Six-month interim report (H1) 2024 (Unaudited)

LEO Pharma delivers 11% revenue growth (CER) in H1 and upgrades financial outlook for the year

Ballerup, Denmark, 26 August, 2024 – During the first six months of 2024, LEO Pharma continued to execute on its strategy with the dermatology portfolio as the primary growth driver. With revenue growth of 11% in constant exchange rates (CER) and EBITDA margin of 9% in the first half of the year, LEO Pharma remains on course to deliver solid financial performance for the full year and the financial outlook has been updated accordingly.

"We are very pleased with the consistent, solid sales increase in H1 2024, reflecting that 100 million people are now benefiting from our innovative treatments across the globe, especially within dermatology where revenue grew by 13% (CER). The continued improvement in our earnings is the result of our strategy, commercial success, and decisive actions on cost structure. We continue to make progress on our strategic aspirations. Our focus for the rest of 2024 will be on paving the way for the potential launch of delgocitinib in Europe, progressing and expanding our pipeline, and remaining firm in our strategic execution,"

says CEO Christophe Bourdon.

H1 2024 financial highlights

- Revenue grew 11% (CER) to DKK 6,375 million (H1 2023: DKK 5,797 million). Reported growth was 10%.
- Dermatology revenue grew 13% (CER) to DKK 5,101 million (H1 2023: DKK 4,576 million), driven by strong growth of Adtralza®/Adbry® for atopic dermatitis (AD) and solid growth in the core dermatology portfolio.
- Adbry®/Adtralza® revenue increased by 84% (CER) driven by continued uptake across markets, especially in North America.
- Core dermatology portfolio delivered growth of 5% (CER) across markets. Growth was largely driven by Enstilar® and Protopic®.
- Growth across all regions: North America up 43%, Europe up 7%, Rest of the World up 6% (CER). North America continues to be the key growth driver with revenue of DKK 1,022 million.
- Thrombosis revenue increased by 8% (CER) driven by sales across European markets and positively impacted by certain extraordinary items during H1 2024, with underlying growth being 4%.
- Adjusted EBITDA was DKK 599 million (H1 2023: DKK 488 million) corresponding to a EBITDA margin of 9%, benefiting from revenue growth and operational efficiencies.
- EBIT was negative DKK 235 million, which represents an improvement of DKK 99 million compared to H1 2023.
- Free cash flow for H1 2024 was a net outflow of DKK 779 million, improved compared to H1 2023 (H1 2023: DKK (2,035) million).

Progress on strategic priorities

- With a solid track record of delivering on the financial turnaround and consistent double-digit revenue growth, LEO Pharma remains fully committed to transforming the company into a global leader in medical dermatology.
- An established commercial platform with a diversified product portfolio, along with strong launch capabilities, is in place ahead of the planned launch of delgocitinib in Germany in Q4.
- Positive Committee for Medicinal Products for Human Use (CHMP) opinion recommending European approval of delgocitinib for the treatment of adult patients with moderate to severe chronic hand eczema (CHE), for whom topical corticosteroids are inadequate or inappropriate.
- Publication of results from pivotal DELTA 1 and DELTA 2 trials with delgocitinib in The Lancet, one of the most influential peer-reviewed medical periodicals in the world. The DELTA 1 and DELTA 2 trials investigated the safety and efficacy of investigational delgocitinib cream in adult patients with moderate to severe CHE.
- U.S. business strengthened with the FDA approval of Adbry® 300 mg single-dose autoinjector for adult patients.
- Successful Enstilar® phase 3 trial results in China confirms LEO Pharma's commitment to expanding its presence in China.
- Phase 3 trial of TMB-001 in congenital ichthyosis did not show a statistically significant difference between active treatment and vehicle.

2024 financial outlook

- With our consistent increase in sales performance in H1 2024, LEO Pharma is revising its full-year revenue growth outlook upwards compared to what was shared on 3rd May 2024. Full-year revenue growth is now projected to be 9-11% in CER (before: 5-8%). The upwards revision is driven by stronger financial performance in the U.S. in addition to delayed impact from price reforms and generic competition in selected geographies.
- As a result of the solid first half year results, LEO Pharma is also revising its outlook upwards for adjusted EBITDA margin from a positive mid-single digit margin to a positive margin range of 6-8%.
- We continue to expect significant improvements in EBIT and net result relative to 2023, although still expecting to deliver both negative EBIT and net result for full year 2024.
- Potential changes in key assumptions for market growth and unexpected health care and pricing reforms are key risk factors, among others, which could change the outlook for the year.

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Forward-looking statements
This announcement contains forward-looking statements, including forecasts of future revenue and operating profit, as well as expected business-related events. Such statements are subject to risks and uncertainties, as various factors, some of which are beyond LEO Pharma's control, may cause actual results and performance to differ materially from the forecasts made in this announcement.

About LEO Pharma
LEO Pharma is a global company dedicated to advancing the standard of care for the benefit of people with skin conditions, their families and society. Founded in 1908 and majority owned by the LEO Foundation, LEO Pharma has devoted decades of research and development to advance the science of dermatology, and today, the company offers a wide range of therapies for all disease severities. LEO Pharma is a limited liability company and is headquartered in Denmark with a global team of approx. 4,200 people, serving millions of patients across the world. In 2023, the company generated net sales of DKK 11.4 billion.

Financial highlights and key figures

(DKK million)	H1 2024[1]	H1 2023	FY 2023
Income statement			
Group revenue	6,375	5,797	11,392
Hereof dermatology revenue	5,101	4,576	9,039
Gross profit	3,856	3,837	7,111
R&D costs	991	928	1,874
Adjusted EBITDA[2]	599	488	626
Operating profit before depreciation and amortization (EBITDA)[3]	566	433	551
Operating profit/(loss) (EBIT)	(235)	(334)	(1,699)
Net financial items	(481)	(522)	(1,093)
Profit/(loss) before tax	(716)	(856)	(2,792)
Net profit/(loss) for the period	(761)	(1,040)	(3,607)
Balance sheet			
Investments in property, plant and equipment	123	144	348
Non-current assets	11,747	14,022	12,272
Current assets	9,310	8,977	8,679
Total assets	21,057	22,999	20,951
Equity	3,780	885	4,525
Net interest-bearing debt	11,977	16,897	11,123
Cash flow			
Cash flow from operating activities	(643)	(1,843)	(1,953)
Free cash flow	(779)	(2,035)	(2,577)
Operating net working capital	6,405	6,470	5,796
Net working capital	4,200	3,884	3,584
Key ratios (%)			
Revenue growth	10%	10%	7%
Revenue growth in CER	11%	12%	10%
Dermatology revenue growth	11%	13%	11%
Dermatology revenue growth in CER	13%	15%	15%
Gross margin	60%	66%	62%
R&D costs (% of revenue)	16%	16%	16%
Adjusted EBITDA margin	9%	8%	5%
EBITDA margin	9%	7%	5%
Operating profit margin	(4%)	(6%)	(15%)
People			
Average number of employees	4,238	4,659	4,490
Number of employees end of period	4,213	4,501	4,284

[1] The accounting policies and key figures definitions applied in the interim report for the period January 1 to June 30, 2024, are consistent with those applied in the consolidated financial statements 2023. Definition of non-GAAP-measures are defined on page 46 in the consolidation financial statement 2023.

[2] Adjusted EBITDA H1 derived from EBITDA + transformation and restructuring costs of DKK 33m (H1 2023: DKK 55m). Transformation and restructuring costs are non-core and non-recurring costs overseen by the IPO Preparedness Committee of the Board to execute the strategic plans and structural profile of LEO Pharma towards delivering sustainable profitability and potential public listing.

[3] EBITDA H1 derived from operating loss (EBIT) + depreciation and amortizations for the period of DKK 801m (H1 2023: DKK 767m).

Six-months financial performance

Sales performance

Revenue from January 1 to June 30, 2024, amounted to DKK 6,375 million, resulting in an increase of DKK 578 million compared to the same period last year. This corresponds to a revenue growth of 11% (CER). The growth is primarily attributable to the continued strong performance in dermatology.

(DKK million)	H1 2024	H1 2023	H1 2024 Growth CER	H1 2024 Reported growth
Revenue by region				
Europe	3,528	3,286	7%	7%
North America	1,022	720	43%	42%
Rest of World	1,825	1,791	6%	2%
Total	**6,375**	**5,797**	**11%**	**10%**
Revenue by therapeutic area				
Dermatology				
Psoriasis	2,018	1,990	3%	1%
Skin Infection	900	925	(1)%	(3)%
Eczema	1,836	1,357	37%	35%
Acne/Rosacea	202	177	16%	14%
Other Mature Dermatology	145	127	22%	13%
Total dermatology	**5,101**	**4,576**	**13%**	**11%**
Thrombosis	**1,206**	**1,112**	**8%**	**9%**
CMO/Divested	**68**	**109**	**(38)%**	**(38)%**
Total	**6,375**	**5,797**	**11%**	**10%**

Dermatology revenue grew 13% (CER) to DKK 5,101 million from DKK 4,576 million in the same period in 2023, driven by Adbry®/Adtralza®. Sales of Adbry®/Adtralza® increased by 84% (CER) driven by continued uptake across markets, especially in the U.S. The core established dermatology brands such as Enstilar® and Protopic® accounted for a significant share of total revenue and delivered growth of 5% across Affiliate and Alliance markets. Growth was largely driven by Enstilar® and Protopic® across our eczema, psoriasis and portfolios.

Thrombosis sales increased by 8% (CER) driven by strong sales across Germany, Italy and Canada. Growth was impacted by certain extraordinary items in H1 2024 with underlying growth being 4%.

LEO Pharma delivered solid sales growth across all regions. North America grew 43%, Europe grew 7%, and Rest of World grew 6% (CER). North America continues to be the key growth driver with revenue of DKK 1,022 million compared to DKK 720 million for the same period in 2023, largely driven by continued growth of Adbry® in the U.S.

Income statement

Cost of sales amounted to DKK 2,519 million in H1 2024, representing a 29% increase compared to DKK 1,960 million in H1 2023. The gross margin was 60% in H1 2024, compared to 66% in H1 2023. The gross margin decline is primarily impacted by higher production input costs mainly procured during 2023 plus changes in the product mix and an increase in inventory obsolescence provisions.

Operating costs, excluding depreciation and amortization, amounted to DKK 3,426 million in H1 2024, compared to DKK 3,534 million in H1 2023, representing a reduction of 3%.

Sales and distribution costs amounted to DKK 2,146 million in H1 2024, compared to DKK 2,193 million in H1 2023. The decrease of 2% was driven by underlying operating efficiencies in our commercial organization, still investing in launching of Adtralza® in new markets, as well as investments related to launch preparations for delgocitinib.

Research and development costs amounted to DKK 991 million in H1 2024, compared to DKK 928 million in H1 2023. The first half of the year was impacted by ongoing activities in development of delgocitinib to secure market authorization submissions, as well as investment in and integration of the acquired TMB-001 asset from the former Timber Pharmaceuticals Inc. The increase in research and development costs were mainly due to reprioritization of our R&D pipeline resulting in impairment of assets and higher costs related to discontinuation of activities.

Administrative costs amounted to DKK 976 million in H1 2024, a decrease from DKK 1,054 million in H1 2023. The costs in H1 2024 were impacted by DKK 33 million (2023: DKK 55 million) related to the restructuring of the organization. The underlying decrease in administrative costs amounted to DKK 56 million, mainly driven by lower employee related costs in support functions, a reduction of approximately 6%.

EBITDA amounted to DKK 566 million equal to an EBITDA margin of 9%, an uplift of DKK 133 million and an improvement of 2 percentage points compared to the same period in 2023. This improvement was driven by consistent sales growth and lower operating expenses.

Adjusted EBITDA was DKK 599 million in H1 2024, transformation and restructuring costs of DKK 33 million (H1 2023: DKK 55 million) being excluded to reflect underlying business performance, resulting in an improvement of 23% compared to same period 2023.

The operating loss (EBIT) for H1 2024 amounted to DKK 235 million (negative margin of 4%), compared to an operating loss of DKK 334 million (negative margin of 6%) for H1 2023. This represents an improvement of DKK 99 million and 2 percentage points compared to H1 2023. This improvement was the result of improved operational performance.

The net loss for the period amounted to DKK 761 million for H1 2024, compared to a net loss of DKK 1,040 million for H1 2023. This represents an improvement of DKK 279 million.

Balance sheet and Cash Flow

Inventories were DKK 4,854 million end of June 2024 compared to DKK 4,869 million end June 2023, favorable impact from lower input prices in 2024 were offset by inventory build-up for newer products.

Net interest-bearing debt was as DKK 11,977 million compared to DKK 11,123 million end 2023.

Equity ended at DKK 3,780 million, compared to DKK 885 million at June, 30 2023. Equity was strengthened in H2 2023 as a result of changes in capital structure by converting shareholders loans to equity as well as additional funding from shareholders.

Free cash flow for H1 2024 was a net outflow of DKK 779 million compared to a net outflow of DKK 2,035 million for H1 2023. The significant reduction in the cash out flow was impacted by the improved operational performance, lower interest and tax payments, larger temporary working capital build-up in H1 2023 and lower investments in production facilities as key projects move closer to completion.

Outlook for 2024

With our continuing improved performance in H1 2024, LEO Pharma is revising its full-year revenue growth outlook upwards compared to what was shared on 3rd May 2024. Full-year revenue growth is now projected to be 9-11% in CER (before: 5-8%). The upwards revision is driven by stronger financial performance in the U.S. in addition to delayed impact from price reforms and generic competition in selected geographies.

As a result of the solid first half year results, LEO Pharma is also revising its outlook upwards for adjusted EBITDA margin from a positive mid-single digit margin to a positive margin range of 6-8%.

We continue to expect significant improvements in EBIT and net result, although still expecting to deliver both negative EBIT and net result in 2024.

Potential changes in key assumptions for market growth and unexpected health care and pricing reforms are key risk factors, among others, which could change the outlook for the year.

Strategic update

In H1, LEO Pharma continued to make progress towards our five strategic priorities, which aim to transform the company into a global leader in medical dermatology:

- Drive sustainable growth
- Innovate to address patient needs
- Fund the future
- Unite as one team
- Leave a legacy

The strategy is backed by a solid track record of delivering on the financial turnaround and consistent double-digit revenue growth, supported by LEO Pharma's global commercial reach and the diversified product portfolio.

Drive sustainable growth

In H1 2024, LEO Pharma delivered on driving sustainable growth, and the imminent strategic priority remain to pursue the significant growth potential in medical dermatology by unleashing the potential of Adtralza®/Adbry® and delgocitinib upon launch, driving value from the core business, and thereby accelerating the growth potential in LEO Pharma's key markets.

Adtralza®/Adbry® continued to drive growth in our eczema portfolio, making it the main driver for growth in the past six months. It is now available in 21 markets, providing a treatment option for moderate to severe atopic dermatitis patients whose disease is not adequately controlled with topical therapies or for whom such therapies are not advisable.

Our pre-filled Adtralza®/Adbry® pen was launched in 8 new markets in the first six months of 2024, offering patients an improved treatment experience. Additionally, the prefilled pen was approved by the FDA for the treatment of adult patients with moderate-to-severe atopic dermatitis (AD) in the U.S. The approval increases the options available for the estimated 6.6 million adults who live with moderate-to-severe AD in the U.S. The pen was initially introduced in Germany last year and is now available in a total of 9 markets.

In July, LEO Pharma received a positive opinion from the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) regarding delgocitinib. Following the CHMP's recommendation to approve delgocitinib, we are now awaiting a final decision from the European Commission. Delgocitinib launch in Europe is anticipated during Q4 2024 and expected to drive revenue growth from 2025 and onwards.

In H1, LEO Pharma's core business remained a source of steady cash flows. The core brands, such as Enstilar® and Protopic®, enjoy a loyal customer base, and they account for a significant share of total revenue and delivered growth of 5% across our affiliates and in our Alliance partner markets.

LEO Pharma aims at accelerating the growth potential in the U.S., and in line with this LEO Pharma is currently exploring ways to bring delgocitinib to the U.S.

Our revenue in Rest of the World grew by 6% (CER) in H1, and we announced results from a phase 3 multi-center clinical trial with Enstilar® in China for use in adults with stable plaque psoriasis. By focusing on our core strengths and leveraging our deep dermatology knowledge, we are well-positioned to expand both the innovative and core portfolios in China.

Innovate to address patient needs

In H1, we continued implementing our strengthened innovation strategy presented earlier in the year, featuring a new Search & Develop model. This model relies on external innovation and LEO Pharma's ability to identify and secure new assets for our pipeline sustainably. LEO Pharma will continue to build on its legacy in medical dermatology and its reputation as a strategic alliance partner to bring innovative treatments to patients living with skin diseases that have significant unmet needs.

To further support this model, LEO Pharma appointed Lars Erik Vølund Kristensen as Vice President, Head of External Innovation, effective June 1, to spearhead partnerships and advance our portfolio. He joins the ranks of Jacob Pontoppidan Thyssen, Chief Science Officer, and Alexander Egeberg, VP, Global Head of Medical Affairs.

In July, The Lancet published data from the pivotal DELTA 1 and DELTA 2 trials, confirming that LEO Pharma is at the forefront of offering innovation within medical dermatology. The DELTA 1 and DELTA 2 trials investigated the safety and efficacy of investigational delgocitinib cream in adult patients with moderate to severe CHE.

The recent results of the successful Enstilar phase 3 trial in China comparing Enstilar to current standard of care, further confirms LEO Pharma's commitment to expanding its presence in China, making a fundamental difference for Chinese patients living with psoriasis through additional treatment options.

In May, LEO Pharma decided to discontinue its IL-17A PPI program (LP0128) due to preclinical findings in a 4-week non-rodent GLP toxicity study. LEO Pharma advanced its selective IL-17A Protein-Protein-Interaction modulator candidate into preclinical development by the end of 2023. No further investigations will be conducted for LP0128.

In August, the results of the double-blind part of the phase 3 trial of TMB-001 in congenital ichthyosis were analyzed. The analysis showed no statistically significant difference between treatment with TMB-001 and treatment with vehicle, and the results do not warrant a submission of a new drug application (NDA) to the US FDA. LEO Pharma remains fully committed to innovative research in dermatologic diseases with a high unmet need, such as congenital ichthyosis.

Fund the future, Unite as one team, and Leave a legacy

In H1, LEO Pharma continued to advance the comprehensive efficiency program designed to ensure the company will be ready to "Fund the Future." With a clear strategic direction that leverages our strengths and a committed and capable leadership team, we took important steps to prioritize and simplify our operations, making us more efficient in our capital allocation.

In January, it was decided that by the end of 2025, Finished Goods production at LEO Pharma Ballerup will be discontinued. The decision stems from ongoing efforts to simplify operations, which included selling and outsourcing products previously manufactured at Ballerup.

LEO Pharma's activities in 'Unite as one team' continued to progress in H1. We implemented several new initiatives to further strengthen our culture and leadership throughout the organization. A highlight was the Diversity, Equity, and Inclusion (DEI) talks with the purpose of finding ways to further progress the career development of female middle managers in LEO in May.

Since LEO Pharma aims to attract and develop a diverse range of talent to meet our business aspirations, we are broadening our vision for team diversity to include not only gender but also nationality and age.

As proof of the commitment to "Leave a legacy" and in support of our ambition to make a fundamental difference for those who need us most, LEO Pharma is on track to help 100 million patients worldwide for the full year.

In H1, our production facility in Vernouillet, France, completed its transition from 50% to full reliance on renewable electricity. All our sites now use 100% renewable electricity. Furthermore, LEO Pharma scored second place in the annual Climate Rating for Danish life science companies, arranged by Økonomisk Ugebrev. This result reflects our strategic commitment to minimize the negative environmental impacts of our operations through reduced emissions and renewable energy use.

R&D pipeline

With 18 brands covering dermatological diseases, including psoriasis, atopic dermatitis, and skin infections, we are expanding our pipeline with a differentiated set of late-stage assets across various indications.

Project	Description	Indications	Partners	Pre-clinical	Phase 1	Phase 2	Phase 3	Filing	Regions
Calcipotriol LP0053	Calcipotriene and betamethasone diproronate foam	Plaque Psoriasis	LEO Pharma						China[1]
Delgocitinib LP0133	Topical pan-JAK inhibitor	Chronic hand eczema	JT						Global
Tralokinumab[2] LP0162	Anti-IL-13 monoclonal antibody	Atopic Dermatitis (Pediatrics)	AstraZeneca						Global
		Atopic dermatitis (AD on hands)	AstraZeneca						Global
Temtokibart LP0145	Anti-IL-22RA1 monoclonal antibody	Atopic dermatitis	Argenx						Global
LEO158968 LP0189	Monoclonal antibody	Inflammatory skin diseases	MorphoSys						Global

Project compounds in our pipeline are investigational and have not been approved in the listed indications and regions by regulatory authorities.

[1] Approved in the EU and US for plaque psoriasis.

[2] Approved in the EU and US for atopic dermatitis in adults and adolescents.

Statement of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have considered and approved the interim report of LEO Pharma A/S for the period 1 January – 30 June 2024.

The interim report comprises the condensed consolidated financial statements of LEO Pharma A/S and has been prepared in accordance with the accounting policies and key figures definitions applied in the consolidated financial statement of 2023.

The interim report has not been audited or reviewed by the company's independent auditor.

In our opinion, the accounting policies applied are appropriate and the interim report gives a true and fair view of the financial position, assets and liabilities at 30 June 2024, results of operation and cash flows for the first half of 2024 of the LEO Pharma Group.

We believe that the Management's Review gives a true and fair view of the development in the Group's activities and business, the results for the period and the financial position of the Group and describes the most significant risks and uncertainties that may affect the Group.

Other than as disclosed in this interim report, no changes have occurred in the Group's most significant risks and uncertainty factors compared to what was disclosed in the annual report for 2023.

Ballerup, 26 August 2024

Executive Management

Christophe Bourdon Chief Executive Officer	Philip Eickhoff Chief Financial Officer

Board of Directors

Jesper Brandgaard Chair	Paul Navarre Vice Chair	Henrik Bo Andersson
Signe Maria Christensen	Lars Green	Peter Haahr
Jannie Kogsbøll	Frank Maréno	Raj Shah
Elisabeth Svanberg		

Income statement

(DKK million)	H1 2024	H1 2023	FY 2023
Revenue	6,375	5,797	11,392
Cost of sales	(2,519)	(1,960)	(4,281)
Gross profit	**3,856**	**3,837**	**7,111**
Sales and distribution costs	(2,146)	(2,193)	(4,902)
Research and development costs	(991)	(928)	(1,874)
Administrative costs	(976)	(1,054)	(2,075)
Other operating income	23	7	58
Other operating expenses	(1)	(3)	(17)
Operating profit/(loss)	**(235)**	**(334)**	**(1,699)**
Financial income	30	23	47
Financial expenses	(511)	(545)	(1,140)
Profit/(loss) before tax	**(716)**	**(856)**	**(2,792)**
Income tax	(45)	(184)	(815)
Net profit/(loss) for the period	**(761)**	**(1,040)**	**(3,607)**

Statement of comprehensive income

(DKK million)	H1 2024	H1 2023	FY 2023
Net profit/(loss) for the year	(761)	(1,040)	(3,607)
Other comprehensive income			
Remeasurement of defined benefit obligation	-	-	(38)
Tax on other comprehensive income	-	-	8
Items that will not subsequently be reclassified to the income statement	**-**	**-**	**(30)**
Foreign exchange adjustments, subsidiaries	20	(41)	(80)
Fair value adjustments on hedging instruments	(38)	15	(29)
Tax on other comprehensive income	8	1	6
Items that are or may subsequently be reclassified to the income statement	**(10)**	**(25)**	**(103)**
Total other comprehensive income/(loss) after tax	**(10)**	**(25)**	**(133)**
Total comprehensive income/(loss)	**(771)**	**(1,065)**	**(3,740)**

Balance sheet

(DKK million)	Jun 2024	Jun 2023	Dec 2023
Assets			
Goodwill	192	192	192
Intellectual property rights	4,161	5,237	4,501
Software	1,037	1,345	1,206
Development projects and software in progress	219	383	200
Intangible assets	**5,609**	**7,157**	**6,099**
Land and buildings	974	909	1,007
Plant and machinery	1,020	859	1,004
Other fixtures and fittings, tools and equipment	131	164	150
Assets under construction	2,360	2,751	2,355
Property, plant and equipment	**4,485**	**4,683**	**4,516**
Right-of-use assets	270	335	306
Right-of-use assets	**270**	**335**	**306**
Deferred tax assets	1,172	1,636	1,157
Pensions	162	162	145
Other financial assets	49	49	49
Other non-current assets	**1,383**	**1,847**	**1,351**
Non-current assets	**11,747**	**14,022**	**12,272**
Inventories	4,854	4,869	4,866
Trade receivables	2,658	2,532	2,142
Tax receivables	685	246	545
Other receivables	403	536	414
Prepaid expenses	338	374	307
Other financial assets	98	104	189
Cash	274	316	216
Current assets	**9,310**	**8,977**	**8,679**
Assets	**21,057**	**22,999**	**20,951**
Equity and liabilities			
Share capital	383	321	383
Reserves	(171)	(125)	(183)
Retained earnings	3,568	689	4,325
Equity	**3,780**	**885**	**4,525**
Loans and credit institutions	11,066	15,865	10,404
Deferred tax liabilities	30	30	30
Pensions	78	71	77
Provisions	132	141	131
Lease liabilities	211	250	238
Tax payables	98	223	130
Other non-current liabilities	413	285	461
Non-current liabilities	**12,028**	**16,865**	**11,471**
Loans and credit institutions	511	576	265
Trade payables	1,134	970	1,243
Provisions	1,044	979	925
Lease liabilities	78	121	87
Tax payables	180	406	285
Other payables	2,302	2,197	2,150
Current liabilities	**5,249**	**5,249**	**4,955**
Liabilities	**17,277**	**22,114**	**16,426**
Equity and liabilities	**21,057**	**22,999**	**20,951**

Statement of changes in equity

H1 2024

(DKK million)	Share capital	Reserves: Currency translation	Reserves: Hedging	Reserves: Other capital	Retained earnings	Total
Equity at January 1	383	(264)	20	61	4,325	4,525
Comprehensive income for the period						
Net profit/(loss) for the period	-	-	-	-	(761)	(761)
Other comprehensive income	-	20	(30)	-	-	(10)
Total comprehensive income/(loss) for the period	**-**	**20**	**(30)**	**-**	**(761)**	**(771)**
Transactions with owners:						
Increase of capital	0	-	-	-	8	8
Purchase of treasury shares	-	-	-	-	(4)	(4)
Share-based payment	-	-	-	22	-	22
Total transactions with owners	**0**	**-**	**-**	**22**	**4**	**26**
Equity at June 30	**383**	**(244)**	**(10)**	**83**	**3,568**	**3,780**

H1 2023

(DKK million)	Share capital	Reserves: Currency translation	Reserves: Hedging	Reserves: Other capital	Retained earnings	Total
Equity at January 1	321	(184)	43	34	1,732	1,946
Comprehensive income for the period						
Net profit/(loss) for the period	-	-	-	-	(1,040)	(1,040)
Other comprehensive income	-	(41)	15	-	1	(25)
Total comprehensive income/(loss) for the period	**-**	**(41)**	**15**	**-**	**(1,039)**	**(1,065)**
Transactions with owners:						
Purchase of treasury shares	-	-	-	-	(4)	(4)
Share-based payment	-	-	-	8	-	8
Total transactions with owners	**-**	**-**	**-**	**8**	**(4)**	**4**
Equity at June 30	**321**	**(225)**	**58**	**42**	**689**	**885**

Cash flow statement

(DKK million)	H1 2024	H1 2023	FY 2023
Operating profit/(loss)	**(235)**	**(334)**	**(1,699)**
Depreciation, amortization and impairment losses, net	801	767	2,250
Adjustment for non-cash operating items etc.	828	739	1,394
Change in working capital	(520)	(1,400)	(509)
Payment of provisions	(807)	(759)	(1,442)
Interest etc., received	23	18	27
Interest etc., paid	(404)	(467)	(916)
Income taxes received/(paid)	(329)	(407)	(1,058)
Cash flows from operating activities	**(643)**	**(1,843)**	**(1,953)**
Investments in intangible assets	(13)	(48)	(207)
Investments in property, plant and equipment	(123)	(144)	(349)
Proceeds from sale of property, plant and equipment	-	-	19
Cash flows from investing activities	**(136)**	**(192)**	**(537)**
Proceeds from loans	670	1,950	2,750
Repayment of loans	-	-	(750)
Overdraft facilities	228	211	(69)
Issuance of loans	(12)	-	(87)
Proceeds from increase of share capital	8	-	746
Purchase of treasury shares	(3)	(4)	(8)
Payment of lease liabilities	(47)	(57)	(115)
Cash flows from financing activities	**844**	**2,100**	**2,467**
Net cash flow for the period	**65**	**65**	**(23)**
Cash, January 1	216	270	270
Foreign exchange rate and value adjustments	(7)	(19)	(31)
Cash, closing balance	**274**	**316**	**216**

Note 1 Accounting policies

The interim consolidated financial statements are a condensed set of financial statement, as they do not include all information and disclosures required by the annual consolidated financial statements. Definition of non-GAAP-measures are defined on page 46 in the consolidation financial statements 2023.

The accounting policies and key figures definitions applied in the interim report for the period January 1 to June 30, 2024, are consistent with those applied in the consolidated financial statements 2023. The consolidated financial statements 2023 provides a full description of the Group's accounting policies.

The latest amendments to the International Financial Reporting Standards (IFRS), effective as of January 1, 2024, adopted by the European Union, have not had any material impact on the interim report for the period January 1 to June 30, 2024, or on the future periods.

Note 2 Revenue

(DKK million)	H1 2024	H1 2023	FY 2023	H1 2024 Growth CER[2]	H1 2024 Reported growth[3]
Revenue by region					
Europe	3,528	3,286	6,375	7%	7%
North America	1,022	720	1,667	43%	42%
Rest of World	1,825	1,791	3,350	6%	2%
Total	**6,375**	**5,797**	**11,392**	**11%**	**10%**
Revenue by therapeutic area					
Dermatology					
Psoriasis	2,018	1,990	3,813	3%	1%
Skin Infection	900	925	1,771	(1)%	(3)%
Eczema	1,836	1,357	2,900	37%	35%
Acne/Rosacea	202	177	317	16%	14%
Other Mature Dermatology	145	127	238	22%	13%
Total dermatology	**5,101**	**4,576**	**9,039**	**13%**	**11%**
Thrombosis	**1,206**	**1,112**	**2,141**	**8%**	**9%**
CMO/Divested[1]	**68**	**109**	**212**	**(38)%**	**(38)%**
Total	**6,375**	**5,797**	**11,392**	**11%**	**10%**

[1] Divested products where LEO Pharma is operating as a contract manufacturer (CMO). The revenue is declining, as the activity is winding down.

[2] Growth CER is revenue growth in constant exchange rates.

[3] Reported growth is revenue growth in actual exchange rates.

Note 3 Financial income and expenses

(DKK million)	H1 2024	H1 2023	FY 2023
Interest income	16	17	11
Gains arising on financial assets at fair value through profit and loss	2	2	5
Fair-value remeasurement (non-cash) of share based incentive plans	6	-	-
Other financial income	6	4	31
Financial income	**30**	**23**	**47**
Interest expenses, related parties	-	121	175
Interest expenses, credit institutions	363	285	647
Interest expense, lease liabilities	5	5	10
Foreign exchange losses	23	80	51
Fair-value remeasurement (non-cash) of share based incentive plans	2	-	156
Other financial expenses	118	54	101
Financial expenses	**511**	**545**	**1,140**

Note 4 Other cash flow adjustments

(DKK million)	H1 2024	H1 2023	FY 2023
Other non-cash adjustments:			
Gain/loss on sale of non-current assets etc.	-	1	(2)
Other changes in provision	927	608	1,227
Changes in other non-current liabilities	(48)	110	286
Change in provision for defined benefit plans	(16)	(18)	5
Change in inventory write-downs	5	15	37
Change in provisions for bad debt	(4)	(4)	(11)
Share-based payments	27	7	(129)
Other non-cash adjustments	(63)	20	(19)
Total	**828**	**739**	**1,394**
Change in Working capital			
Change in inventories	7	(304)	(323)
Change in receivables, prepaid expenses etc.	(570)	(448)	94
Change in current liabilities	43	(648)	(280)
Total	**(520)**	**(1,400)**	**(509)**

Note 5 Guarantees, contingencies and commitments

Guarantees
The total guaranteed commitments for LEO Pharma amount to DKK 118 million on June 30, 2024 (December 31, 2023: DKK 114 million).

Contractual obligations and commitments
The table below shows contractual obligations, not recognized in the consolidated financial figures.

(DKK million)	Jun 2024	Dec 2023
Intangible assets	379	429
Property, plant and equipment	92	130
Total	**471**	**559**

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 two major expansions of production facilities. One project relates to the construction of a new plant in Denmark, while the other project relates to the expansion of an existing plant in Ireland. The amounts are not risk-adjusted or discounted.

Note 6 Related party transactions

Transactions with the members of the Board of Directors and the Executive Management including management remuneration and executive management part of voluntary employee share-based program amounted to DKK 39 million for the period.

No other transactions with shareholders, the Board of directors, key management personal or their relatives besides as stated above.

For information on related parties transactions in 2023 reference is made to the consolidated financial statements 2023 page 84.

Note 7 Events after the balance sheet date

In August 2024, the phase 3 trial of TMB-001 in congenital ichthyosis did not show a statistically significant difference between active treatment and vehicle.

As a result, further R&D activities have been discontinued and impairment of the TMB-001 development project have been recognized in August.

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

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