreciation follows the straight-line method over the lease term or the useful life of the right-of-use asset, whichever is shorter.

Lease assets are depreciated as follows:

- Properties 5-10 years
- Cars etc. 3-5 years

The Group applies the short-term lease recognition exemption to lease contracts that, at the commencement date, have a lease term of 12 months or less for all classes of underlying assets, and the exemption for lease contracts for which the underlying asset is of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

## Note 3.4 Pensions

The Group operates a number of pension plans with different characteristics for certain groups of employees in various countries. The vast majority of these pension plans are defined benefit plans.

### Defined contribution plans

These plans are externally funded through payments of premiums to insurance companies and pension funds that are legally separate from the Group. The Group's responsibility to current or former employees is limited to the payment of the premium. Further information about the Group's contributions for the year is provided in Note 2.2 Employee costs.

### Defined benefit plans

For these plans the Group is responsible for the pension obligation to the employees, which exposes the Group to actuarial

risks, such as mortality, interest rates and salaries. The plans entitle the employees to an annual pension on retirement based on service and salary level up to retirement.

The Group operates defined benefit plans in a few countries, of which the most significant are in Ireland and the UK.

The plans in Ireland and the UK are funded and constituted under a trust whose assets are legally separate from those of the Group. Under the UK scheme-funding regime, the trustees are required to undertake regular scheme-funding valuations for the plans and to establish a schedule of contributions and a recovery plan if there is a shortfall in the plan.

Other financial assets of DKK 146m (2023: DKK 138m), including bonds and cash, have been pledged for the pension fund in Ireland.

(DKK million)	Present value of pension obligations	Fair value of plan assets	Net obligations
<b>2024</b>			
Value at 1 January	1,446	1,514	(68)
Effect of exchange rate adjustment	25	32	(7)
Current and past service costs	2	-	2
Interest on obligation/asset	53	57	(4)
<b>Total amount recognized in the income statement</b>	<b>89</b>	<b>89</b>	<b>(9)</b>
Actuarial (gains)/losses on changes in demographic assumptions	(6)	-	(6)
Actuarial (gains)/losses on changes in financial assumptions	(78)	-	(78)
Actuarial (gains)/losses on experience adjustments	(4)	-	(4)
Return on plan assets	-	(61)	(61)
<b>Total amount recognized in other comprehensive income</b>	<b>(88)</b>	<b>(61)</b>	<b>(27)</b>
<b>Fair value of plan assets:</b>			
Benefits paid to employees	(64)	(61)	(3)
Employer contributions	-	24	(24)
<b>VALUE AT DECEMBER 31</b>	<b>1,374</b>	<b>1,505</b>	<b>(131)</b>
<b>Recognized as:</b>			
Non-current assets			206
Non-current liabilities			75
<b>TOTAL</b>			<b>(131)</b>

## Note 3.4

### Pensions (continued)

(DKK million)	Present value of pension obligations	Fair value of plan assets	Net obligations
<b>2023</b>			
Value at 1 January	1,346	1,419	(73)
Effect of exchange rate adjustment	14	18	(4)
Current and past service costs	-	-	-
Interest on obligation/asset	55	59	(4)
<b>Total amount recognized in the income statement</b>	<b>69</b>	<b>77</b>	<b>(8)</b>
Actuarial (gains)/losses on changes in demographic assumptions	(6)	-	(6)
Actuarial (gains)/losses on changes in financial assumptions	67	-	67
Actuarial (gains)/losses on experience adjustments	30	-	30
Return on plan assets	-	53	(53)
<b>Total amount recognized in other comprehensive income</b>	<b>91</b>	<b>53</b>	<b>38</b>
Benefits paid to employees	(60)	(59)	(1)
Employer contributions	-	24	(24)
<b>VALUE AT DECEMBER 31</b>	<b>1,446</b>	<b>1,514</b>	<b>(68)</b>
<b>Recognized as:</b>			
Non-current assets			145
Non-current liabilities			77
<b>TOTAL</b>			<b>(68)</b>

#### Key assumptions and sensitivity analysis

The most significant assumptions used in the calculation of the obligation concerning defined benefit plans are the discount rates.

The average discount rate applied is 4.1% (2023: 3.8%). However, the discount rate and inflation rate will most likely be

correlated and consequently result in a change in fair value and plan assets as well.

The applied average discount rate is 3.9% (2023: 4.3%), and the applied average inflation rate is 2.3% (2023: 2.6%).

DKK (million)	2024
<b>Sensitivity analysis</b>	
Decrease of 0.5% in discount rate	93
Increase of 0.5% in discount rate	(86)

#### Accounting policies

##### Defined contribution plans

Payments to defined contribution plans are recognized in the income statement in the period to which they relate, and any amounts payable are recognized under current liabilities in the balance sheet.

##### Defined benefit plans

Under defined benefit plans, the Group has an obligation to pay a defined benefit on retirement. The actuarially calculated present value less the fair value of any plan assets is recognized under pensions in the balance sheet.

The present value is calculated on the basis of assumptions relating to future developments in salary, interest rates, inflation, mortality and other factors. The present value is calculated solely for the benefits to which the employees have earned

a right through their employment in the Group. Plan assets are recognized to the extent that the Group is able to obtain future economic benefits in the form of reimbursement from the pension scheme or reduction of future payments. Pension costs for the year are recognized in the income statement on the basis of actuarial estimates and financial expectations at the beginning of the year. Actuarial gains and losses are recognized in other comprehensive income. Past service costs are recognized in the income statement as incurred.

The value of the defined benefit plans is based on valuations from external actuaries. The valuation is based on a number of actuarial assumptions, including discount rates, expected return on plan assets, expected growth in wages and salaries, mortality and retirement benefits. The discount rate is the most significant assumption used in the calculation of the obligation concerning defined benefit plans.

LEO GROUP

# Operating assets and liabilities

## CONTENTS

4.1	Trade receivables	64
4.2	Inventories	65
4.3	Other payables	65
4.4	Provisions	66

## Note 4.1

### Trade receivables

Trade receivables arise primarily from the sale of goods produced in-house, invoicing for the licensing of intellectual property and sales-based royalty income.

The amounts due from customers include the net value of products sold, taking into account commercial discounts and

chargebacks as contractually agreed compensation to LEO Pharma's contract partners, as well as credit notes for returned products as per contractual agreements.

LEO Pharma's contracts with customers have initial payment terms that range from 45 to 90 days.

(DKK million)	2024	2023
Trade receivables	2,400	2,173
Allowances for expected credit losses	(32)	(31)
<b>TOTAL</b>	<b>2,368</b>	<b>2,142</b>

#### MOVEMENTS IN WRITE-DOWNS THAT ARE INCLUDED IN TRADE RECEIVABLES

(DKK million)	2024	2023
Write-downs at January 1	31	42
Write-downs recognized	15	10
Write-down reversals	(14)	(21)
<b>WRITE-DOWNS AT DECEMBER 31</b>	<b>32</b>	<b>31</b>

The table below details the risk profile for trade receivables based on the Group's provision matrix. The Group's historical

credit losses do not show different patterns for different customer segments or characteristics, but for country of incorporation.

#### MATURITY ANALYSIS OF TRADE RECEIVABLES

(DKK million)	Expected credit loss rate	Gross carrying amount	Write-downs	Carrying amount
<b>2024</b>				
Not due	0%	2,184	-	2,184
1-90 days past due	1%	136	(1)	135
91-180 days past due	1%	32	-	32
181-360 days past due	36%	23	(9)	14
More than 360 days past due	88%	25	(22)	3
<b>Trade receivables at December 31</b>		<b>2,400</b>	<b>(32)</b>	<b>2,368</b>
<b>2023</b>				
Not due	0%	1,895	-	1,895
1-90 days past due	1%	185	(2)	183
91-180 days past due	1%	30	-	30
181-360 days past due	12%	24	(3)	21
More than 360 days past due	65%	39	(26)	13
<b>Trade receivables at December 31</b>		<b>2,173</b>	<b>(31)</b>	<b>2,142</b>

#### Accounting policies

On initial recognition, trade receivables are measured at fair value, and subsequently at amortized cost, which usually corresponds to the nominal value less write-downs to counter the risk of losses.

Write-downs are calculated using the 'lifetime expected credit losses' method. The write-down amount is recognized in the income statement under sales and distribution costs.

## Note 4.2 Inventories

(DKK million)	2024	2023
Raw materials and consumables	1,260	1,323
Work in progress	2,158	2,263
Finished goods and goods for resale	1,555	1,280
<b>TOTAL</b>	<b>4,973</b>	<b>4,866</b>
Write-downs, provision at end of year	283	377
Cost of goods sold included in cost of sales	4,383	3,465

### Accounting policies

Inventories are measured at the lower of cost and net realizable value and are assigned using the first-in, first-out (FIFO) cost formula.

Finished goods and work in progress comprise the cost of raw materials, consumables, direct labor and indirect production costs. Indirect production costs comprise indirect consumables and labor, as well as maintenance

and depreciation of the machinery, factory buildings and equipment used in the manufacturing process, and the costs of factory administration and management.

The net realizable value of inventories is calculated as sales price less costs of completion and expenses incurred to effect the sale, and is determined allowing for marketability, obsolescence and development in expected sales price. Obsolete goods, including slow-moving goods, are written down.

### Key accounting estimates and judgments

#### Cost of inventories

Management uses the standard cost method to measure cost and performs a yearly assessment to determine if this results in an approximate cost. The standard cost is adjusted if there are significant deviations.

Indirect production overheads are calculated on the basis of relevant assumptions as to capacity utilization, production

time and other relevant factors, and allocated on the basis of the normal production capacity.

#### Inventory write-down

Inventory provision involves assessing the value of inventory to ensure it is reported at the lower of cost and net realizable value. This estimate requires significant assumptions and analysis, whereby the Group considers market conditions, product demand and potential obsolescence.

## Note 4.3 Other payables

(DKK million)	2024	2023
Employee-related	738	738
Sales deductions	490	372
Accrued clinical trial expenses	241	173
Deferred revenue	184	-
Financial derivatives	113	30
Public authorities	80	101
Royalties	74	55
Grant liability	284	204
Accounts and other payables	715	721
<b>TOTAL OTHER PAYABLES</b>	<b>2,919</b>	<b>2,394</b>

### Accounting policies

Other payables include liabilities that are settled on an ongoing basis and due less than one year from the balance sheet date.

Other payables include amounts owed to employees, amounts owed for the purchase of research and

development projects, accrued clinical trial expenses and sales deductions related to customer programs contracted with specific customers. They also cover preregistered returns where the absolute amounts are known. Furthermore, other payables include grants falling due within a year.

## Note 4.4 Provisions

Provisions in LEO Pharma are mainly assessed for sales deductions, product returns, restructuring programs, legal disputes and onerous contracts.

(DKK million)	Sales deductions	Product returns	Employee-related provisions	Other provisions	Total
<b>2024</b>					
Provisions at January 1	644	164	131	117	1,056
Exchange rate adjustment	28	8	5	(5)	36
Additions	1,854	127	302	144	2,427
Utilization	(1,484)	(35)	(95)	(87)	(1,701)
Reversals	(269)	(11)	(36)	(31)	(347)
<b>PROVISIONS AT DECEMBER 31</b>	<b>773</b>	<b>253</b>	<b>307</b>	<b>138</b>	<b>1,471</b>
Of which classified as:					
Non-current liabilities	1	59	183	64	307
Forward contracts used as hedging instruments	772	194	124	74	1,164
<b>PROVISIONS AT DECEMBER 31</b>	<b>773</b>	<b>253</b>	<b>307</b>	<b>138</b>	<b>1,471</b>
<b>2023</b>					
Provisions at January 1	453	121	481	214	1,269
Exchange rate adjustment	(12)	(4)	3	3	(10)
Additions	1,390	120	128	37	1,675
Utilization	(1,018)	(51)	(337)	(52)	(1,458)
Reversals	(169)	(22)	(60)	(85)	(336)
Transfer	-	-	(84)	-	(84)
<b>PROVISIONS AT DECEMBER 31</b>	<b>644</b>	<b>164</b>	<b>131</b>	<b>117</b>	<b>1,056</b>
Of which classified as:					
Non-current liabilities	1	53	25	52	131
Current liabilities	643	111	106	65	925
<b>PROVISIONS AT DECEMBER 31</b>	<b>644</b>	<b>164</b>	<b>131</b>	<b>117</b>	<b>1,056</b>

Sales deductions and product returns are expected to be settled within a period of 1-2 years from delivery of the related products.

In 2024, LEO Pharma announced a restructuring program, recognized under additions to employee-related provisions of DKK 274m. Employee-related provisions are expected to be realized in 2025-2026.

### Accounting policies

Provisions are recognized when the Group has a legal or a constructive obligation as a result of past events and it is probable that there may be an outflow of economic resources to settle the obligation. Provisions are measured as the best estimate of the costs expected to settle the liabilities at the balance sheet date.

Provisions mainly consist of sales deductions, product returns, restructuring, legal disputes and onerous contracts. Provisions for unsettled sales deductions and product returns where the timing and amount are uncertain are recognized at the time the related revenue is recognized.

Sales deductions and returns where absolute amounts are known are recognized as other payables.

Provisions for restructuring mainly include employee-related costs. These are recognized when a constructive obligation exists, detailed restructuring plans are in place and a valid expectation of those affected has been raised.

Other provisions consist of provisions for legal disputes, onerous contracts and other restructuring provisions.

### Key accounting estimates

#### Provisions for sales deductions

Provisions for sales deductions represent estimates of the related obligations. Management's estimate of sales discounts and rebates is based on a calculation that includes a combination of historical utilization data, and expectations in relation to the development in sales and rebate rates. Furthermore, specific circumstances regarding the different programs are considered.

Sales discounts and rebates are predominantly issued in the U.S. in connection with various commercial arrangements, managed healthcare organizations, co-pay arrangements and government programs such as Medicaid and Medicare. Estimates for these programs are most at risk of material adjustment because of the extensive time delay between recording the provision and its final settlement.

LEO GROUP

# Capital structure and financing

## CONTENTS

5.1	Financial income and expenses	68
5.2	Financial risks	69
5.3	Derivative financial instruments	73
5.4	Financial assets and liabilities by category	75
6.5	Foundation capital	77

## Note 5.1

### Financial income and expenses

Net capital gains on financial assets amounted to DKK 2,050m in 2024 (2023: DKK 1,716m) due to positive financial markets. In 2024 the Group had reduced expenses related to fair value adjustment of cash-settled share-based incentive programs offset by increased interest expenses to financial institutions.

Total interest expenses on financial liabilities measured at amortized cost amounted to DKK 744m (2023: DKK 884m) and other financial expenses primarily comprised commitment fees related to the syndicated facility agreement.

(DKK million)	2024	2023
Interest income	61	22
Capital gains, financial assets	2,153	1,828
Foreign exchange gains, net	18	-
Other financial income	99	31
<b>FINANCIAL INCOME</b>	<b>2,331</b>	<b>1,881</b>
Interest expenses, credit institutions	735	647
Interest expenses, lease liabilities	10	10
Capital losses, financial assets	103	112
Fair value adjustment of cash-settled share-based incentive plans	25	156
Foreign exchange losses, net	-	102
Other financial expenses	175	182
<b>FINANCIAL EXPENSES</b>	<b>1,048</b>	<b>1,209</b>

#### Accounting policies

Financial income and expenses comprise interest, realized and unrealized exchange rate adjustments, fair value adjustment of cash-settled share-based incentive plans, and fair value adjustments of financial assets and liabilities.

Fair value adjustments of currency derivatives transferred from other comprehensive income and fair value adjustments recognized for fair value hedges are presented under gain arising on forward foreign exchange contracts

in financial income or under loss arising on forward foreign exchange contracts in financial expenses.

Interest income and expenses from financial assets and liabilities are calculated using the effective interest method. For instance, the value of a loan, which includes any potential establishment costs, is measured at amortized cost and serves as the basis for calculating the reported interest.

## Note 5.2

### Financial risks

#### Financial portfolio risks

Financial portfolio risks are managed according to LEO Holding's investment policy, which has been approved by LEO Holding's Board of Directors. The investment policy states the strategic asset allocation and the boundaries for each asset class within which tactical asset allocation positions can be taken.

Furthermore, the policy defines the limits on counterparty risk, overall interest rate risk and liquidity of the financial portfolio.

The credit risk on investments in bonds is limited, as all bonds either have a high rating assigned by Moody's, Standard & Poor's or Fitch, or are part of highly diversified mandates with limited exposure to a single issuer. The credit risk on cash and bank balances is limited, as the Group only engages with banks with high credit ratings. The credit risk on derivatives is mitigated through collateral management agreements with counterparty banks.

Interest rate risk relates to the bonds of the investment portfolio, where an increase of the interest rate by one percentage-point would result in a decrease of the Group's profit/(loss) of DKK 95m, while a one percentage-point decrease of the interest rate would have the opposite effect.

Equity risk arises from investments in listed shares. The investment policy limits the regional exposure within the portfolio and the weight of an individual share. If deemed appropriate, overall equity risk can quickly be reduced through equity future overlay.

Currency risk arises when investments are made in currencies other than DKK. Currency risk is hedged for all fixed-income exposure (except EUR), while equity investments generally have full currency exposure, but with the possibility to hedge fully or partially. For the investment portfolio, the major currency exposure is related to USD; a weakening of the USD by 1 percentage point at December 31, 2024 would have resulted in a decrease of the Group's profit/(loss) of DKK 55m and an increase of the same amount if the USD strengthened by 1 percentage point.

Alternative investments (illiquid unlisted assets) follow the same principles as listed assets.

#### Operational financial risks

LEO Pharma's worldwide operations, investments and financing activities expose the Group to a variety of financial risks. The Group's overall risk management programs focus on the credit risks associated with trade receivables and the unpredictability of financial markets, and seek to minimize the potential adverse effects on the Group's financial performance. Financial risk management is undertaken by the Group's Treasury department, subject to the objectives and policies approved by the Board of Directors. The Treasury Policies cover funding, trade credit, foreign exchange and interest risks. The Group uses derivative financial instruments to hedge some risk exposures. The use of derivative financial instruments for speculative purposes is prohibited. The Treasury policies were updated in 2024 with regard to the interest rate exposure and interest hedging.

#### Credit risk

Credit risk primarily refers to the potential losses or reduction in cash flow in the event that customers are unable to fulfill their obligations in a timely manner. LEO Pharma's trade receivables are spread across many counterparties and customers, therefore the Group has no significant concentration of credit risk.

For selected global customers, LEO Pharma has implemented a non-recourse factoring program that includes a credit insurance component. At year-end, the Group has settled trade receivables with due dates after December 31, without recourse, totaling DKK 354m (2023: DKK 374m). Historically, realized losses on trade receivables have been insignificant. Please refer to Note 4.1 Trade receivables.

A financial counterparty risk also arises when Group entities hold deposits at financial institutions. To mitigate this risk, surplus cash positions in the subsidiaries are centralized by Treasury and

held in the current accounts of subsidiaries. If a financial institution has a rating below Investment grade, Group Treasury adopts a stricter policy of maintaining the lowest possible bank balance.

Temporary cash positions and transactions involving derivative financial instruments, which potentially can hold a positive value, are exclusively conducted with banks that participate in the Group's syndicated loan facility.

#### Liquidity reserves

The Group maintains a financial reserve to cover contractual obligations, and holds sufficient liquidity reserves and available resources to explore investment opportunities.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and by continuously monitoring forecast and actual cash flows.

(DKK million)	2024	2023
Cash and cash equivalents	254	216
Unused financing facilities	3,920	4,074
<b>TOTAL</b>	<b>4,147</b>	<b>4,290</b>

## Note 5.2

### Financial risks (continued)

#### Financing facilities

In 2023, the Group renegotiated the loan terms for the existing syndicated facility, resulting in both an increase in the available credit facility of DKK 1,500m and improved loan terms. The improvements included a decrease in the effective interest rate during the lifetime of the new arrangement as well as a postponement of the loan termination date to January 1, 2029.

The renegotiated terms were not assessed to be substantially different to the previous loan terms, as the fair value of the liability before and after the modification was not significantly changed. Under IFRS 9, a gain or loss is recognized equal to the difference between the present value of the cash flows under the original and modified terms, discounted at the original effective interest rate. A gain of DKK 15m was recognized as a result of the modification. Fees of DKK 34m relating to the modification have been capitalized on the liability and amortized in financial expenses over the extended lifetime of the facility.

The Group's syndicated facility agreement includes loan covenant terms. The loan covenant includes financial metrics linked to EBITDA for selected established brands in the product portfolio. EBITDA for selected established brands is measured quarterly to ensure ongoing compliance. At December 31, the carrying amount of loans subject to this covenant was DKK 8,678m (2023: DKK 8,434m).

Based on the Group's financial plans and strategy for the coming financial year, LEO Pharma's Management does not anticipate any difficulties in meeting the covenant over the next 12 months.

LEO Pharma has consistently met all covenant requirements through the year.

(DKK million)	Borrowings at January 1	Proceeds	Repayments	Other non-cash items	Borrowings at December 31
<b>2024</b>					
Loans and credit institutions	10,669	1,390	(1,160)	17	10,916
Lease liabilities	325	-	(110)	31	246
<b>TOTAL BORROWINGS</b>	<b>10,994</b>	<b>1,390</b>	<b>(1,270)</b>	<b>48</b>	<b>11,162</b>
Of which classified as:					
Non-current					10,578
Current					584
<b>2023</b>					
Loans and credit institutions	8,776	2,750	(819)	(38)	10,669
Lease liabilities	442	-	(115)	(2)	325
<b>TOTAL BORROWINGS</b>	<b>9,218</b>	<b>2,750</b>	<b>(934)</b>	<b>(40)</b>	<b>10,994</b>
Of which classified as:					
Non-current					10,642
Current					352

## Note 5.2

### Financial risks (continued)

The table below discloses the Group's financial liabilities based on their contractual maturities for all non-derivative financial liabilities, as well as derivative financial instruments where the

contractual maturities are essential for an understanding of the timing of the cash flows.

#### CONTRACTUAL MATURITY ANALYSIS FOR FINANCIAL LIABILITIES

(DKK million)	Contractual amount	Less than 1 year	1-5 years	More than 5 years
<b>2024</b>				
<b>Financial liabilities at amortized cost</b>				
Loans and credit institutions	13,683	531	10,574	2,578
Lease liabilities	262	89	149	24
Trade and other payables	3,685	3,685	-	-
Other long-term liabilities	2,985	-	2,805	180
<b>Total non-derivative financial liabilities</b>	<b>20,615</b>	<b>4,305</b>	<b>13,528</b>	<b>2,782</b>
Derivative financial liabilities	113	66	47	-
<b>TOTAL FINANCIAL LIABILITIES AT DECEMBER 31</b>	<b>20,728</b>	<b>4,371</b>	<b>13,575</b>	<b>2,782</b>
<b>2023</b>				
<b>Financial liabilities at amortized cost</b>				
Loans and credit institutions	14,455	702	2,404	11,349
Lease liabilities	325	119	179	27
Trade and other payables	3,365	3,365	-	-
Other long-term liabilities	2,861	-	2,683	178
<b>Total non-derivative financial liabilities</b>	<b>21,006</b>	<b>4,186</b>	<b>5,266</b>	<b>11,554</b>
Derivative financial liabilities	15	15	-	-
<b>TOTAL FINANCIAL LIABILITIES AT DECEMBER 31</b>	<b>21,021</b>	<b>4,201</b>	<b>5,266</b>	<b>11,554</b>

#### Interest rate risk

LEO Pharma's major non-current loan related to the syndicated facility has a floating interest rate. Fluctuations in interest rates pose a risk for financial expenses. To mitigate the interest rate risk, LEO Pharma enters into interest rate swaps, caps and collars as hedge instruments, subject to the Treasury policy. The weighted average effective interest rate, including the hedging instruments, for the utilized syndicated facility was 5.56% in 2024 (2023: 6.69%). LEO Pharma designates the hedging instruments for interest rate risk as cash flow hedges. No ineffectiveness was observed in 2024 or 2023. The interest rates on mortgage loans will be renewed in 2027.

#### Sensitivity analysis for interest rate risk

A 1 percentage point increase in floating interest rates would result in a net increase in interest expenses in the income statement for the year of DKK 19m (2023: DKK 10m) and increase other comprehensive income by DKK 102m (2023: DKK 35m). The calculation applied in the sensitivity analysis is

based on LEO Pharma's interest-bearing debt and the change in fair value of the interest hedging instruments at December 31.

The calculation method applied in the sensitivity analysis is based on the current duration of unhedged floating-rate interest-bearing debt at December 31 and the change in fair value of the interest hedging instruments.

#### Net interest-bearing debt

The net interest-bearing debt (NIBD) is the interest-bearing liabilities less cash and cash equivalents. The definition of NIBD was refined in 2024. To provide transparency, the Group discloses the comparative figures for 2023 according to the new definition.

Other non-current liabilities of DKK 3,245m (2023: 3,172m) in the consolidated balance sheet include DKK 180m (2023: DKK 178m) in interest-bearing liabilities.

(DKK million)	2024	2023
Loans and credit institutions	10,916	10,669
Lease liabilities	246	325
Other non-current liabilities, interest-bearing	180	178
Cash and cash equivalents	(254)	(216)
<b>NET INTEREST-BEARING DEBT (NIBD)</b>	<b>11,088</b>	<b>10,956</b>

## Note 5.2

### Financial risks (continued)

INTEREST-BEARING LOANS WITH BANKING PARTNERS							
(DKK million)	Currency	Expiry of commitment	Fixed/floating	Weighted avg. effective interest rate (%)	Amortized cost	Nominal value	Fair value
<b>2024</b>							
Syndicated facility	DKK	2029	Floating	5.56	8,678	8,737	8,737
Mortgage loans	DKK	2038	Fixed 3-5 years	4.64	1,188	1,200	1,253
Mortgage loans	DKK	2042	Fixed 3-5 years	4.54	1,050	1,065	1,093
<b>TOTAL</b>					<b>10,916</b>	<b>11,002</b>	<b>11,083</b>
<b>2023</b>							
Syndicated facility	DKK	2029	Floating	7.57	8,434	8,507	8,507
Mortgage loans	DKK	2038	Fixed 3-5 years	4.64	1,186	1,200	1,244
Mortgage loans	DKK	2042	Fixed 3-5 years	4.54	1,049	1,065	1,090
<b>TOTAL</b>					<b>10,669</b>	<b>10,772</b>	<b>10,841</b>

#### Foreign exchange risk

LEO Pharma is exposed to foreign exchange risk, related to commercial transactions, primarily in USD, CAD, GBP and CNY. The Group's general policy is to minimize this exposure by matching inflows and outflows and by hedging a proportion of the unmatched flow, balance and cash positions denominated in foreign currencies according to the Treasury policy. The Group primarily uses FX forward contracts to hedge cash flows and foreign currency balance sheet items. Cash flow hedges are made on a 15-month rolling basis. LEO Pharma designates foreign exchange derivatives as either cash flow or fair value hedges. Please refer to Note 5.3 Derivative financial instruments.

#### Sensitivity analysis for foreign exchange risk

The sensitivity analysis below illustrates the potential impact on LEO Pharma's income statement and equity of fluctuations in the key currencies to which LEO Pharma is significantly exposed at the balance sheet date. The sensitivity analysis assumes an increase of 5% in the key currencies – USD, CAD, CNY and GBP – and assumes that all other variables, including interest rates, remain unchanged. The sensitivity analysis comprises cash and cash equivalents, current receivables, trade payables, current and non-current loans, intercompany balances and forward exchange rate contracts at December 31.

FOREIGN EXCHANGE SENSITIVITY ANALYSIS				
(DKK million)	2024		2023	
	Profit/(loss)	Equity	Profit/(loss)	Equity
USD	(11)	-	(5)	(12)
CAD	-	(29)	-	(25)
CNY	(3)	(38)	6	(27)
GBP	(6)	(15)	(5)	(9)

## Note 5.3

### Financial derivatives

#### Foreign exchange contracts

LEO Pharma hedges the forecast sales and purchases in foreign currencies in a layered strategy by covering the net exposure in the first coming quarter by 80% and gradually reducing the cover ratio to 20% for the fifth coming quarter.

#### Cash flow hedges

Highly probable forecast sales and purchases are critical terms when executing the hedge contracts for future cash flows. LEO

Pharma performs both a quantitative and a qualitative assessment of the effectiveness of cash flow hedges. It is expected that the value of the hedged items will change systematically in opposite directions to the value of the cash flow hedge. Hedge effectiveness is assessed both retrospectively and prospectively.

The financial contracts are expected to impact the income statement for the next 15 months as the cash flow hedges mature and the fair value is transferred from other comprehensive income

to either financial income or financial expenses. In 2024, no ineffectiveness was observed relating to contracts under hedge accounting (2023: DKK 4m, recognized in the income statement in financial expenses under loss arising on financial assets and liabilities).

#### Fair value hedges

In 2024, a fair value gain on forward foreign exchange contracts of DKK 78m has been recognized in the income statement under

financial income (2023: loss of DKK 19m recognized in financial expenses).

To mitigate the currency risks described in note 5.2 Financial risks, LEO Pharma has entered into forward exchange contracts as hedging instruments, maturing within 15 months from the balance sheet date.

FOREIGN EXCHANGE CONTRACTS						
(DKK million)	2024			2023		
	Average hedge rate	Contract amount, net	Fair value, assets/(liabilities)	Average hedge rate	Contract amount, net	Fair value, assets/(liabilities)
<b>Cash flow hedges</b>						
CNH	0.96	749	(12)	0.95	546	-
CAD	4.96	572	2	5.06	506	(1)
Other currencies, net	N/A	934	(11)	N/A	822	(2)
<b>Fair value hedges</b>						
USD	6.90	(985)	30	6.85	(501)	(12)
Other currencies, net	N/A	(463)	2	N/A	(364)	-
<b>FOREIGN EXCHANGE CONTRACTS AT DECEMBER 31</b>			<b>11</b>	<b>(15)</b>		

INTEREST RATE HEDGES							
(DKK million)	2024			2023			
	Notional value, active interest hedge	Notional value, interest hedge with forward start	Average fixed interest rate	Fair value, assets/(liabilities)	Notional value, active interest hedge	Average fixed interest rate	Fair value, assets/(liabilities)
<b>Cash flow hedges</b>							
Interest rate swaps	2,250	2,000	2.94%	(62)	-	-	-
Cap	-	-	-	-	1,500	0.10%	31
Collar	4,500	500	1.75%-3.73%	(13)	6,000	1.63%-3.75%	(1)
<b>TOTAL</b>				<b>(75)</b>	<b>30</b>		

## Note 5.3

### Derivative financial instruments (continued)

FAIR VALUE ADJUSTMENT		
(DKK million)	2024	2023
<b>Cash flow hedges – foreign exchange</b>		
Fair value adjustment for the year recognized in other comprehensive income	(1)	1
Reclassified from equity to the income statement (financial income/expenses)	(17)	12
<b>Cash flow hedges – interest rate</b>		
Fair value adjustment for the year recognized in other comprehensive income	(126)	(94)
Reclassified from equity to the income statement (financial income/expenses)	22	52
<b>Fair value hedge – foreign exchange</b>		
Recognized in the income statement (financial income/expenses)	78	(19)
<b>ADJUSTMENT OF CASH FLOW HEDGES IN OTHER COMPREHENSIVE INCOME</b>	<b>(122)</b>	<b>(29)</b>
<b>CASH FLOW AND FAIR VALUE HEDGES RECOGNIZED IN THE INCOME STATEMENT</b>	<b>83</b>	<b>45</b>

#### Accounting policies

##### Derivative financial instruments

Derivative financial instruments are used to manage the exposure to interest rate and foreign exchange rate risk. On initiation of the contract, LEO Pharma designates each derivative financial contract as either a hedge of the fair value of a recognized asset or liability (fair value hedge) or as a hedge of a future transaction (cash flow hedge).

All contracts are initially recognized at fair value and subsequently remeasured at fair value at the end of the reporting period. The resulting gain or loss is recognized in the income statement immediately, unless the derivative is designated and effected as a cash flow hedging instrument. In this case the timing of the recognition in the income statement depends on the nature of the hedging relationship.

Forward foreign exchange contract assets and liabilities are presented as either other receivables or other payables in the balance sheet.

#### Hedge accounting

The fair value adjustment of qualifying hedging instruments is recognized in the income statement when the hedging instrument is designated as a fair value hedge. Value adjustments of the effective part of cash flow hedges are recognized in equity through other comprehensive income.

The cumulative value adjustment of these contracts is transferred from other comprehensive income to the income statement under financial income or financial expenses.

#### Discontinuation of cash flow hedging

When a hedging instrument expires or is terminated but the hedge still meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement.

If a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement under financial income or financial expenses.

## Note 5.4

### Financial assets and liabilities by category

#### FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

(DKK million)	Fair value hierarchy at December 31, 2024			
	Level 1	Level 2	Level 3	Total
Government and mortgage bonds	1,057	-	-	1,057
Equities	8,859	-	-	8,859
Credit	2,243	-	-	2,243
Alternatives	787	2,881	2,253	5,921
Investment cash	250	-	-	250
Derivative instruments	-	49	-	49
<b>FINANCIAL ASSETS MEASURED AT FAIR VALUE</b>	<b>13,195</b>	<b>2,930</b>	<b>2,253</b>	<b>18,378</b>
Bank loans	-	8,737	-	8,737
Mortgage loans	-	2,346	-	2,346
Derivative instruments	-	113	-	113
<b>FINANCIAL LIABILITIES MEASURED AT FAIR VALUE</b>	<b>-</b>	<b>11,196</b>	<b>-</b>	<b>11,196</b>

#### Fair value measurements

The fair value of derivative financial instruments is measured on the basis of quoted market prices of financial instruments traded in active markets (Level 1). If an active market exists, the fair value is based on the most recently observed market price at the end of the reporting period. If a financial instrument is quoted in a market that is not active, the valuation is based on the most recent transaction price. Adjustment is made for subsequent changes in market conditions, for instance by including transactions in similar financial instruments assumed to be motivated by normal business considerations.

If an active market does not exist, the fair value of standard and simple financial instruments, such as forward foreign exchange

contracts, interest rate swaps and unlisted bonds and shares, is measured according to generally accepted valuation techniques (Level 2). Market-based parameters are used to measure the fair value.

When no observable market data exists, the fair value is measured according to generally accepted valuation techniques (Level 3 input).

The valuation for alternative investments is based on the most recently reported NAV adjusted for capital calls, capital returns and pricing development (if relevant).

#### FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

(DKK million)	Fair value hierarchy at December 31, 2023			
	Level 1	Level 2	Level 3	Total
Government and mortgage bonds	1,300	-	-	1,300
Equities	7,510	-	-	7,510
Credit	2,106	-	-	2,106
Alternatives	498	2,078	1,844	4,420
Investment cash	1,319	-	-	1,319
Derivative instruments	-	43	-	43
<b>FINANCIAL ASSETS MEASURED AT FAIR VALUE</b>	<b>12,733</b>	<b>2,121</b>	<b>1,844</b>	<b>16,698</b>
Bank loans	-	8,507	-	8,507
Mortgage loans	-	2,334	-	2,334
Derivative instruments	-	28	-	28
<b>FINANCIAL LIABILITIES MEASURED AT FAIR VALUE</b>	<b>-</b>	<b>10,869</b>	<b>-</b>	<b>10,869</b>

#### FINANCIAL ASSETS MEASURED AT FAIR VALUE - LEVEL 3

(DKK million)	2024	2023
Carrying amount at January 1	1,844	1,649
Additions	522	270
Distributions	(278)	(16)
Gains/(losses) through profit/(loss)	165	(60)
<b>FINANCIAL ASSETS AT FAIR VALUE - LEVEL 3</b>	<b>2,253</b>	<b>1,844</b>

## Note 5.4

### Financial assets and liabilities by category (continued)

CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES		
(DKK million)	2024	2023
<b>Financial assets</b>		
Cash and bank balances	254	238
Trade and other receivables	2,683	2,514
Other financial assets	99	136
<b>Financial assets at amortized cost</b>	<b>3,036</b>	<b>2,887</b>
Other financial assets and other financial securities	18,329	16,655
Derivative instruments in designated fair value hedging relationships	39	6
<b>Financial assets at fair value through profit/(loss)</b>	<b>18,368</b>	<b>16,661</b>
Derivative instruments in designated cash flow hedging relationships	10	37
<b>Financial assets at fair value through other comprehensive income</b>	<b>10</b>	<b>37</b>
<b>TOTAL FINANCIAL ASSETS</b>	<b>21,414</b>	<b>19,585</b>

CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES		
(DKK million)	2024	2023
<b>Financial liabilities</b>		
Trade and other payables	3,983	3,593
Bank loans (current and non-current)	8,678	8,434
Mortgage loans	2,238	2,235
Lease liabilities (current and non-current)	246	325
Other non-current liabilities	3,245	2,908
<b>Financial liabilities at amortized cost</b>	<b>18,390</b>	<b>17,495</b>
Derivative instruments in designated fair value hedging relationships	7	18
<b>Financial liabilities at fair value through profit/(loss)</b>	<b>7</b>	<b>18</b>
Derivative instruments in designated cash flow hedging relationships	106	10
<b>Financial liabilities at fair value through other comprehensive income</b>	<b>106</b>	<b>10</b>
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>18,503</b>	<b>17,523</b>

## Note 5.4

### Financial assets and liabilities by category (continued)

#### Accounting policies

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition.

#### Financial assets

Other financial assets presented under non-current assets consist of equity investments and bonds. Other financial assets are subsequently measured at fair value through profit and loss.

The Group's other financial securities, which comprise listed bonds, shares, credit, and listed and unlisted alternatives, are classified as current assets and measured at fair value through profit and loss.

#### Financial liabilities

LEO Pharma's liabilities to credit institutions and banks are recognized at the borrowing date at fair value of the proceeds received less transaction costs paid.

Subsequently, the financial liabilities are measured at amortized cost, corresponding to the capitalized amount calculated using the effective interest rate. Consequently, the difference between the proceeds and the nominal value is recognized in the income statement throughout the duration of the loan.

#### Fair value hierarchy

Financial instruments measured at fair value can be divided into three categories:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Observable input. If an active market does not exist, the fair value of financial instruments is based on observable input for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices)
- Level 3 – Inputs for assets or liabilities that are not based on observable market data

#### Key accounting estimates and judgments

##### Estimate of fair value of unlisted investments

Assessment of the fair value of investments not based on observable market data is subject to uncertainty. For

investments in alternatives (Level 3), fair value is based on most recently reported NAV adjusted for capital calls, capital returns and pricing development (if relevant).

## Note 5.5

### Foundation capital

The nominal value of the Foundation capital amounts to DKK 98m (2023: DKK 98m).

LEO GROUP

# Other disclosures

## CONTENTS

6.1	Management remuneration	79
6.2	Share-based payment	80
6.3	Fees to statutory auditors	82
6.4	Other cash flow specifications	82
6.5	Guarantees, contingencies and commitments	83
6.6	Related party transactions	84
6.7	Non-controlling interests	84
6.8	Events after the balance sheet date	85
6.9	Companies in the LEO Group	86

## Note 6.1

### Management remuneration

#### Remuneration of Peter Haahr, CEO

Remuneration in the LEO Foundation Group:

(DKK million)	2024	2023
Salary	6.5	6.3
Non-cash benefits (company car and telephone)	0.2	0.2
<b>TOTAL</b>	<b>6.7</b>	<b>6.5</b>

#### Remuneration of the Board of Trustees

In accordance with the governance recommendations issued by the Danish Committee on Foundation Governance, the LEO

Foundation discloses the following information about the Board of Trustees (with the exception of employee-elected members):

(DKK thousand)	Lars Olsen	Eivind D Kolding	Anja Boisen	Cristina Lage	Lars Green	Karin J Hamberg	Peter Schwarz	Employee-elected	Total
Remuneration period	Full year	Full year	Full year	Full year	Full year	Full year	Full year	Full year	
LEO Foundation, Board	450	300	150	150	150	150	150	600	<b>2,100</b>
LEO Foundation, Committees	-	-	60	-	-	60	120	-	<b>240</b>
LEO Holding A/S, Board	600	400	200	200	200	200	200	800	<b>2,800</b>
LEO Holding A/S, Committees	60	120	-	120	-	-	-	60	<b>360</b>
LEO Pharma A/S, Board	-	-	-	-	350	-	-	700	<b>1,050</b>
LEO Pharma A/S, Committees	-	-	-	-	200	-	-	-	<b>200</b>
<b>Total</b>	<b>1,110</b>	<b>820</b>	<b>410</b>	<b>470</b>	<b>900</b>	<b>410</b>	<b>470</b>	<b>2,160</b>	<b>6,750</b>

The Chair and the Vice Chair do not receive separate remuneration for committee work in standing committees.

## Note 6.2

### Share-based payment

LEO Pharma offers all employees the opportunity to participate in share-based incentive programs. There is one program covering all employees (Employee Share Purchase Program) and one for selected management (Management Incentive Program).

The intrinsic value at December 31, 2024 of the liability related to vested phantom shares was DKK 186m (2023: DKK 130m). Total expenses recognized in 2024 from share-based payment transactions in the income statement amounted to DKK 69m (2023: DKK 199m), of which DKK 25m was fair value adjustments to the

cash-settled program recognized under financial expenses (2023: DKK 156m). The cost of DKK 40m (2023: DKK 27m) arose from equity-settled share-based payment transactions.

#### Employee Share Purchase Plan (ESPP & EPSPP)

The programs are split into both equity-settled programs (ESPP) and cash-settled programs (EPSPP), which are used where there are local restrictions on employee shares or equity-settled programs. Both types follow the same vesting conditions, vesting periods, requirements etc.

#### Reconciliation of outstanding employee awards

	2024		2023	
	ESPP (equity-settled)	EPSPP (cash-settled)	ESPP (equity-settled)	EPSPP (cash-settled)
Number of matching shares				
Outstanding at January 1	671,175	40,075	740,920	45,504
Granted	297,960	29,024	-	-
Forfeited	(104,122)	(4,815)	(123,745)	(5,429)
<b>Outstanding at December 31</b>	<b>811,013</b>	<b>64,284</b>	<b>671,175</b>	<b>40,075</b>
Weighted average remaining contractual life (years)	2	2	3	3
<b>Liability at December 31 (DKK million)</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>2</b>

#### Measurement of fair value

The fair value of granted awards is estimated using a binomial valuation model of market conditions considering the terms and conditions upon which the awards were granted, except for

vesting conditions. The inputs used in the measurement of the fair values at grant date of the share-based payment plans were as follows:

	ESPP (equity-settled)	EPSPP (cash-settled)
Date of grant	1/1 2024	1/1 2024
Fair value at grant date (DKK/share)	92.33	92.33
Expected volatility (weighted average)	28.4%	28.4%
Expected life (years, weighted average)	3	3
Expected dividend	-	-
Risk-free interest rate	1.78-2.17%	1.78-2.17%

## Note 6.2

### Share-based payment (continued)

#### Management Incentive Program (MIP & MIP Phantom)

Members of Management of LEO Pharma receive warrants as part of their long-term incentive program. They must remain employed by the Group until the vesting date. The market condition of the warrants stipulates a fair value increase in LEO Pharma shares of at least 1.5 times the subscription price and an exercise cap of three times the subscription value. In the case of non-listing, the warrants become exercisable after seven years and will be cash-settled. Management considers

it more likely than not that a listing will be successful within the coming years. It is therefore concluded that the warrants should be classified as equity-settled.

The programs are split into both equity-settled programs (MIP) and cash-settled programs (MIP Phantom), which are used where there are local restrictions on employee shares or equity-settled programs. Both types follow the same vesting conditions, vesting periods, requirements etc.

#### Reconciliation of outstanding Management awards

	Average exercise price (EUR)	2024 MIP (equity-settled)	MIP Phantom (cash-settled)	2023 MIP (equity-settled)	MIP Phantom (cash-settled)
Number of warrants					
Outstanding at January 1	6.42	6,252,300	5,017,258	5,016,838	5,101,250
Granted	6.42	750,000	-	2,016,905	200,000
Forfeited	6.42	(411,859)	(221,074)	(781,443)	(283,992)
<b>Outstanding at December 31</b>	<b>6.42</b>	<b>6,590,441</b>	<b>4,796,184</b>	<b>6,252,300</b>	<b>5,017,258</b>
<b>Exercisable at December 31</b>		-	-	-	-
Weighted-average remaining contractual life (years)		2	2	3	3
<b>Liability at December 31 (DKK million)</b>		-	<b>225</b>	-	<b>198</b>

#### Measurement of fair value of Management awards granted during the year

	MIP (equity-settled)
Date of grant	1/1 2024
Fair value at grant date (DKK/share)	43.26 to 44.45
Expected volatility (weighted average)	28.4%
Expected life (years, weighted average)	3
Expected dividend	-
Risk-free interest rate	1.78-2.17%

#### Measurement of fair value

The fair value of awards is estimated using a binomial valuation model of market conditions, taking into account the terms and conditions.

Expected volatility has been based on an evaluation of the historical volatility of comparable companies' share prices. This was

based on a standard deviation of weekly returns over a five-year period. The expected term of the instruments has been based on projected exit date, estimates and probabilities assessed by Management.

## Note 6.2

### Share-based payment (continued)

#### Accounting policies

For equity-settled share-based payment arrangements, the warrants and shares granted are measured at fair value at grant date and recognized as a staff cost over the vesting period with a corresponding entry in equity reserves. On initial recognition, an estimate is made of the number of awards expected to vest. Subsequently, the amount recognized is adjusted to reflect the number of awards for which the service and non-market performance conditions are expected to be met and awards expected

to vest. For cash-settled share-based payment arrangements, the awards measured at grant value are recognized as staff costs over the vesting period against a liability in the balance sheet. The liability is remeasured at each reporting date and ultimately at settlement date at fair value. Any changes in the liability as a result of the remeasurement to fair value are recognized in the income statement under other financial expenses.

## Note 6.3

### Fees to statutory auditors

FEES TO STATUTORY AUDITORS		
(DKK million)	2024	2023
Statutory audit	8	8
Tax advisory services	4	1
Other services	1	1
<b>TOTAL</b>	<b>13</b>	<b>10</b>

## Note 6.4

### Other cash flow specifications

(DKK million)	2024	2023
<b>Other non-cash adjustments:</b>		
Gain/loss on sale of non-current assets	(3)	(2)
Change in provisions	415	(215)
Change in other non-current liabilities	3	286
Change in provisions for defined benefit plans	(63)	5
Change in inventory write-downs	(93)	37
Change in provision for bad debt	1	(11)
Share-based payments	14	(129)
Other non-cash adjustments	45	(19)
<b>TOTAL</b>	<b>319</b>	<b>(48)</b>
<b>Change in working capital:</b>		
Change in inventories	(15)	(323)
Change in receivables, prepaid expenses etc.	(213)	96
Change in payables and other liabilities	695	(269)
<b>TOTAL</b>	<b>467</b>	<b>(496)</b>

## Note 6.5

### Guarantees, contingencies and commitments

#### Guarantees

The majority of the guarantees in LEO Pharma pertain to guarantees issued to banks providing financing to LEO Pharma. The total guarantee commitments for the LEO Group amounted to DKK 110m at December 31, 2024 (2023: DKK 114m).

#### Contractual obligations and commitments

The table below shows contractual obligations not recognized in the consolidated financial statements.

#### CONTRACTED BUT NOT PROVIDED FOR IN THE FINANCIAL STATEMENTS

(DKK million)	2024	2023
Intangible assets	92	429
Property, plant and equipment	39	130
<b>TOTAL</b>	<b>131</b>	<b>559</b>

The commitments related to intangible assets comprise milestone payments concerning the development of new products and intellectual property rights from acquisitions. Commercial milestones, royalties and other payments based on a percentage of sales generated from sale of goods following marketing approval are excluded from the contractual commitments because of their contingent nature, related to future sales.

The commitments regarding property, plant and equipment relate primarily to the expansion of production facilities.

LEO Pharma has agreements with a number of contract manufacturing organizations (CMOs), whereby these organizations provide API and other materials for LEO Pharma's products based on forecasts from LEO Pharma. Should actual market demand fall short of these forecasts provided to CMOs, LEO Pharma is obligated to pay for any surplus materials from the CMOs or fees for excess capacity reservation.

LEO Pharma's Management continuously evaluates demand forecasts. If materials at CMOs exceed the volumes expected to be used or capacity reserved exceeds submitted forecasts, LEO Pharma recognizes a provision.

The Group has commitments related to financial investments of DKK 3,908m (2023: DKK 3,962m).

#### Pending lawsuits

At the end of 2024, there were pending lawsuits filed by and against LEO Pharma concerning rights and claims related to products in LEO Pharma's portfolio. LEO Pharma does not expect these or other pending cases to have any significant effect on the Group's financial position. LEO Pharma is involved in a number of legal proceedings. In the opinion of Management, the outcome of these proceedings is not currently assessed to have a material impact on the financial position and/or cash flows. Such proceedings may, however, develop over time, and new proceedings may occur which could have a material impact on LEO Pharma's financial position and/or cash flows.

#### Tax

As a global business, LEO Pharma will from time to time have tax audits, and engages in discussions with tax authorities in various jurisdictions on a range of tax matters, transfer pricing and indirect taxes. For a description of uncertain tax positions, please refer to Note 2.4 Tax.

## Note 6.6

### Related party transactions

The LEO Group's related parties comprise:

- The associate SkinVision B.V.
- Members of the LEO Foundation's Board of Trustees and Executive Board as well as close relatives of these persons.
- Companies in which the members of the Board of Trustees and the Executive Board have a controlling influence.

Owner with non-controlling interest in LEO Pharma A/S:

- Nordic Capital (through Cidron Savanna 4 SARL).

Transactions and balances with Nordic Capital:

- None in 2024 (2023: Capital raise in LEO Pharma of DKK 149m).

Transactions and balances with members of the Board of Directors or Executive Management of LEO Pharma:

- Selected members of the Board of Directors have purchased warrants as part of the Management Incentive Program, totaling DKK 0m (2023: DKK 1m).

There were no other transactions with related parties besides remuneration. For information on remuneration, please refer to note 6.1 Management remuneration.

## Note 6.7

### Non-controlling interests

LEO Foundation owns 81.05% of the shares in LEO Pharma A/S, and holds 95.92% of the voting rights.

The remaining part of LEO Pharma A/S is owned by Nordic Capital and by LEO Pharma employees through the Employee Share Purchase Plan.

#### The LEO Group's subsidiaries with significant non-controlling interests:

	Non-controlling interests' percentage of shares	Non-controlling interests' percentage of votes	Registered office
LEO Pharma A/S (DKK million)	18.95	4.08	Ballerup
		<b>2024</b>	<b>2023</b>
Income statement:			
Revenue		12,453	11,392
Profit/(loss) for the year		(1,776)	(3,607)
Total comprehensive income		(1,879)	(3,740)
Total comprehensive income attributable to non-controlling interests		(356)	(707)
Balance sheet:			
Non-current assets		11,477	12,272
Current assets		8,674	8,679
Non-current liabilities		11,526	11,471
Current liabilities		5,921	4,955
Non-controlling interests' share of equity		566	911
Statement of cash flow:			
Cash flows from operating activities		265	(1,953)
Cash flows from investing activities		(317)	(537)
Cash flows from financing activities		79	2,467

## Note 6.8

### Events after the balance sheet date

On January 11, 2025, LEO Pharma announced that the Group had entered into a strategic partnership with Gilead, to accelerate development of LEO Pharma's STAT6 program. The upfront payment received in January 2025 amounted to DKK 1.8bn (USD 250m).

No other significant events have occurred after the balance sheet date.

## Note 6.9

### Companies in the LEO Group

(DKK million)	Country	Share of ownership (%)	Activities
<b>Parent Company</b>			
The LEO Foundation	Denmark		●
<b>Subsidiaries of the LEO Foundation</b>			
LEO Pharma A/S	Denmark	81	● ●
LEO Holding A/S, including	Denmark	100	●
– LH Capital A/S	Denmark	100	●
<b>Subsidiaries of LEO Pharma A/S</b>			
SARL LEO Pharma	Algeria	100	●
LEO Pharma Pty Ltd	Australia	100	●
LEO Pharma GmbH	Austria	100	●
LEO Pharma NV	Belgium	100	●
LEO Pharma LTDA.	Brazil	100	●
LEO Pharma Inc.	Canada	100	●
LEO Pharma Consultancy Company Ltd.	China	100	●
LEO Pharma Trading Company Ltd.	China	100	●
LEO Pharma s.r.o.	Czechia	100	●
Løvens Kemiske Fabriks Handelsaktieselskab	Denmark	100	●
LEO Pharma OY	Finland	100	●
Laboratoires LEO S.A.S	France	100	● ●
LEO Pharma GmbH	Germany	100	●
LEO Pharmaceutical Hellas S.A.	Greece	100	●
DKLEO Pharma Private Limited	India	100	●
LEO Laboratories Ltd.	Ireland	100	● ●
Wexport Ltd.	Ireland	100	●
LEO Pharma Holding Ltd.	Ireland	100	●

(DKK million)	Country	Share of ownership (%)	Activities
LEO Pharma Manufacturing Italy S.R.L.	Italy	100	●
LEO Pharma S.p.A.	Italy	100	●
LEO Pharma K.K.	Japan	100	●
LEO Pharmaceuticals, S. de R.L. de C.V.	Mexico	100	●
LEO Pharma LLC	Morocco	100	●
LEO Pharma BV	Netherlands	100	●
LEO Pharma Ltd.	New Zealand	100	●
LEO Pharma AS	Norway	100	●
LEO Pharma Sp. z o.o.	Poland	100	●
LEO Pharma Global Business Service Center Sp. z.o.o.	Poland	100	●
LEO Farmacêuticos Lda.	Portugal	100	●
LEO Pharmaceutical Products LLC	Russia	100	●
LEO Pharma Asia PTE Ltd.	Singapore	100	●
LEO Pharma Yuhan Hoesa	South Korea	100	●
Laboratorios LEO Pharma S.A.	Spain	100	●
LEO Pharma AB	Sweden	100	●
LEO Pharmaceutical Products Sarath Ltd.	Switzerland	100	●
LEO Pharma SARL	Tunisia	100	●
LEO Laboratories Ltd.	United Kingdom	100	●
LEO Pharma Inc.	USA	100	●
LEO Spiny Merger Sub Inc.	USA	100	●
LEO US Holding Inc.	USA	100	●
<b>Associates</b>			
SkinVision B.V.	Netherlands	26.32	

● Sales and distribution    ● Sales services  
● Production    ● Other

LEO FOUNDATION

# Financial statements

## CONTENTS

Income statement	88
Balance sheet at December 31	88
Statement of changes in equity	89
Notes	90

## Income statement

JANUARY 1 - DECEMBER 31			
(DKK million)	Note	2024	2023
Administrative costs	2.1, 6.1	(26)	(23)
<b>Operating profit/(loss)</b>		<b>(26)</b>	<b>(23)</b>
Result from investments in subsidiaries	3.2	588	(994)
Financial income	5.1	56	46
<b>Profit/(loss) before tax</b>		<b>618</b>	<b>(971)</b>
Tax on profit/(loss) for the year		-	-
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>	2.2	<b>618</b>	<b>(971)</b>

## Balance sheet at December 31

ASSETS			
(DKK million)	Note	2024	2023
Tangible fixed assets	3.1	1	1
Investments in subsidiaries	3.2	18,776	19,176
<b>Total financial fixed assets</b>		<b>18,776</b>	<b>19,176</b>
<b>Total fixed assets</b>		<b>18,777</b>	<b>19,177</b>
Receivables from subsidiaries		1,621	850
Other receivables		2	1
<b>Total receivables</b>		<b>1,623</b>	<b>851</b>
<b>Cash at bank and in hand</b>		<b>17</b>	<b>15</b>
<b>Total current assets</b>		<b>1,640</b>	<b>866</b>
<b>TOTAL ASSETS</b>		<b>20,417</b>	<b>20,043</b>

EQUITY AND LIABILITIES			
(DKK million)	Note	2024	2023
Foundation capital	5.2	98	98
Net revaluation, subsidiaries		17,658	18,059
Reserve for future grants		451	326
Retained earnings		1,661	1,081
<b>Total equity</b>		<b>19,868</b>	<b>19,564</b>
Grants payable	4.1	258	257
<b>Total non-current liabilities</b>		<b>258</b>	<b>257</b>
Grants payable	4.1	284	204
Other payables		6	17
<b>Total current liabilities</b>		<b>290</b>	<b>221</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,417</b>	<b>20,043</b>

## Statement of changes in equity

(DKK million)	Foundation capital	Net revaluation, subsidiaries	Reserve for future grants	Retained earnings	Total
<b>2024</b>					
Equity at January 1	98	18,059	326	1,081	<b>19,564</b>
Profit/(loss) for the year	-	588	400	(370)	<b>618</b>
Dividend received	-	(950)	-	950	<b>-</b>
Other adjustments in subsidiaries	-	(39)	-	-	<b>(39)</b>
Grants for the year	-	-	(275)	-	<b>(275)</b>
<b>EQUITY AT DECEMBER 31</b>	<b>98</b>	<b>17,658</b>	<b>451</b>	<b>1,661</b>	<b>19,868</b>

(DKK million)	Foundation capital	Net revaluation, subsidiaries	Reserve for future grants	Retained earnings	Total
<b>2023</b>					
Equity at January 1	98	20,122	216	1,383	<b>21,819</b>
Profit/(loss) for the year	-	(994)	325	(302)	<b>(971)</b>
Other adjustments in subsidiaries	-	(1,069)	-	-	<b>(1,069)</b>
Grants for the year	-	-	(215)	-	<b>(215)</b>
<b>EQUITY AT DECEMBER 31</b>	<b>98</b>	<b>18,059</b>	<b>326</b>	<b>1,081</b>	<b>19,564</b>

LEO FOUNDATION

# Notes

## CONTENTS

<b>1</b>	<b>Basis of reporting</b>		<b>5</b>	<b>Operating assets and liabilities</b>	
1.1	Accounting policies	91	5.1	Financial income	93
			5.2	Foundation capital	93
<b>2</b>	<b>Operating profit</b>		<b>6</b>	<b>Other disclosures</b>	
2.1	Staff expenses	91	6.1	Audit fees	94
2.2	Proposed distribution of net profit/(loss) for the year	91	6.2	Contingencies	94
			6.3	Related parties	94
<b>3</b>	<b>Invested capital</b>		6.4	Events after the balance sheet date	94
3.1	Fixed assets	92			
3.2	Investments in subsidiaries	92			
<b>4</b>	<b>Capital structure and financing</b>				
4.1	Grants payable	93			

## Basis of reporting

### Note 1.1

#### Accounting policies

##### Accounting policies

The Financial Statements of the Parent Company, the LEO Foundation, for 2024 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies are unchanged from the previous year.

The Parent Company's accounting policies for recognition and measurement are consistent with the policies used in the consolidated financial statements except for IFRS 16 Leases, which has not been implemented for the Parent Company.

##### Cash flow statement

In accordance with the exemption clause in section 86(4) of the Danish Financial Statements Act, no separate cash flow statement has been prepared for the Parent Company.

##### Investments in subsidiaries

Investments in subsidiaries are measured under the equity method. This means that the subsidiaries are measured in

the balance sheet at the proportionate share of their net asset value, with deduction or addition of unrealized intercompany profits or losses, and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill). The Parent Company's share of the subsidiaries' profit for the year is recognized in the income statement less unrealized intercompany profits.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to the reserve for net revaluation under equity under the equity method. The reserve is reduced by dividends distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Dilution gain or loss as a result of change in ownership of investments in subsidiaries is recognized directly in equity.

## Operating profit

### Note 2.1

#### Staff expenses

(DKK million)	2024	2023
Wages and salaries	15	14
<b>TOTAL</b>	<b>15</b>	<b>14</b>
<b>Staff expenses included in</b>		
Administrative costs	15	14
<b>TOTAL</b>	<b>15</b>	<b>14</b>
Remuneration of the Board of Trustees from other Group companies	4	4

Remuneration of the Board of Trustees amounted to DKK 2.3m (2023: DKK 2.3m), and the fee to the administrator, LEO Pharma A/S, amounted to DKK 0.1m (2023: DKK 0.1m).

For a specification of the remuneration of the Board of Trustees and Executive Board, please refer to note 6.1 in the consolidated financial statements.

	2024	2023
Average number of full-time employees	11	10

### Note 2.2

#### Proposed distribution of net profit/(loss) for the year

(DKK million)	2024	2023
Net revaluation of subsidiaries	588	(994)
Proposed grant limit for the following year	400	325
Retained earnings	(370)	(302)
<b>TOTAL</b>	<b>618</b>	<b>(971)</b>

## Invested capital

### Note 3.1

#### Fixed assets

(DKK million)	Other fixtures and fittings, tools and equipment	Total tangible assets
<b>2024</b>		
Cost at January 1	2	2
<b>Cost at December 31</b>	<b>2</b>	<b>2</b>
Depreciation and amortization at January 1	(1)	(1)
<b>Depreciation and amortization at December 31</b>	<b>(1)</b>	<b>(1)</b>
<b>CARRYING AMOUNT AT DECEMBER 31</b>	<b>1</b>	<b>1</b>
<b>2023</b>		
Cost at January 1	2	2
<b>Cost at December 31</b>	<b>2</b>	<b>2</b>
Depreciation and amortization at January 1	(1)	(1)
<b>Depreciation and amortization at December 31</b>	<b>(1)</b>	<b>(1)</b>
<b>CARRYING AMOUNT AT DECEMBER 31</b>	<b>1</b>	<b>1</b>

### Note 3.2

#### Investments in subsidiaries

(DKK million)	2024	2023
Cost at January 1	1,118	100
Addition	-	1,018
<b>Cost at December 31</b>	<b>1,118</b>	<b>1,118</b>
Value adjustment at January 1	18,059	20,122
Share of profit/(loss) for the year	588	(994)
Dividend paid	(950)	-
Dilution loss from capital raise in subsidiary	-	(1,029)
Adjustment of financial instruments	(99)	(24)
Tax on changes in equity	19	11
Other movements	41	(28)
<b>Value adjustment at December 31</b>	<b>17,658</b>	<b>18,059</b>
<b>CARRYING AMOUNT AT DECEMBER 31</b>	<b>18,776</b>	<b>19,176</b>

## Capital structure and financing

### Note 4.1

#### Grants payable

(DKK million)	2024	2023
<b>Grants payable fall due</b>		
Within one year	284	204
Between one and five years	258	257
After more than five years	-	-
<b>GRANTS PAYABLE AT DECEMBER 31</b>	<b>542</b>	<b>461</b>

## Operating assets and liabilities

### Note 5.1

#### Financial income

(DKK million)	2024	2023
Interest income from subsidiaries	55	45
Other financial income	1	-
<b>TOTAL</b>	<b>56</b>	<b>45</b>

### Note 5.2

#### Foundation capital

The nominal value of the Foundation capital is DKK 98m (2023: DKK 98m).

## Other disclosures

### Note 6.1 Audit fees

(DKK million)	2024	2023
Fees to auditors appointed at the Board meeting		
Statutory audit	0.2	0.2
Other services	0.1	-
<b>TOTAL</b>	<b>0.3</b>	<b>0.2</b>

### Note 6.2 Contingencies

The LEO Foundation has lease obligations of DKK 1m (2023: DKK 1m).

The LEO Foundation has no guarantee commitments or pledges.

### Note 6.3 Related parties

The LEO Foundation's related parties with significant influence comprise the LEO Foundation's Board of Trustees and Executive Board, LEO Holding A/S, and LEO Pharma A/S and its subsidiaries.

For information regarding remuneration of the Board of Trustees and administrative costs, please refer to note 2.

Transactions and balances with LEO Pharma A/S were as follows:

- Expenses of DKK 0.1m (2023: DKK 0.1m).
- In September 2023, the LEO Foundation made a contribution in kind to LEO Holding A/S by transferring the loan of DKK 1,000m that the LEO Foundation had provided to LEO Pharma

A/S plus accrued interest for 2023 of DKK 17m. The loan was granted at an interest rate of 2.45%.

Transactions and balances with LEO Holding A/S were as follows:

- A short-term loan of DKK 1,565m (2023: DKK 820m) and interest of DKK 55.3m (2023: DKK 27.7m).
- Income from LEO Holding A/S of DKK 6.9m (2023: DKK 6.9m).
- In 2023, a capital raise in LEO Holding A/S by contribution in kind of the LEO Foundation's loan of DKK 1,000m to LEO Pharma A/S plus interest for 2023 of DKK 17m.

The LEO Foundation had no other transactions with related parties.

### Note 6.4 Events after the balance sheet date

No events have occurred in the period from the balance sheet date until the presentation of the financial statements that materially affect the assessment of the Annual Report.

## Management statement

The Executive Board and the Board of Trustees have today considered and adopted the Annual Report of the LEO Foundation for the financial year January 1 – December 31, 2024.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the EU, and the Financial Statements of the Parent Company and the Management review have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Financial Statements of the Parent Company give a true and fair view of the financial position at December 31, 2024 of the Group and the Parent Company, and the results of the Group's and the Parent Company's operations and consolidated cash flows for 2024.

In our opinion, the Management review gives a true and fair view of the matters addressed therein.

Copenhagen, March 27, 2025

### EXECUTIVE BOARD

**Peter Haahr**  
CEO

### BOARD OF TRUSTEES

**Lars Olsen**  
Chair

**Eivind Drachmann Kolding**  
Vice Chair

**Allan Carsten Dahl**

**Anja Boisen**

**Cristina Patricia Lage**

**Franck Maréno**

**Jannie Kogsbøll**

**Karin Jexner Hamberg**

**Lars Green**

**Lotte Hjortshøj**

**Peter Schwarz**

## Independent auditor's report

### TO THE BOARD OF TRUSTEES OF LEO FONDET

#### Opinion

We have audited the Consolidated Financial Statements and the Parent Financial Statements of LEO Fondet for the financial year January 1, 2024 - December 31, 2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including material accounting policy information, for the Group as well as the Parent, and the statement of comprehensive income and cash flow statement of the Group. The Consolidated Financial Statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the Parent Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at December 31, 2024, and of the results of its operations and cash flows for the financial year January 1, 2024 - December 31, 2024, in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Furthermore, in our opinion, the Parent Financial Statements give a true and fair view of the Parent's financial position at December 31, 2024, and of the results of its operations for the financial year January 1, 2024 - December 31, 2024 in accordance with the Danish Financial Statements Act.

#### 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 Consolidated Financial Statements and the Parent Financial Statements" section of this auditor's report. We are independent of the Group 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 the Management Review

Management is responsible for the Management's review.

Our opinion on the Consolidated Financial Statements and the Parent Financial Statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Parent Financial Statements, our responsibility

is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the Consolidated Financial Statements and the Parent Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required by relevant laws and regulations.

Based on the work we have performed, we conclude that the Management's review is in accordance with the Consolidated Financial Statements and the Parent Financial Statements and has been prepared in accordance with the information required by relevant laws and regulations. We did not identify any material misstatement of the Management's review.

#### Management's responsibilities for the Consolidated Financial Statements and the Parent Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act as well as the preparation of Parent 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 Consolidated Financial Statements and Parent Financial Statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's responsibilities for the audit of the Consolidated Financial Statements and the Parent Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent 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 Consolidated Financial Statements and Parent 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 Consolidated Financial Statements and the Parent 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 Group's and the Parent'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 Consolidated Financial Statements and the Parent 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 Group's and the Parent'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 Consolidated Financial Statements and the Parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements and the Parent Financial Statements, including the disclosures in the notes, and whether the Consolidated Financial Statements and the Parent Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements and the parent financial statements. We are responsible

for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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, March 27, 2025

#### Deloitte

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

#### Anders Vad Dons

State Authorized  
Public Accountant  
MNE no. 25299

#### Niels Skannerup Vendelbo

State Authorized  
Public Accountant  
MNE no. 34532

## Foundation information

### LEO Foundation

LEO Fondet  
Lautrupsgade 7, 5  
2100 Copenhagen Ø  
Denmark

CVR no.: 11 62 33 36

Financial year: January 1 – December 31

### Executive Board

Peter Haahr, CEO

### Board of Trustees

Lars Olsen, Chair  
Eivind Kolding, Vice Chair  
Anja Boisen  
Allan Carsten Dahl  
Cristina Patricia Lage  
Franck Maréno  
Jannie Kogsbøll  
Karin Jexner Hamberg  
Lars Green  
Lotte Hjortshøj  
Peter Schwarz

### Auditors

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**Proofreading** Borella projects

