

ALK reports revenue up 13% with sales growth across its portfolio, outlook updated

ALK's revenue growth increased during Q2 on continued strong momentum for tablet sales and a recovery in sales of legacy products. ALK saw overall revenue growth of 13% for the quarter and tablet sales growth of 23% with better than expected earnings, despite a significant, planned increase in R&D spend. Based on year-to-date results, and improved forecasts for H2, ALK has upgraded its 2021 financial outlook.

Q2 2021 financial highlights

- ▶ Total revenue was up 13% in local currencies at DKK 868 million (772). This compares against a Q2 last year that showed flat overall growth due to the negative impact of COVID, especially on legacy products. Currency effects reduced reported growth by 1 percentage point.
- ▶ Tablet sales grew by 23% to DKK 401 million (last year: 324 with 25% growth). Growth was held back slightly by the phasing of product shipments to Japan. Combined sales of SCIT and SLIT-drops increased 4%, with other products up 13%.
- ▶ Revenue growth in Europe increased to 14%, with North America up 33% and International revenue down 15% on the phasing of product shipments to Japan and China.
- ▶ Operating profit (EBITDA) was better than expected at DKK 48 million (75), reflecting an improved gross margin but also a planned DKK 69 million increase in R&D spend.
- ▶ Revenue for the first six months was up 11% with tablet sales growth of 28%, while EBITDA was almost unchanged at DKK 274 million (273). Free cash flow was positive at DKK 128 million (27) and the improvement was driven by the phasing of investments and changes to working capital.

Key events and strategic progress

ALK continues to make good progress on its strategic priorities:

- ▶ The adolescent safety clinical trial for ODACTRA[®] was completed as planned in support of a future US application to expand its use to include adolescents.
- ▶ A further 22 approvals were secured for ALK's tablet portfolio.
- ▶ ALK finalised a development and licensing agreement with Catalent on the use of a proprietary tablet formulation technology in ALK's food AIT programme.
- ▶ ALK has refinanced its loan facilities so that it now has DKK 1.5 billion in credit facilities, of which, DKK 1.2 billion is currently unused.
- ▶ After the quarter ended, ALK and China-based pharmaceutical company Grandpharma announced an agreement that will see ALK's adrenaline autoinjector, Jext[®], registered and launched in China.

2021 financial outlook

As announced on 9 August 2021, based on its H1 performance and latest forecasts for H2 2021, ALK has upgraded its full-year financial outlook especially with regards to increasing earnings to reflect an improved sales forecast, as well as cost savings and a minor adjustment to the anticipated timing of clinical development activities. As a result:

- ▶ Revenue is now expected to grow 10-12% in local currencies (previously: 9-12), to reflect an improved sales forecast.
- ▶ EBITDA is now increased to DKK 450-500 million (previously: 375-425), benefiting from the improved sales outlook, cost savings and timing of clinical development activities. ALK still expects an increased gross margin, a significant increase in R&D expenses although slightly lower than previously assumed and a gradual normalisation of sales and marketing activities compared to last year, which was affected by COVID.
- ▶ Free cash flow is now expected at ~DKK minus 100 million (previously: ~minus 200) mainly reflecting the revised earnings outlook.

Hørsholm, 11 August 2021

ALK-Abelló A/S

Comparative figures for 2020 are shown in brackets. Revenue growth rates are stated in local currencies, unless otherwise indicated

For further information, contact:

Investor Relations: Per Plotnikof, tel. +45 4574 7527, mobile +45 2261 2525

Media: Jeppe Ilkjær, mobile +45 3050 2014

Today, ALK is hosting a conference call for analysts and investors at 1.30 p.m. (CEST) at which Management will review the financial results and the outlook. The conference call will be audio cast on <https://ir.alk.net>. Please call in before 1.25 p.m. (CEST). Danish participants should call in on tel. +45 3544 5577 and international participants should call in on tel. +44 333 300 0804 or +1 631 913 1422. Please use the Participant Pin Code: 91659552#. The conference call will also be webcast live on our website, where the related presentation will be made available shortly before the call begins.

FINANCIAL HIGHLIGHTS AND KEY RATIOS FOR THE ALK GROUP

Amounts in DKKm	H1 2021	H1 2020	Q2 2021	Q2 2020	Full year 2020
Income statement					
Revenue	1,889	1,728	868	772	3,491
Operating profit before depreciation (EBITDA)	274	273	48	75	395
Operating profit/(loss) (EBIT)	158	153	(8)	16	150
Net financial items	(7)	(25)	(13)	(10)	(49)
Profit/(loss) before tax (EBT)	151	128	(21)	6	101
Net profit/(loss)	106	76	(21)	(10)	25
Average number of employees (FTE)	2,469	2,405	2,481	2,418	2,419
Balance sheet					
Total assets	5,575	5,683	5,575	5,683	5,563
Invested capital	2,803	2,748	2,803	2,748	2,664
Equity	3,249	3,243	3,249	3,243	3,153
Cash flow and investments					
Depreciations, amortisation and impairment	116	120	56	59	245
Cash flow from operating activities	211	154	84	84	301
Cash flow from investing activities	(83)	(127)	(42)	(78)	(245)
- of which investment in intangible assets	(11)	(4)	(4)	-	(26)
- of which investment in tangible assets	(69)	(98)	(38)	(53)	(196)
Free cash flow	128	27	42	6	56
Information on shares					
Share capital	111	111	111	111	111
Shares in thousands of DKK 10 each	11,141	11,141	11,141	11,141	11,141
Share price, end of period	2,992	1,771	2,992	1,771	2,500
Net asset value per share	292	291	292	291	283
Key figures					
Gross margin – %	60	59	58	56	58
EBITDA margin – %	15	16	6	10	11
Equity ratio – %	58	57	58	57	57
Earnings/(loss) per share (EPS)	9.7	7.0	(1.9)	(0.9)	2.3
Earnings/(loss) per share (DEPS), diluted	9.6	6.9	(1.9)	(0.9)	2.3
Share price/Net asset value	10.3	6.1	10.3	6.1	8.8

INCOME STATEMENT

Q2 2021	%	Q2 2020	%	Amounts in DKKm	H1 2021	%	H1 2020	%
868	100	772	100	Revenue	1,889	100	1,728	100
362	42	336	44	Cost of sales	753	40	707	41
506	58	436	56	Gross profit	1,136	60	1,021	59
172	20	103	13	Research and development expenses	305	16	216	12
343	39	317	41	Sales, marketing and administrative expenses	674	36	652	38
1	0	-	-	Other operating income and expenses	1	0	-	-
(8)	(1)	16	2	Operating profit/(loss) (EBIT)	158	8	153	9
(13)	(1)	(10)	(1)	Net financial items	(7)	(0)	(25)	(2)
(21)	(2)	6	1	Profit/(loss) before tax (EBT)	151	8	128	7
-	-	16	2	Tax on profit/ (loss)	45	2	52	3
(21)	(2)	(10)	(1)	Net profit/ (loss)	106	6	76	4
48	6	75	10	Operating profit before depreciation and amortisation (EBITDA)	274	15	273	16

PROGRESS ON THE STRATEGIC PRIORITIES

In Q2, ALK maintained its pursuit of sustainable high growth and improved profitability by continuing to execute on its four strategic priorities: succeed in North America, complete and commercialise the tablet portfolio, digital consumer engagement & new horizons, and optimise for excellence. Through these, ALK seeks to extend its leadership in respiratory allergy, expand its position in anaphylaxis, and establish a presence in food allergy.

In North America, sales of the tablet portfolio grew strongly again in Canada, fuelled by ITULAZAX[®]. In the USA, the lifting of COVID-related restrictions further boosted sales of legacy products, which offer higher margins to allergists, and emphasised the market barriers facing the tablets in this market. Despite the challenges, ALK continued its approach of targeting high-volume tablet prescribers to build prescription depth, and of building a position in other specialities. In line with this, in June, ALK acquired the product OTIPRIO[®], a treatment for swimmer's ear, from Otonomy, Inc., for a minor consideration, enhancing its offering to ear, nose and throat (ENT) specialists, and paediatricians. ALK previously had an exclusive agreement with Otonomy for the co-promotion of OTIPRIO[®]. ALK also added new regions to a pilot telehealth partnership in the USA which gives consumers direct access to an allergy health professional.

Further clinical development of the tablets also continued, targeting their use in new geographies and all relevant ages. Q2 saw adolescent approval for ACARIZAX[®] in nine further countries, GRAZAX[®] approval in eight countries and RAGWIZAX[®] approval in two – the majority of these were in eastern Europe.

There were also UK approvals for ACARIZAX[®] for allergic rhinitis and allergic asthma, and ITULAZAX[®] for allergic rhinitis, which will result in both products being made available in hospitals. As stated in the Q1 report, in April, ALK also received FDA approval in the USA for paediatric use of RAGWITEK[®]. Furthermore, the clinical trial of ODACTRA[®] in adolescent patients was completed as planned in support of an application to the FDA for an expanded indication. ODACTRA[®] was previously approved by the FDA for use in adults in 2017. The restart of the Phase III clinical trial of allergic rhinitis in adults for China is still pending further lifting of COVID-19 related travel restrictions to and from China.

Patient engagement activities continued to advance with a launch of the klarify digital engagement platform in Canada during Q2. ALK continues to demonstrate an ability to engage directly with consumers at scale and, by the end of Q2, approximately 160,000 consumers had been mobilised via its digital platforms worldwide against a full-year target of 250,000, with around 10,000 of these in the USA versus a full-year target of 20,000. Mobilising relevant consumers towards AIT treatment remains the ultimate goal of these activities and in Q2, ALK tested and progressed a number of 'end-to-end' concepts and events – to better connect consumers directly with AIT prescribers – in several countries.

Work on the 'new horizons' priority progressed well, including on the entry into food allergy with a peanut allergy product, which remains on course to commence Phase I clinical development in 2022. In Q2, ALK finalised a development and licensing agreement with Catalent on the use of Catalent's proprietary, fast-dissolving, freeze-dried tablet formulation technology, Zydis[®] – as used in ALK's

current portfolio of tablets – in ALK’s food AIT programme.

Just after Q2 ended, ALK announced an exclusive licensing agreement with China-based pharmaceutical company, Grandpharma, that will see ALK’s current adrenaline autoinjector (AAI), Jext[®], registered and launched in China. Under the long-term agreement, Grandpharma will be responsible for the registration, import and commercialisation of Jext[®] in mainland China, Macau and Taiwan, while ALK will be responsible for product supply and will offer marketing support based on its extensive experience in Europe and other markets. Meanwhile, ALK’s in-house development project for a next-generation AAI also made positive progress, according to plan.

In Q2, ALK continued its optimisation programme by rationalising its portfolio and driving increased site specialisation, among other initiatives. As part of this work, for the year-to-date, ALK has submitted a total of 1,037 regulatory variations covering 95 products to 36 regulatory authorities around the world.

ALK’s strategic focus areas are underpinned by initiatives in organisational agility and sustainability. Over the past year, ALK has implemented a programme to support employee engagement and retention, covering leadership development, connectivity, learning and development, and talent identification. A company-wide survey in Q2 showed that ALK now has employee engagement levels that are above the pharmaceutical industry benchmark.

Q2 SALES AND MARKET TRENDS

(Comparative figures for Q2 2020 are shown in brackets. Revenue growth rates are stated in local currencies, unless otherwise indicated)

Revenue by geography

DKKm	Q2-2021	Growth*	Share of revenue	Q2-2020
Europe	621	14%	72%	540
North America	161	33%	18%	130
Int’l markets	86	-15%	10%	102
Revenue	868	13%	100%	772

* In local currencies

Europe

Revenue in Europe increased by 14% in local currencies to DKK 621 million (540). As expected, planned product discontinuations are now having a negligible impact on growth.

Tablets continued to be the primary driver of growth during Q2, up 27% with ITULAZAX[®] leading the way and a strong performance from GRAZAX[®]. This growth was further supported by the ongoing shift in favour of evidence-based allergy medicines, and by market share gains, especially in Germany, which is becoming ALK’s largest single market. The gradual easing of COVID restrictions also allowed ALK to ramp

up promotion of the tablets to other prescribers, including ear, nose and throat, and paediatric specialists with an interest in allergy treatment. In the Nordic countries, a similar approach resulted in an uptick in sales from new prescribers of AIT in Q2.

Sales of SCIT and SLIT-drops were up 3%, reflecting strong growth in SCIT sales, especially in Germany and the Nordics, as the market gradually returned to pre-COVID activity levels in many countries. In France, sales were still down on the impact of COVID plus the transition of some sales to the tablets from legacy products.

Sales of other products were up 12%, largely due to a sales recovery for diagnostic products, with Jext[®] sales seeing only modest growth on reduced pen renewals in the UK, likely due to COVID restrictions resulting in a perceived lower exposure to allergens.

North America

Revenue in North America increased 33% in local currencies to DKK 161 million (130) in Q2, as sales recovered in response to the lifting of COVID-related restrictions.

Tablet sales grew 59% and are now ahead of pre-COVID levels in the USA. There was also continued strong take-up in Canada. Sales of bulk SCIT products increased 34% as patients returned to US allergy clinics for SCIT treatments, which currently dominate the US market.

Revenue from other products climbed 22% as sales of non-allergy-related life science products stabilised, and on returning PRE-PEN[®] sales, as hospitals reopened for non-emergency surgeries.

International markets

Revenue in International markets fell by 15% in local currencies to DKK 86 million (102) which reflected the phasing of shipments to the most important markets of China and Japan, where strong in-market sales growth was nevertheless reported. In China, the in-market growth was attributable to salesforce expansion and the benefits of ALK’s salesforce excellence programme. In Japan, ALK’s partner Torii continued to see strong in-market sales growth from MITICURE[™] five years after the product’s introduction. CEDARCURE[™] also performed well ahead of the forthcoming Japanese cedar allergy season. For the full year, ALK expects revenue growth from this region of more than 10%.

Global revenue by product line

DKKm	Q2-2021	Growth*	Share of revenue	Q2-2020
SCIT and SLIT-drops	351	4%	41%	342
SLIT-tablets	401	23%	46%	324
Other products and services	116	13%	13%	106
Revenue	868	13%	100%	772

* In local currencies

6M FINANCIAL REVIEW

(Comparative figures for 2020 are shown in brackets. Revenue growth rates are stated in local currencies, unless otherwise indicated)

6M revenue increased by 9% in reported currency to DKK 1,889 million (1,728). Exchange rate fluctuations reduced reported revenue growth by 2 percentage points. Planned product discontinuations, which mostly involved SCIT/SLIT-drops products in Europe during Q1, impacted overall growth negatively by 2 percentage points. The effect was negligible in Q2.

Cost of sales increased 9% in local currencies to DKK 753 million (707). The gross profit of DKK 1,136 million (1,021) yielded an improved gross margin of 60% (59%), and mainly reflected increased sales – especially from tablets in Europe – although this was somewhat reduced by increased shipments to Torii in Japan, which yield lower gross margins, as well as lower sales of legacy products, mainly in Europe during Q1. ALK continues to see significant costs for compliance efforts to secure robustness in product supply, as well as the implementation of the product and site strategy.

Capacity costs increased 15% in local currencies to DKK 979 million (868). As planned, R&D expenses increased by 42% in local currencies in support of a planned increase in clinical trial activities. Sales and marketing expenses increased by 9% in local currencies, reflecting a gradual normalisation of activity levels following the impact of COVID on business activities, but also operational leverage of ALK's commercial activities. Administrative expenses decreased 8% in local currencies.

EBITDA (operating profit before depreciation and amortisation) ended at DKK 274 million (273), impacted by a planned, significant increase in R&D expenditure. Exchange rates had no effect on operating profit.

Net financials were a loss of DKK 7 million (loss of 25), mainly relating to interest payments and loan fees. **Tax on the profit** totalled DKK 45 million (52) and **net profit** was DKK 106 million (76).

Cash flow from operating activities improved to DKK 211 million (154) driven by changes in working capital due to the timing of payments. **Cash flow from investment activities** was DKK minus 83 million (minus 127), mainly on upgrades to legacy production and the build-up of capacity for SLIT-tablet production. **Free cash flow** was positive at DKK 128 million (27).

Cash flow from financing activities was DKK minus 225 million (minus 45), relating to the settlement of incentive programmes and a refinancing of ALK's loan and credit facilities, which were extended so that ALK now has DKK 1.5 billion in credit facilities running until 2024, of which, DKK 1.2 billion is currently unused.

At the end of June, **cash** totalled DKK 203 million, versus DKK 298 million at the end of 2020 and DKK 292 million at the end of H1 2020.

At the end of June, ALK held 164,498 of its **own shares** or 1.5% of the share capital, versus 1.9% at the end of 2020, and 2.0% at the end of June 2020.

Equity totalled DKK 3,249 million (3,243) at the end of the period, and the equity ratio was 58% (57%).

Outlook for 2021

Based on its H1 performance and latest forecasts for H2 2021, ALK has upgraded its full-year financial outlook especially with regards to increasing earnings to reflect an improved sales forecast, as well as cost savings and a minor adjustment to the anticipated timing of clinical development activities. As a result:

- ▶ Revenue is now expected to grow 10-12% in local currencies (previously: 9-12), to reflect an improved sales growth forecast.
- ▶ EBITDA is now increased to DKK 450-500 million (previously: 375-425), benefiting from the improved sales outlook, cost savings and timing of clinical development activities. ALK still expects an increased gross margin, a significant increase in R&D expenses although slightly lower than previously assumed and a gradual normalisation of sales and marketing activities compared to last year, which was affected by COVID.
- ▶ Free cash flow is now expected at ~DKK minus 100 million (previously: ~minus 200) mainly reflecting the revised earnings outlook.

The updated financial outlook is based on the following assumptions:

Revenue

ALK still expects broad-based growth across all sales regions in 2021 with tablets key to overall growth. Tablet sales growth is now expected at 25% or slightly above (previously: approximately 25%) and this is now

supported by an improved H2 sales outlook for the combined SCIT/SLIT-drops portfolio.

ALK's current assumption for H2 is that, in general, patients will remain able and willing to visit healthcare professionals without significant limitations. However, ALK cannot rule out that COVID may affect selected countries over the coming months.

Operating profit

The gross margin is still expected to increase by 1-2 percentage points, driven by efficiencies and higher sales – especially from tablets. The increase in capacity costs will be lower than previously expected due to cost savings and the timing of clinical development activities. Capacity costs will still be influenced by a significant increase in R&D costs to complete the clinical development of the tablet portfolio, although R&D costs are now estimated to be slightly lower than the previously guided level of around DKK 650 million. Sales and marketing activities are expected to gradually return to normal in second half of 2021.

Free cash flow

The improved free cash flow now reflects the revised earnings outlook and reduced CAPEX projections of DKK 250-300 million (previously: ~300), as well as the upfront payment related to the new partnership in China. Free cash flow is still assumed to be impacted by changes in working capital, and the outlook still includes a one-off repayment of up to DKK 175 million in accrued rebates.

Other assumptions

Other than the newly established partnership in China, the outlook does not include any revenue from acquisitions, additional partnerships or in-licensing, nor does it include any sizeable payments related to M&A or in-licensing. The outlook is based on current exchange rates, resulting in a negative effect of approximately 1 percentage point on reported revenue growth and an immaterial effect on reported EBITDA.

RISK FACTORS

This interim report contains forward-looking statements, including forecasts of future revenue, operating profit and cash flow, as well as expected business-related events. Such statements are, by their very nature, subject to risks and uncertainties, as various factors, some of which are beyond the control of ALK, may cause actual results and performance to differ materially from the forecasts made in this report. Without being exhaustive, such factors include, e.g., consequences of the global COVID pandemic, general economic and business-related conditions, including: legal issues, uncertainty relating to demand, pricing, reimbursement rules, partners' plans and forecasts, fluctuations in exchange rates, competitive factors and reliance on suppliers. Additional factors include the risks associated with the sourcing and manufacturing of ALK's products as well as the potential for side effects from the use of ALK's existing and future products, as allergy immunotherapy may be associated with allergic reactions of differing extents, durations and severities.

Financial calendar

Silent period	14 October 2021
Nine-month interim report (Q3)	11 November 2021

R&D PIPELINE STATUS

ALK aims to globalise a portfolio of SLIT-tablets for all relevant ages, covering five of the most common respiratory allergies: house dust mite, grass, tree, ragweed and Japanese cedar.

	Phase I	Phase II	Phase III	Filing	Marketed
GRAZAX® Europe Adults and children – Allergic rhinitis (grass)					2007
GRASTEK® North America Adults and children – Allergic rhinitis (grass)					2014
GRAZAX® International marketsⁱ Adults and children – Allergic rhinitis (grass)					2017
RAGWITEK® North America Adults and children – Allergic rhinitis (ragweed)					2014/21
RAGWIZAX® Europe & International markets Adults and children – Allergic rhinitis (ragweed)					2020
ACARIZAX® Europe Adults – Allergic rhinitis and allergic asthma (HDM) Adolescents – Allergic rhinitis (HDM)					2016/17
ACARIZAX®/ODACTRA® North America Adults – Allergic rhinitis (HDM)					2017/18
MITICURE™ Japanⁱⁱ Adults and children – Allergic rhinitis (HDM)					2015/18
ACARIZAX® International marketsⁱ Adults - Allergic rhinitis and allergic asthma (HDM)					ⁱⁱⁱ
ACARIZAX® China Adults – Allergic rhinitis (HDM)					
ACARIZAX®/ODACTRA® Europe & North America Children – Allergic asthma (HDM)					
ACARIZAX®/ODACTRA® Europe & North America Children – Allergic rhinitis (HDM)					
ODACTRA® North America Adolescents – Allergic rhinitis (HDM)					
CEDARCURE™ Japanⁱⁱ Adults and children – Allergic rhinitis (Japanese cedar)					2018
ITULAZAX®/ITULATEK™ Europe & Canada Adults – Allergic rhinitis (tree: birch family)					2019/20
ITULAZAX®/ITULATEK™ Europe & Canada Children – Allergic rhinitis (tree: birch family)					

i. Licensed to Abbott for south-east Asia and Seqirus for Australia/New Zealand

ii. Licensed to Torii for Japan

iii. Already marketed in selected markets

STATEMENT BY MANAGEMENT

The Board of Directors and Board of Management today considered and approved the interim report of ALK-Abelló A/S for the period 1 January to 30 June 2021. The interim report has not been audited or reviewed by the company's independent auditor.

The consolidated interim report has been prepared in accordance with IAS 34 'Interim financial reporting' and additional Danish disclosure requirements for the presentation of quarterly interim reports by listed companies.

In our opinion, the interim report gives a true and fair view of the ALK Group's assets, equity and liabilities, financial position, results of operations and cash flow for the period 1 January to 30 June 2021. We further consider that the Management review in the preceding pages gives a true and fair statement of the development in the ALK Group's activities and business, the profit for the period and the ALK Group's financial position as a whole, and a description of the most significant risks and uncertainties to which the ALK Group is subject. Besides what has been disclosed in the interim report, no changes in the ALK Group's most significant risks and uncertainties have occurred relative to what was disclosed in the consolidated annual report 2020.

Hørsholm, 11 August 2021

Board of Management

Carsten Hellmann
President & CEO

Henrik Jacobi
Executive Vice President
Research & Development

Søren Jelert
CFO & Executive Vice President

Søren Daniel Niegel
Executive Vice President
Commercial Operations

Board of Directors

Anders Hedegaard
Chairman

Lene Skole
Vice Chairman

Gitte Aabo

Katja Barnkob

Nanna Rassov Carlson

Lars Holmqvist

Bertil Lindmark

Jakob Riis

Johan Smedsrud

INCOME STATEMENT FOR THE ALK GROUP

Q2 2021	Q2 2020	Amounts in DKKm	H1 2021	H1 2020
868	772	Revenue	1,889	1,728
362	336	Cost of sales	753	707
506	436	Gross profit	1,136	1,021
172	103	Research and development expenses	305	216
291	254	Sales and marketing expenses	568	535
52	63	Administrative expenses	106	117
1	-	Other operating items, net	1	-
(8)	16	Operating profit/(loss) (EBIT)	158	153
(13)	(10)	Net financial items	(7)	(25)
(21)	6	Profit/(loss) before tax (EBT)	151	128
-	16	Tax on profit/ (loss)	45	52
(21)	(10)	Net profit/ (loss)	106	76
		Earnings per share (EPS)		
(1.9)	(0.9)	Earnings/(loss) per share (EPS)	9.7	7.0
(1.9)	(0.9)	Earnings/(loss) per share (DEPS), diluted	9.6	6.9

STATEMENT OF COMPREHENSIVE INCOME

Q2 2021	Q2 2020	Amounts in DKKm	H1 2021	H1 2020
(21)	(10)	Net profit/(loss)	106	76
		Other comprehensive income		
		<i>Items that will subsequently be reclassified to the income statement, when specific conditions are met:</i>		
(13)	(27)	Foreign currency translation adjustment of foreign affiliates	32	(8)
-	-	Tax related to other comprehensive income, that will subsequently be reclassified to the income statement	-	-
(13)	(27)	Total	32	(8)
(34)	(37)	Total comprehensive income	138	68

CASH FLOW STATEMENT FOR THE ALK GROUP

Amounts in DKKm	H1 2021	H1 2020
Net profit/(loss)	106	76
Adjustments for non-cash items (note 3)	210	245
Changes in working capital	(5)	(79)
Financial income, received	-	1
Financial expenses, paid	(16)	(9)
Income taxes, paid (net)	(84)	(80)
Cash flow from operating activities	211	154
Investments in intangible assets	(11)	(4)
Investments in tangible assets	(69)	(98)
Investments in other financial assets	(3)	(25)
Cash flow from investing activities	(83)	(127)
Free cash flow	128	27
Sale of treasury shares	17	-
Exercised share options, paid	(71)	(24)
Repayment of lease liabilities	(13)	(11)
Proceeds from borrowings	297	-
Repayment of borrowings	(455)	(10)
Cash flow from financing activities	(225)	(45)
Net cash flow	(97)	(18)
Cash beginning of year	298	316
Cash beginning of year	298	316
Unrealised gains/(losses) on cash held in foreign currency and financial assets carried as cash	2	(6)
Net cash flow	(97)	(18)
Cash end of period	203	292
Cash end of period	203	292

The consolidated statement of cash flow is compiled using the indirect method. As a result, the individual figures in the cash flow statement cannot be reconciled directly to the income statement and the balance sheet.

BALANCE SHEET - ASSETS FOR THE ALK GROUP

Amounts in DKKm	30 Jun 2021	30 Jun 2020	31 Dec 2020
Non-current assets			
Intangible assets			
Goodwill	454	460	452
Other intangible assets	164	200	172
	618	660	624
Tangible assets			
Land and buildings	946	980	921
Plant and machinery	458	330	442
Other fixtures and equipment	72	67	72
Property, plant and equipment in progress	229	363	269
	1,705	1,740	1,704
Other non-current assets			
Receivables	33	54	30
Deferred tax assets	747	689	697
Income tax receivables	162	174	168
	942	917	895
Total non-current assets	3,265	3,317	3,223
Current assets			
Inventories	1,152	1,110	1,093
Trade receivables	525	504	544
Receivables from group companies	20	121	20
Income tax receivables	47	4	24
Other receivables	67	75	96
Prepayments	296	260	265
Cash	203	292	298
Total current assets	2,310	2,366	2,340
Total assets	5,575	5,683	5,563

BALANCE SHEET - EQUITY AND LIABILITIES FOR THE ALK GROUP

Amounts in DKKm	30 Jun 2021	30 Jun 2020	31 Dec 2020
Equity			
Share capital	111	111	111
Currency translation adjustment	(93)	(27)	(125)
Retained earnings	3,231	3,159	3,167
Total equity	3,249	3,243	3,153
Liabilities			
Non-current liabilities			
Mortgage debt	231	250	240
Bank loans	-	447	446
Pensions and similar liabilities	349	333	345
Lease liabilities	202	224	207
Deferred tax liabilities	-	1	-
Income taxes	152	142	143
	934	1,397	1,381
Current liabilities			
Mortgage debt	18	17	18
Bank loans	298	-	-
Trade payables	102	130	74
Lease liabilities	33	33	32
Other provisions	2	5	3
Income taxes	37	41	21
Other payables	901	816	880
Deferred income	1	1	1
	1,392	1,043	1,029
Total liabilities	2,326	2,440	2,410
Total equity and liabilities	5,575	5,683	5,563

EQUITY FOR THE ALK GROUP

Amounts in DKKm	Share capital	Currency translation adjustment	Retained earnings	Total equity
Equity at 1 January 2021	111	(125)	3,167	3,153
Net profit/ (loss)	-	-	106	106
Other comprehensive income/ (loss)	-	32	-	32
Total comprehensive income/ (loss)	-	32	106	138
Share-based payments	-	-	17	17
Share options settled	-	-	(71)	(71)
Sale of treasury shares	-	-	17	17
Tax related to items recognised directly in equity	-	-	(5)	(5)
Other transactions	-	-	(42)	(42)
Equity at 30 June 2021	111	(93)	3,231	3,249
Equity at 1 January 2020	111	(19)	3,084	3,176
Net profit/(loss)	-	-	76	76
Other comprehensive income/ (loss)	-	(8)	-	(8)
Total comprehensive income/ (loss)	-	(8)	76	68
Share-based payments	-	-	14	14
Share options settled	-	-	(24)	(24)
Tax related to items recognised directly in equity	-	-	9	9
Other transactions	-	-	(1)	(1)
Equity at 30 June 2020	111	(27)	3,159	3,243

NOTES

1 ACCOUNTING POLICIES

This non-audited interim report for the first six months of 2021 has been prepared in accordance with IAS 34 and the additional Danish regulations for the presentation of quarterly interim reports by listed companies. The Interim report for the first six months of 2021 follows the same accounting policies as the annual report for 2020, except for new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on 1 January 2021. These IFRSs have not had any impact on the Group's interim report.

2 REVENUE AND SEGMENT INFORMATION

Amounts in DKKm	Europe		North America		International Markets		Total	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
SCIT/SLIT-drops	614	649	142	132	28	48	784	829
SLIT-tablets	662	507	58	46	147	127	867	680
Other products and services	98	104	121	102	19	13	238	219
Total revenue	1,374	1,260	321	280	194	188	1,889	1,728
Sale of goods							1,855	1,701
Royalties							34	27
Total revenue							1,889	1,728

Growth, H1 2021	Europe		North America		International Markets		Total	
	Growth local currencies	Growth	Growth local currencies	Growth	Growth local currencies	Growth	Growth local currencies	Growth
SCIT/SLIT-drops	-5%	-5%	17%	8%	-40%	-42%	-4%	-5%
SLIT-tablets	30%	31%	33%	26%	16%	16%	28%	28%
Other products and services	-5%	-6%	29%	19%	57%	46%	14%	9%
Total revenue	9%	9%	24%	15%	5%	3%	11%	9%

Geographical markets (based on customer location):

- o Europe comprises the EU, the UK, Norway and Switzerland
- o North America comprises the USA and Canada
- o International Markets comprise Japan, China and all other countries

NOTES

2 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Amounts in DKKm	Europe		North America		International Markets		Total	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020
SCIT/SLIT-drops	267	258	71	58	13	26	351	342
SLIT-tablets	302	236	31	20	68	68	401	324
Other products and services	52	46	59	52	5	8	116	106
Total revenue	621	540	161	130	86	102	868	772
Sale of goods							850	757
Royalties							18	15
Total revenue							868	772

Growth, Q2 2021	Europe		North America		International Markets		Total	
	Growth local currencies	Growth	Growth local currencies	Growth	Growth local currencies	Growth	Growth local currencies	Growth
SCIT/SLIT-drops	3%	3%	34%	22%	-48%	-50%	4%	3%
SLIT-tablets	27%	28%	59%	55%	-1%	0%	23%	24%
Other products and services	12%	13%	22%	13%	-38%	-38%	13%	9%
Total revenue	14%	15%	33%	24%	-15%	-16%	13%	12%

Geographical markets (based on customer location):

- o Europe comprises the EU, the UK, Norway and Switzerland
- o North America comprises the USA and Canada
- o International Markets comprise Japan, China and all other countries

3 ADJUSTMENTS FOR NON-CASH ITEMS

Amounts in DKKm	H1 2021	H1 2020
Tax on profit/ (loss)	45	52
Financial income and expenses	7	25
Share-based payments	17	14
Depreciation, amortisation and impairment	116	120
Other adjustments*	25	34
Total	210	245

* Other adjustments include non-cash transactions related to the divestment of ALK's part-share of a formulation production line for tablets to production partner Catalent. In 2020, it further includes provision for transition period for the Danish Holiday act.