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**Annual report 2023:  
LEO Pharma delivers 10% revenue growth and returns to positive EBITDA**

**Ballerup, February 29, 2024.** – LEO Pharma delivers a solid operational performance uplift with double-digit revenue growth and an EBITDA uplift of DKK 2.1 billion, corresponding to a 20%-points margin improvement. LEO Pharma exceeded our profitability guidance and hit the upper range of our revenue growth guidance provided in March 2023.

**Financial highlights**

- LEO Pharma delivered 7% revenue growth in 2023. Revenue growth in constant exchange rates (CER) was 10%.
- The Dermatology portfolio grew by 11% (15% in CER), driven by growth of Adtralza®/Adbry® as well as core brands. Geographically, growth was driven by North America, Europe, China and across alliance markets. North America continues to be the key growth driver with revenue of DKK 1.7 billion in 2023, corresponding to growth of 49% (57% in CER).
- During 2023, LEO Pharma took decisive actions to drive efficiencies and optimize the cost structure. As a result, the total operating costs were reduced by DKK 1.1 billion, corresponding to 14%.
- EBITDA for the period increased to DKK 551 million corresponding to a 5% margin. This represents an absolute increase of DKK 2.1 billion compared to the previous year and corresponds to a 20%-points margin uplift.
- LEO Pharma reported a net loss of DKK 3.6 billion, which represents an improvement of DKK 0.5 billion compared to the previous year. This result was negatively impacted by non-recurring project impairments, tax asset adjustments, and increasing interest expenses.
- LEO Pharma exceeded our profitability guidance and hit the upper range of our revenue growth guidance provided in March 2023. The full-year 2023 results were in line with the latest upwardly revised outlook from September.
- In September 2023, LEO Pharma announced a new strengthened capital structure that allows the company to pursue value-accretive Business Development and M&A opportunities. This provides LEO Pharma with a strong foundation for acting on strategic opportunities.

CEO Christophe Bourdon said: *“Our 2023 results show that we are progressing our transformation and delivering on our financial commitments. Returning to positive EBITDA is the result of our decisive action on the cost structure and strong sales growth. We are committed to our strategy and we are following the plan.”*

**Executing on growth strategy**

The transformation of LEO Pharma is progressing according to plan. As part of this, we have streamlined our Research and Development model with a greater emphasis on external innovation and partnerships, and optimized our global product supply setup.



Strategic highlights in 2023 included:

- Adtralza®/Adbry® was commercially launched in new markets and the indication was expanded to include adolescents in the majority of markets. In addition, a prefilled pen was introduced as a new administration form in Germany, making it the first market to offer this option.
- Successfully completed and announced the results of the pivotal Phase 3 trials DELTA 1 and DELTA 2 as well as the extension study DELTA 3 for our topical cream formulation, delgocitinib, in treating moderate-to-severe chronic hand eczema and submitted a marketing authorization application to EMA. Currently, we are assessing ways to bring delgocitinib to the U.S.
- Advanced the Research & Development model, including sharpening the Business Development strategy. As a result, LEO Pharma added a late-stage asset to its medical dermatology pipeline by finalizing the strategic acquisition of TMB-001 from U.S.-based Timber Pharmaceuticals in late January 2024. The TMB-001 project aims to develop a topical treatment for multiple moderate to severe subtypes of congenital ichthyosis – a skin disease for which there is currently no approved treatment options available.

The financial and strategic highlights of the year illustrate that LEO Pharma is following the transformation plan and is delivering on the financial commitments.

#### **2024 financial outlook**

LEO Pharma's key focus is to drive growth within medical dermatology and profitability from operations in 2024.

LEO Pharma anticipates revenue growth of 4-8% in 2024 in constant exchange rates, driven by increasing sales of Adtralza®/Adbry® and growth of our core brands. Compared to 2023, the revenue growth is expected to be negatively impacted by generic competition and price reforms in selected geographies. Delgocitinib launch is expected during Q4 2024, and thus drive revenue growth from 2025 and onwards.

LEO Pharma will continue to focus on improving operating profit through efficiencies and simplification.

- LEO Pharma expects to deliver a positive mid-single digit adjusted EBITDA margin in 2024. The profitability guidance for 2024 is negatively impacted by movements in foreign exchange rates, delayed impact of higher input costs procured during 2023 and investments in newly acquired asset from Timber Pharmaceuticals.
- LEO Pharma expects 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 valuation of intangible assets, currency rates and unexpected health care and pricing reforms are risk factors, among others, which could change the outlook for the year.



## Key figures

DKK million	2022	2023	Δ2022-23
<b>Revenue</b>	<b>10,641</b>	<b>11,392</b>	<b>751</b>
<i>Growth (reported)</i>	7%	7%	0%
<i>Growth (CER)</i>	4%	10%	6%
<b>Dermatology revenue</b>	<b>8,133</b>	<b>9,039</b>	<b>908</b>
<i>Growth (reported)</i>	12%	11%	(1)%
<i>Growth (CER)</i>	9%	15%	6%
<b>EBITDA</b>	<b>(1,574)</b>	<b>551</b>	<b>2,125</b>
<i>Margin</i>	(15)%	5%	20%
<b>EBIT</b>	<b>(3,311)</b>	<b>(1,699)</b>	<b>1,612</b>
<i>Margin</i>	(31)%	(15)%	16%
<b>Net profit</b>	<b>(4,110)</b>	<b>(3,607)</b>	<b>503</b>

\*Constant Exchange Rates (CER)

## LEO Pharma

### 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 headquartered in Denmark with a global team of 4,300 people, serving millions of patients across the world. In 2023, the company generated net sales of DKK 11.4 billion.