

Six-month interim report (Q2) 2020 (Unaudited)

Company release No. 9/2020

ALK upgrades earnings outlook

ALK's overall sales in the Q2 low-season were in line with expectations given the COVID-19 pandemic, with tablet sales up 25%. Sublingual, home-based treatments in Europe and International markets were resilient to the impact of the pandemic, whereas sales of SCIT products, and sales in the USA, were most affected. In Q2, ALK saw earnings increase by 213% on the back of savings and delayed R&D expenditure.

Q2 2020 highlights

- ▶ Total revenue at DKK 772 million (785), showed zero growth in local currencies. Planned product discontinuations reduced growth by approximately 3 p.p. Currencies reduced reported growth by 1 p.p.
- ▶ Tablets saw growth of 25% to DKK 324 million (263), while combined SCIT and SLIT-drops sales were down 14% on the effects of COVID-19 and portfolio rationalisation.
- ▶ Operating profit (EBITDA) exceeded expectations and grew by 213% to DKK 75 million (24), reflecting savings and delayed R&D expenditure due to COVID-19.
- ▶ Free cash flow was positive, at DKK 6 million (negative at 132) and was ahead of plan, driven by higher earnings, and the re-phasing of investments and tax payments.
- ▶ Revenue for the first six months was up 5%, EBITDA was up 74% at DKK 273 million (157) and free cash flow was positive at DKK 27 million (negative at 149).

Update on the effects of COVID-19

- ▶ As expected, sales fluctuated during the Q2 low-season, particularly in the USA, as visits to allergy clinics became more difficult.
- ▶ Sales of tablets and drops, which can be self-administered at home, were resilient, although new patient initiations were constrained.
- ▶ Sales of SCIT products were most impacted, since they are typically administered in a clinic.
- ▶ Manufacturing and supply remained highly resilient and product inventories are still robust.
- ▶ ALK faces an elevated risk to its ongoing clinical programme. Patient recruitment for trials is still impacted which will likely lead to some delays.
- ▶ In late-Q2, there were early positive sales signals in multiple markets, supported by key indicators from ALK's digital patient engagement programme, and ALK continues to base its plans on an expected market recovery during H2 although the US market remains unpredictable.

2020 financial outlook

In light of the results for the first half of 2020 and the ongoing effects of COVID-19, ALK is updating its financial outlook for 2020 and upgrading EBITDA and cash flow forecasts. ALK's working assumption is that, during H2, the majority of markets will recover so that allergy patients are once again able and willing to visit healthcare professionals. ALK also expects that market conditions in the USA are likely to remain challenging over the short term. As a result:

- ▶ Revenue growth is currently tracking towards the lower end of the guided range of 8-12% due to the US market conditions. However, a stronger than expected recovery in the USA, or elsewhere, cannot be ruled out at this stage. Planned product discontinuation is still reducing growth by 4 p.p.
- ▶ Operating profit (EBITDA) is now expected to be DKK 300-350 million (previously 200-300).
- ▶ Free cash flow is now expected to be negative at approximately DKK 200 million (previously negative ~300).

Hørsholm, 12 August 2020

ALK-Abelló A/S

Comparative figures for 2019 are shown in brackets. Revenue growth rates are organic and 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>. Participants for the audio cast are kindly requested to 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: 73006317#. 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 2020	H1 2019	Q2 2020	Q2 2019	Full year 2019
Income statement					
Revenue	1,728	1,652	772	785	3,274
Operating profit before depreciation (EBITDA)	273	157	75	24	241
Operating profit/(loss) (EBIT)	153	14	16	(62)	(14)
Net financial items	(25)	(20)	(10)	(18)	(17)
Profit/(loss) before tax (EBT)	128	(6)	6	(80)	(31)
Net profit/(loss)	76	(23)	(10)	(68)	(50)
Average number of employees (FTE)	2,405	2,381	2,418	2,381	2,385
Balance sheet					
Total assets	5,683	5,104	5,683	5,104	5,495
Invested capital	2,748	3,220	2,748	3,220	2,759
Equity	3,243	3,157	3,243	3,157	3,176
Cash flow and investments					
Depreciations, amortisation and impairment	120	143	59	86	255
Cash flow from operating activities	154	(67)	84	(97)	132
Cash flow from investing activities	(127)	(82)	(78)	(35)	(157)
- of which investment in tangible and intangible assets	(102)	(65)	(53)	(35)	(167)
- of which acquisitions of companies and operations	-	(17)	-	-	(20)
Free cash flow	27	(149)	6	(132)	(25)
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 – DKK	1,771	1,530	1,771	1,530	1,635
Net asset value per share – DKK	291	283	291	283	285
Key figures					
Gross margin – %	59	56	56	51	58
EBITDA margin – %	16	10	10	3	7
Equity ratio – %	57	62	57	62	58
Earnings/(loss) per share (EPS)	7.0	(2.1)	(0.9)	(6.2)	(4.6)
Earnings/(loss) per share (DEPS), diluted	6.9	(2.1)	(0.9)	(6.2)	(4.6)
Share price/Net asset value	6.1	5.4	6.1	5.4	5.7

INCOME STATEMENT

Q2 2020	%	Q2 2019	%	Amounts in DKKm	H1 2020	%	H1 2019	%
772	100	785	100	Revenue	1,728	100	1,652	100
336	44	386	49	Cost of sales	707	41	721	44
436	56	399	51	Gross profit	1,021	59	931	56
103	13	94	12	Research and development expenses	216	12	193	12
317	41	367	47	Sales, marketing and administrative expenses	652	38	724	44
16	2	(62)	(8)	Operating profit/(loss) (EBIT)	153	9	14	1
(10)	(1)	(18)	(2)	Net financial items	(25)	(2)	(20)	(1)
6	1	(80)	(10)	Profit/(loss) before tax (EBT)	128	7	(6)	(0)
16	2	(12)	(2)	Tax on profit	52	3	17	1
(10)	(1)	(68)	(9)	Net profit/(loss)	76	4	(23)	(1)
75	10	24	3	Operating profit before depreciation and amortisation (EBITDA)	273	16	157	10

COVID-19 UPDATE

As the COVID-19 pandemic continues, ALK's focus remains on the continued supply of its products for people with allergy and allergic asthma, and on its readiness to maximise sales when the markets recover.

During Q2, sales of sublingual tablets and drops, which can be self-administered at home, were resilient to the impact of the pandemic, although new patient initiations were constrained. Meanwhile, the greatest impact was on sales of SCIT products, as these treatments often take place in a clinical setting, and on sales in the USA, where market conditions have been particularly challenging.

At the very end of Q2, as virus containment measures eased in multiple countries, especially in Europe, ALK began to see encouraging early signs of a sales recovery, with allergy patients once again able to visit healthcare professionals without significant limitations. In addition, key indicators from ALK's digital patient engagement programme suggest a backlog of patients who are keen to take action on their allergies. ALK therefore expects to be able to recover lost sales growth momentum during H2, which is typically when the majority of new allergy patients start treatment. However, the US market is expected to remain unpredictable.

In-house production continues as planned, thanks to the contingency measures that ALK has established, with precautions in place to secure both supply chain integrity and the well-being of employees. Inventories also remain robust so that ALK could maintain supply even in the event of any unanticipated interruption to production.

COVID-19 continues to affect ALK's planned clinical development activities as a consequence of virus

containment measures, as well as the wider pressure on hospitals and clinics. The recruitment of new patients for all studies were essentially put on hold. However, recently it was restarted for one of the clinical trials. Where possible, ALK aims to make up this lost time at a later date, however, delays to the clinical development programme are expected as the pandemic persists.

UPDATE ON BUSINESS PRIORITIES

Despite the COVID-19 pandemic, ALK's long-term strategy remains unchanged, as do the strong, underlying drivers that support ALK's growth.

During Q2, progress continued on the three-year transformation programme, which has four areas of focus:

1. Succeed in North America

Sales across the North American portfolio were held back in Q2 by COVID-19. Consequently, overall sales in the region declined by 19%, with tablet sales down 16% as the flow of new patient initiations became highly constrained.

Despite the challenges of the pandemic, ALK continues to focus on building both the number of prescribers, and prescription depth for the tablets. In Q2, it launched its digital patient engagement platform in the USA which saw rapid adoption, likely in part due to the number of people staying at home.

Towards the end of the quarter, ALK saw very early signs of sales returning in the region. Despite this, the full-year sales-growth target for North America of 10% currently looks unlikely.

In June, ALK entered into an agreement with Otonomy for OTIPRIO[®], a treatment for swimmer's ear. The product enhances ALK's offering to ear, nose and throat (ENT) specialists, paediatricians, and selected primary care doctors, and expands coverage in ENT, which is a fast-growing segment for ALK in the USA.

2. Complete and commercialise the tablet portfolio for all relevant ages

Tablet sales continued their upward trajectory in Q2, so that sales increased 32% across the first half of the year – still on course for the targeted annual sales growth of 30% or greater – with ACARIZAX[®] and ITULAZAX[®] as the largest contributors.

Despite COVID-19, the roll-out of ITULAZAX[®] remains on schedule, with registration, pricing and reimbursement activities progressing well. As a result, new launches are currently planned for the second half of the year in Austria, Canada, Czechia, the Netherlands and Switzerland.

3. Patient engagement and adjacent business

ALK further ramped up its patient engagement activities during Q2 by launching its digital platform in Ireland, Slovakia and the USA and by further leveraging other digital resources in response to the limitations created by COVID-19 containment measures.

Current digital patient engagement activities prioritise interactions with the most suitable candidates for AIT, ahead of the high season for new treatment initiations later in the year.

By the end of H1, ALK had accumulated more than 400,000 (~95,000) two-way consumer relationships across its digital platforms, via which more than 300,000 online allergy tests had been completed. At the same time, ALK has already reached its full year target of mobilising more than 100,000 people to take action on their allergies. Additionally, there have been more than 500,000 downloads of ALK's new smartphone app to date.

ALK continues to support its partner Windgap Medical as it works to develop a new adrenaline auto-injector for the US market. An update on development progress and the potential future timing of a US registration application is expected within six-to-eight months.

4. Optimise and reallocate

ALK continued work to rationalise its product portfolio, with older, less competitive products being phased out in favour of documented, registered products. This work has now seen more than 300 products eliminated from the 2016 portfolio.

In addition, COVID-19 resilience and contingency measures have been put in place to ensure continuity in the supply of ALK's products. At the same time, site specialisation, optimisation efforts and investments in quality also continued, with the aim of improving longer-term efficiency in product supply.

Q2 SALES AND MARKET TRENDS

(Comparative figures for Q2 2019 are shown in brackets. Revenue growth rates are organic stated in local currencies, unless otherwise indicated)

Revenue by geography

DKKm	Q2-2020	Growth (l.c. *)	Share of revenue	Q2-2019
Europe	540	-2%	70%	555
North America	130	-19%	17%	164
Intl. markets	102	56%	13%	66
Revenue	772	0%	100%	785

* Organic and in local currencies

Europe

Revenue in Europe fell by 2% in local currencies to DKK 540 million (555). Planned product discontinuations reduced growth by 5 percentage points so that, like-for-like, underlying sales of continuing products grew by 3%. Towards the end of the quarter, there were clear signs of a market recovery.

Tablet sales grew strongly, up 22% for the quarter, as the market continued its transition towards evidence-based, registered products, and self-administered, home-based treatments were resilient to the market challenges created by COVID-19.

Combined sales of SCIT and SLIT-drops decreased by 15%. This was partly attributable to portfolio rationalisation, and partly due to pandemic-related barriers to treatment for SCIT products in particular.

Sales of other products decreased by 11%, although sales of the adrenaline auto-injector Jext[®] increased 15% on continued strong demand. Sales of diagnostics and other products were significantly down due to COVID-19.

Sales in the most important markets of France and Germany were resilient despite the challenges of the pandemic. In Germany, ALK continued to gain significant market share, largely due to strong sales growth from the tablets. The Nordics also performed

well, with strong revenue growth, especially from tablets.

There were no major changes to the pricing and reimbursement of AIT products.

North America

Due to the impact of COVID-19, revenue in North America was DKK 130 million (164), which was down 19% organically in local currencies, and was below expectations. Sales of tablets fell 16%, while sales of bulk SCIT products were down 22%. Revenue from other products, including those of non-allergy related products and PRE-PEN[®], which resumed shipments following issues at a supplier, was down 16%.

Overall market conditions were extremely challenging during Q2 such that, at one stage, ALK estimates that up to 50% of US allergy clinics were either fully or partially closed, and even those that were open, were seeing significantly fewer patients.

Tablet sales in Canada grew marginally, and were strongest towards the end of the quarter, signalling increased acceptance by prescribers.

International markets

Revenue in International markets was up 56% at DKK 102 million (66). This was slightly ahead of expectations and was driven by shipments of MITICURE[™] and CEDARCURE[™] to Torii in Japan. As in Europe, sales of tablets in Japan proved highly resilient to the impact of COVID-19. In addition, ALK saw double-digit growth in China.

Global revenue by product line

DKKm	Q2-2020	Growth (l.c. *)	Share of revenue	Q2-2019
SCIT and SLIT-drops	342	-14%	44%	400
SLIT-tablets	324	25%	42%	263
Other products and services	106	-12%	14%	122
Revenue	772	0%	100%	785

* Organic and in local currencies

6M FINANCIAL REVIEW

(Comparative figures for 2019 are shown in brackets. Revenue growth rates are organic stated in local currencies, unless otherwise indicated)

6M revenue increased by 5% in reported currency to DKK 1,728 million (1,652), broadly in-line with expectations. Exchange rate fluctuations did not materially impact reported revenue and organic growth in local currencies was also 5%.

Cost of sales decreased 2% in local currencies to DKK 707 million (721). The gross profit of DKK 1,021 million (931) yielded a gross margin of 59% (56%), and reflected changes in the product mix, increased sales – especially from tablets – but also lower sales of legacy products in Europe and significant costs associated with compliance efforts to secure robustness in product supply, as well as the implementation of the product and site strategy. Last year's figures also included a one-off divestment-related impairment equivalent to ~1.5 percentage points on the gross margin.

Capacity costs decreased 6% in local currencies to DKK 868 million (917). R&D expenses increased by 12% in local currencies in support of clinical trials, although this was lower than expected following delays to clinical activities due to the COVID-19 pandemic. Particularly affected was the recruitment of patients for clinical trials – something that is likely to continue for the duration of 2020. Sales and marketing expenses decreased by 11% in local currencies, reflecting savings as a consequence of COVID-19 restricting sales and marketing activities in many markets, and operational leverage of ALK's commercial activities. Administrative expenses decreased 7% (local currencies), largely as a consequence of certain one-off items in 2019.

EBITDA (operating profit before depreciation and amortisation) increased 74% to DKK 273 million (157) and was significantly better than expected, reflecting savings and delayed R&D expenditure due to COVID-19. Exchange rates did have a small negative impact on operating profit.

Net financials were a loss of DKK 25 million (loss of 20) mainly relating to net interest expenses and currency fluctuations on intercompany loans. **Tax on the profit** totalled DKK 52 million (17) and **net profit** was DKK 76 million (a loss of 23).

Cash flow from operating activities was an inflow of DKK 154 million (outflow of 67) mainly as a consequence of the increased EBITDA, as well as changes in working capital. **Cash flow from investing activities** was DKK minus 127 million (minus 82) mainly relating to upgrades to legacy production and the build-up of capacity for SLIT-tablet production.

Free cash flow was DKK 27 million (minus 149) which was better than expected due to higher earnings.

Cash flow from financing activities was DKK minus 45 million (minus 41), mainly relating to the settlement of incentive programmes.

At the end of June, ALK held 224,771 of its **own shares** or 2.0% of the share capital, versus 2.2% at the end of 2019, and 2.3% at the end of June 2019.

At the end of June, **cash and marketable securities** totalled DKK 292 million, versus DKK 207 million at the end of Q2 2019 and DKK 316 million at the end of 2019. In addition, ALK has an unused credit facility of DKK 600 million which runs until 2022.

Equity totalled DKK 3,243 million (3,157) at the end of the period, and the equity ratio was 57% (62%).

OUTLOOK FOR 2020

In light of the results for the first half of 2020 and the ongoing effects of COVID-19, ALK is updating its financial outlook for 2020 and upgrading EBITDA and cash flow forecasts. ALK's working assumption is that, during H2, the majority of markets will recover so that allergy patients are once again able and willing to visit healthcare professionals. ALK also expects that market conditions in the USA are likely to remain challenging over the short term. As a result:

- ▶ Organic revenue growth is currently tracking towards the lower end of the guided range of 8-12% in local currencies due to the US market conditions. However, a stronger than expected recovery in the USA, or elsewhere, cannot be ruled out at this stage. Planned product discontinuation is still reducing growth by 4 p.p.
- ▶ Operating profit (EBITDA) is upgraded and now expected to be DKK 300-350 million (previously 200-300).
- ▶ Free cash flow is upgraded and now expected to be negative at approximately DKK 200 million (previously negative ~300).

Revenue

ALK still expects growth across its Europe and International sales regions in 2020, with tablets as the key growth driver with growth of 30% or more, so that they are expected to become ALK's largest single product category for the first time. In North America, the ongoing impact of COVID-19 means that the full-year sales-growth target for this region of 10% is currently viewed as unlikely.

Revenue growth is still expected to be strongest towards the end of the year, in particular, due to assumed timing of market recovery ahead of the high season for AIT treatment initiations and the expected timing of tablet shipments to Torii in Japan.

Gross margin

The reported gross margin for the full year is still expected to be roughly on a par with 2019, benefiting from increased sales – especially from tablets, with higher volumes absorbed by existing capacity – offset by changes in the product mix and increased lower gross-margin shipments of tablets to ALK's partner for Japan, Torii. The gross margin also reflects significant costs associated with compliance efforts to secure robustness in product supply as well as with the implementation of the product and site strategy.

EBITDA

The upgraded EBITDA now reflects the effects of the coronavirus pandemic whereby capacity costs are expected to be lower than originally planned, particularly in R&D, where costs are currently forecast to be DKK 500-550 million (previously ~600 million).

Cash flow

The improved free cash flow now reflects higher earnings, lower corporate tax payments, and other changes to working capital (phasing of employee tax payments in Denmark). Working capital includes an expected repayment of accrued rebate adjustments related to previous years. CAPEX is still projected at DKK 250-300 million, with investments focused on streamlining the manufacturing footprint and further specialisation at ALK's production sites.

Other assumptions

The outlook does not include any revenue from acquisitions, new partnerships or in-licensing of adjacent products and services, nor does it include any sizeable payments related to future M&As or in-licensing activities. The outlook is based on current exchange rates, resulting in an immaterial effect on both reported revenue and 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 naturally 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 announcement. Without being exhaustive, such factors include e.g., 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. The emergence of the coronavirus pandemic, and the

extent and duration of countermeasures against the virus, represent additional uncertainties that may also affect forward-looking statements.

Financial calendar

Silent period

14 October 2020

Nine-month interim report (Q3) 2020 11 November 2020

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)					iii
RAGWITEK[®] North America Adults – Allergic rhinitis (ragweed)					2014
RAGWIZAX[®] Europe & Intl. markets Adults – Allergic rhinitis (ragweed)					
RAGWITEK[®] Europe & NA Children – Allergic rhinitis (ragweed)					
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[®] Europe Adults – Allergic rhinitis (tree: birch family)					2019
ITULATEK[™] Canada Adults – 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 2020. 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 2020. 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 2019.

Hørsholm, 12 August 2020

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

Katja Barnkob

Nanna Rassov Carlson

Lars Holmqvist

Jakob Riis

Johan Smedsrud

Vincent Warnery

INCOME STATEMENT FOR THE ALK GROUP

Q2 2020	Q2 2019	Amounts in DKKm	H1 2020	H1 2019
772	785	Revenue	1,728	1,652
336	386	Cost of sales	707	721
436	399	Gross profit	1,021	931
103	94	Research and development expenses	216	193
254	303	Sales and marketing expenses	535	599
63	64	Administrative expenses	117	125
16	(62)	Operating profit/(loss) (EBIT)	153	14
(10)	(18)	Net financial items	(25)	(20)
6	(80)	Profit/(loss) before tax (EBT)	128	(6)
16	(12)	Tax on profit	52	17
(10)	(68)	Net profit/(loss)	76	(23)
Earnings per share (EPS)				
(0.9)	(6.2)	Earnings/(loss) per share (EPS)	7.0	(2.1)
(0.9)	(6.2)	Earnings/(loss) per share (DEPS), diluted	6.9	(2.1)

STATEMENT OF COMPREHENSIVE INCOME

Q2 2020	Q2 2019	Amounts in DKKm	H1 2020	H1 2019
(10)	(68)	Net profit/(loss)	76	(23)
Other comprehensive income				
<i>Items that will subsequently be reclassified to the income statement, when specific conditions are met:</i>				
(27)	(11)	Foreign currency translation adjustment of foreign affiliates	(8)	7
-	2	Tax related to other comprehensive income, that will subsequently be reclassified to the income statement	-	-
(27)	(9)	Total	(8)	7
(37)	(77)	Total comprehensive income	68	(16)

CASH FLOW STATEMENT FOR THE ALK GROUP

Amounts in DKKm	H1 2020	H1 2019
Net profit/(loss)	76	(23)
Adjustments for non-cash items (note 3)	245	199
Changes in working capital	(79)	(177)
Financial income, paid	1	2
Financial expenses, paid	(9)	(18)
Income taxes, paid	(80)	(50)
Cash flow from operating activities	154	(67)
Acquisitions of companies and operations*	-	(17)
Additions, intangible assets	(4)	(8)
Additions, tangible assets	(98)	(57)
Change in other financial assets	(25)	-
Cash flow from investing activities	(127)	(82)
Free cash flow	27	(149)
Sale of treasury shares	-	3
Exercise of share options	(24)	(24)
Repayment of lease liabilities	(11)	(12)
Repayment of borrowings	(10)	(8)
Cash flow from financing activities	(45)	(41)
Net cash flow	(18)	(190)
Cash at beginning of year	316	296
Marketable securities beginning of year	-	100
Cash and marketable securities beginning of year	316	396
Unrealised gains/(losses) on cash held in foreign currency and financial assets carried as cash and marketable securities	(6)	-
Net cash flow	(18)	(190)
Cash end of period	292	107
Marketable securities end of period	-	100
Cash and marketable securities end of period	292	207

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.

* Relates to final instalment payment for the acquisition of the operating assets of Allergy Laboratory of Oklahoma Inc. and Crystal Labs LLC in 2017.

BALANCE SHEET - ASSETS FOR THE ALK GROUP

Amounts in DKKm	30 Jun 2020	30 Jun 2019	31 Dec 2019
Non-current assets			
Intangible assets			
Goodwill	460	466	461
Other intangible assets	200	241	221
	660	707	682
Tangible assets			
Land and buildings	980	994	1,023
Plant and machinery	330	326	325
Other fixtures and equipment	67	55	61
Property, plant and equipment in progress	363	290	330
	1,740	1,665	1,739
Other non-current assets			
Securities and receivables	54	62	46
Deferred tax assets	689	619	620
Income tax receivables	174	-	160
	917	681	826
Total non-current assets	3,317	3,053	3,247
Current assets			
Inventories	1,110	1,039	1,056
Trade receivables	504	449	407
Receivables from affiliates	121	28	116
Income tax receivables	4	32	9
Other receivables	75	136	133
Prepayments	260	160	211
Marketable securities	-	100	-
Cash	292	107	316
Total current assets	2,366	2,051	2,248
Total assets	5,683	5,104	5,495

BALANCE SHEET - EQUITY AND LIABILITIES FOR THE ALK GROUP

Amounts in DKKm	30 Jun 2020	30 Jun 2019	31 Dec 2019
Equity			
Share capital	111	111	111
Currency translation adjustment	(27)	(35)	(19)
Retained earnings	3,159	3,081	3,084
Total equity	3,243	3,157	3,176
Liabilities			
Non-current liabilities			
Mortgage debt	250	267	259
Bank loans and financial loans	447	448	448
Pensions and similar liabilities	333	231	297
Lease liabilities	224	196	234
Other provisions	-	2	-
Deferred tax liabilities	1	5	4
Income taxes	142	-	143
	1,397	1,149	1,385
Current liabilities			
Mortgage debt	17	17	18
Trade payables	130	116	81
Lease liabilities	33	23	31
Other provisions	5	9	23
Income taxes	41	22	20
Other payables	816	611	760
Deferred income	1	-	1
	1,043	798	934
Total liabilities	2,440	1,947	2,319
Total equity and liabilities	5,683	5,104	5,495

EQUITY FOR THE ALK GROUP

Amounts in DKKm	Share capital	Currency translation adjustment	Retained earnings	Total equity
Equity at 1 January 2020	111	(19)	3,084	3,176
Net profit	-	-	76	76
Other comprehensive income	-	(8)	-	(8)
Total comprehensive income	-	(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
Equity at 1 January 2019	111	(42)	3,110	3,179
Net profit/(loss)	-	-	(23)	(23)
Other comprehensive income	-	7	-	7
Total comprehensive income	-	7	(23)	(16)
Share-based payments	-	-	15	15
Share options settled	-	-	(24)	(24)
Sale of treasury shares	-	-	3	3
Other transactions	-	-	(6)	(6)
Equity at 30 June 2019	111	(35)	3,081	3,157

NOTES

1 ACCOUNTING POLICIES

This non-audited interim report for the first six months of 2020 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 2020 follows the same accounting policies as the annual report for 2019, except for new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on 1 January 2020. These IFRSs have not had any impact on the Group's interim report.

Starting from Q1 2020, the method for quarterly allocation of the total expected annual tax on profit/loss in the income statement was changed to better reflect the quarterly split of tax in the taxing jurisdictions in the ALK Group. Consequently, comparative figures for 2019 have been adjusted. The change does not impact the total annual tax in the income statement.

2 REVENUE AND SEGMENT INFORMATION

Amounts in DKKm	Europe		North America		International Markets		Total	
	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019
SCIT/SLIT-drops	649	710	132	146	48	39	829	895
SLIT-tablets	507	401	46	45	127	73	680	519
Other products and services	104	94	102	129	13	15	219	238
Total revenue	1,260	1,205	280	320	188	127	1,728	1,652
Sale of goods							1,701	1,635
Royalties							27	13
Services							-	4
Total revenue							1,728	1,652

Growth, H1 2020	Europe		North America		International Markets		Total	
	Organic growth local currencies	Growth	Organic growth local currencies	Growth	Organic growth local currencies	Growth	Organic growth local currencies	Growth
SCIT/SLIT-drops	-8%	-9%	-8%	-10%	24%	23%	-7%	-7%
SLIT-tablets	27%	26%	2%	2%	74%	74%	32%	31%
Other products and services	10%	11%	-20%	-21%	-9%	-13%	-7%	-8%
Total revenue	5%	5%	-11%	-13%	50%	48%	5%	5%

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 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019
SCIT/SLIT-drops	258	306	58	76	26	18	342	400
SLIT-tablets	236	197	20	25	68	41	324	263
Other products and services	46	52	52	63	8	7	106	122
Total revenue	540	555	130	164	102	66	772	785
Sale of goods							757	775
Royalties							15	8
Services							-	2
Total revenue							772	785

Growth, Q2 2020	Europe		North America		International Markets		Total	
	Organic growth local currencies	Growth	Organic growth local currencies	Growth	Organic growth local currencies	Growth	Organic growth local currencies	Growth
SCIT/SLIT-drops	-15%	-16%	-22%	-24%	53%	44%	-14%	-15%
SLIT-tablets	22%	20%	-16%	-20%	64%	66%	25%	23%
Other products and services	-11%	-12%	-16%	-17%	12%	14%	-12%	-13%
Total revenue	-2%	-3%	-19%	-21%	56%	55%	0%	-2%

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 2020	H1 2019
Tax on profit	52	17
Financial income and expenses	25	20
Share-based payments	14	15
Depreciation, amortisation and impairment	120	143
Other adjustments*	34	4
Total	245	199

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