

**ALK delivers 8% revenue growth with operating profit up 128% in Q3**

ALK saw growth in all sales regions in Q3, led by sales of tablets and SCIT. As expected, European tablet sales picked up and grew by 14%, mainly driven by new patient initiations. Operating profit (EBIT) increased by 128% in local currencies on sales growth and gross margin improvements.

**Q3 2023 financial highlights**

Comparative figures for Q3 2022 are shown in brackets. Revenue growth rates are stated in local currencies, unless otherwise indicated

- ▶ Total revenue increased by 8% in local currencies to DKK 1,110 million (1,062), equalling 9% growth when disregarding the one-year rebate increase in Germany. Currencies lowered reported growth by 3 p.p.
- ▶ Tablet sales increased by 10% to DKK 491 million (458) on 14% growth in Europe and 26% growth in North America while sales in International markets decreased 5% due to phasing of product shipments to Japan.
- ▶ Combined SCIT/SLIT-drops sales increased by 23% to DKK 484 million (407), fuelled by continued growth across Europe and an extraordinarily high level of product shipments to China.
- ▶ Sales of Other products and services decreased by 28% to DKK 135 million (197) as Jext<sup>®</sup> sales, as anticipated, declined steeply due to intermittent supply shortages from ALK’s contract manufacturer of adrenaline-filled cartridges. The decline in Jext<sup>®</sup> sales lowered overall revenue growth by 4 p.p. in Q3.
- ▶ Operating profit (EBIT) increased by 128% in local currencies and by 116% in reported currency to DKK 147 million (68) on sales growth, gross margin improvements and a modest decline in capacity costs, as certain sales and marketing activities saw some phasing between Q3 and Q4.

**Financial performance for the first nine months 2023**

In DKKm	9M 2023	9M 2022	Growth (local currencies)	Growth (reported)
<b>Revenue</b>	<b>3,479</b>	3,262	<b>9%</b>	<b>7%</b>
<b>EBIT</b>	<b>472</b>	332	<b>55%</b>	<b>42%</b>
<b>EBIT margin – %</b>	<b>14%</b>	10%		

**Progress on strategic priorities**

- ▶ Based on the recent successfully completed Phase 3 trial, ALK has started preparing a registration application for authorities in Europe and Canada with the aim of expanding the indication of the tree tablet (ITULAZAX<sup>®</sup>) to include patients aged five to 17.
- ▶ Registration applications with the aim of expanding indications for the house dust mite (HDM) tablet (ACARIZAX<sup>®</sup>) to include children are expected to be submitted to the European and American authorities in the near future.
- ▶ First interim readouts from the Phase 1 trial of the tablet treatment for peanut allergy are still expected end-2023.
- ▶ The regulatory review of the BLA for the HDM tablet in China is ongoing.

**Unchanged 2023 outlook**

The full-year revenue and earnings outlook remains unchanged:

- ▶ Revenue is expected to grow by 8-10% organically in local currencies, equivalent to 9-11% growth, disregarding the one-year, temporary mandatory rebate increase in Germany.
- ▶ Global tablet sales and SCIT/SLIT-drops sales are still expected to grow by double digits respectively in the second half of the year. ALK still expects ~10% growth in tablet sales in Europe for the second half year. Full-year tablet growth is still expected within the previously communicated range.
- ▶ The EBIT margin is still expected to increase from 10% in 2022 to 13-15% on sales growth, efficiencies, economies of scale and lower R&D costs.

Commenting on the Q3 results, ALK’s new CEO Peter Halling said: “ALK’s Q3 results met our expectations, and we remain on course to deliver on our full-year sales and earnings outlook. We are pleased to see sales growth in every region, particularly the increasing tablet growth in Europe due to the introduction of AIT treatments to more patients. Additionally, we are excited about the positive results from the recent Phase 3 paediatric studies, reinforcing our long-term growth prospects. Being new to the company, I want to thank all employees for their warm welcome and for their dedicated efforts.”

Hørsholm, 15 November 2023

**ALK-Abelló A/S**



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*Today, ALK is hosting a conference call for analysts and investors at 1.30 p.m. (CET) at which Management will review the financial results and the outlook. The conference call will be audio cast on <https://ir.alk.net> where the relevant presentation will be available shortly before the call begins.*

*To register for the conference call, please use this link <https://dpregrister.com/sreg/10183783/fad25cbd21> and follow the registration instructions. You will receive an email from [diamondpass@choruscall.com](mailto:diamondpass@choruscall.com) with dial-in details, including a passcode and a pin code. Please make sure to whitelist [diamondpass@choruscall.com](mailto:diamondpass@choruscall.com) and/or check your spam filter. We advise you to register on the day before the call at the latest.*

## FINANCIAL HIGHLIGHTS AND KEY RATIOS FOR THE ALK GROUP

Amounts in DKKm	Q3 2023	Q3 2022	9M 2023	9M 2022	Full year 2022
<b>Income statement</b>					
Revenue	1,110	1,062	3,479	3,262	4,511
Revenue growth (local currencies)	8%	11%	9%	13%	13%
Revenue growth (reported)	5%	14%	7%	16%	15%
Operating profit (EBIT)	147	68	472	332	470
EBIT growth (local currencies)	128%	20%	55%	54%	66%
EBIT growth (reported)	116%	24%	42%	56%	61%
Operating profit before depreciation (EBITDA)	208	128	653	507	708
Net financial items	8	2	(11)	11	(23)
Profit before tax (EBT)	155	70	461	343	447
Net profit	117	52	346	257	335
Average number of employees (FTE)	2,787	2,655	2,740	2,604	2,609
<b>Balance sheet</b>					
Total assets	6,568	6,282	6,568	6,282	6,308
Invested capital	3,771	3,292	3,771	3,292	3,400
Equity	4,341	3,948	4,341	3,948	3,988
<b>Cash flow and investments</b>					
Depreciations, amortisation and impairment	61	60	181	175	238
Cash flow from operating activities	178	95	341	331	416
Cash flow from investing activities	(79)	(90)	(290)	(233)	(351)
- of which investment in intangible assets	(15)	(13)	(52)	(31)	(55)
- of which investment in tangible assets	(63)	(75)	(239)	(204)	(298)
Free cash flow	99	5	51	98	65
<b>Information on shares</b>					
Share capital	111	111	111	111	111
Shares in thousands of DKK 0.5 each	222,824	222,824	222,824	222,824	222,824
Share price, end of period	79	121	79	121	96
Net asset value per share	19	18	19	18	18
<b>Key figures</b>					
Gross margin – %	62	60	63	62	62
EBIT margin – %	13	6	14	10	10
Equity ratio – %	66	63	66	63	63
Earnings per share (EPS)	0.5	0.2	1.6	1.2	1.5
Earnings per share (DEPS), diluted	0.5	0.2	1.6	1.2	1.5
Share price/Net asset value	4.1	6.8	4.1	6.8	5.4

## INCOME STATEMENT

Q3 2023	% of revenue	Q3 2022	% of revenue	Amounts in DKKm	9M 2023	% of revenue	9M 2022	% of revenue
1,110	100	1,062	100	Revenue	3,479	100	3,262	100
425	38	422	40	Cost of sales	1,288	37	1,242	38
<b>685</b>	<b>62</b>	<b>640</b>	<b>60</b>	<b>Gross profit</b>	<b>2,191</b>	<b>63</b>	<b>2,020</b>	<b>62</b>
149	14	161	15	Research and development expenses	467	13	480	15
390	35	412	39	Sales, marketing and administrative expenses	1,253	36	1,209	37
1	0	1	0	Other operating income and expenses	1	0	1	0
<b>147</b>	<b>13</b>	<b>68</b>	<b>6</b>	<b>Operating profit (EBIT)</b>	<b>472</b>	<b>14</b>	<b>332</b>	<b>10</b>
8	1	2	0	Net financial items	(11)	(1)	11	0
<b>155</b>	<b>14</b>	<b>70</b>	<b>6</b>	<b>Profit before tax (EBT)</b>	<b>461</b>	<b>13</b>	<b>343</b>	<b>10</b>
38	3	18	1	Tax on profit	115	3	86	2
<b>117</b>	<b>11</b>	<b>52</b>	<b>5</b>	<b>Net profit</b>	<b>346</b>	<b>10</b>	<b>257</b>	<b>8</b>
<b>208</b>	<b>19</b>	<b>128</b>	<b>12</b>	<b>Operating profit before depreciation and amortisation (EBITDA)</b>	<b>653</b>	<b>19</b>	<b>507</b>	<b>16</b>

## UPDATE ON STRATEGIC PRIORITIES

In Q3, ALK continued executing its strategy plan and advanced its four key priorities: succeed in North America, complete and commercialise the tablet portfolio, consumer engagement and new horizons, and optimise for excellence.

The imminent strategic priority is still to **restore sustainable tablet sales growth in Europe** mainly via increasing the number of new patients on treatment, especially in the key markets of Germany and the Nordics. In response to the latest initiation season, during which ALK enrolled fewer new patients onto tablet treatment than anticipated, the company continued its efforts to engage consumers, capture market shares, and broaden the overall Allergy Immunotherapy (AIT) markets.

Leading indicators from these activities continued to show encouraging results with regards to disease burden, patient mobilisation and confirmed doctor visits, treatment initiations, improved market access and stabilisation of key AIT markets.

At the beginning of the current initiation season, the number of new patient initiations year-to-date in key markets exceeded last year's numbers by more than 10% following efforts to deepen and broaden the prescriber bases and work with doctors to initiate patients earlier to avoid conflicts with e.g. other respiratory infections. Moreover, KPIs for digital engagement remain above target. For instance, ~670,000 consumers in the first nine months used the digital tools in ALK's klarify universe to take allergy tests or to find a doctor, a 40% growth over last year.

In parallel to the short-term efforts to revive growth in European tablet sales, progress was also made in Q3 with efforts to strengthen the respiratory tablet portfolio's long-term commercial potential globally.

In October, ALK reported results from a **Phase 3 clinical trial** which confirmed the benefits of treating tree pollen allergy with the ITULAZAX<sup>®</sup> tablet (ITULATEK<sup>®</sup> in Canada) from early childhood. The trial involved 952 children aged five to 17 with moderate to severe allergic rhinitis and/or conjunctivitis induced by pollen from birch and other trees in the birch homologous group. The trial met its primary endpoint of reducing the patient's symptoms and use of allergy pharmacotherapy.

The results were consistent with previous trials, including the recently completed Phase 3 paediatric trial with the house dust mite tablet (ACARIZAX<sup>®</sup>) in Europe and North America. These positive trial outcomes are essential for ALK's ambitions to make tablets available for patients earlier in life and thereby expand patient and prescriber bases. Globally, more than 10 million children are estimated to have uncontrolled respiratory allergies.

ALK is preparing registration applications to **expand the indications for the two tablets to include children**. ALK expects to submit applications for the HDM tablet in Europe around year-end and in the USA in H1 2024, so that, subject to approvals, the HDM tablet could become available for children in these regions in 2024/25. Regulatory submissions for the tree tablet in Europe and Canada are planned for mid-2024, so that this tablet could become available for children in Europe and Canada in 2025.

To facilitate the expected growth in tablet sales, efforts are on track to expand **manufacturing capacity**, primarily related to the manufacturing of source materials in the USA and active pharmaceutical ingredients (APIs) in Denmark. ALK's contract manufacturer is also expanding tablet formulation capacity.

Meanwhile, geographic expansion continues. The regulatory review of the Biologics Licence Application for the HDM tablet in **China** is ongoing and, subject to approval, the tablet could become available in China in 2024/25. In the **USA**, ALK continues to execute its adjusted business strategy to unlock the tablet market via new sales channels, especially paediatricians. In **Japan**, ALK and its partner Torii continue to work on potential expansions of production capacity to support the wide-spread burden of allergy, especially caused by pollen from Japanese cedar trees. Focus is on securing increased supply of cedar tree pollen as basis for upscaling production of active pharmaceutical ingredients and finished products.

The Phase 1 trial of a new tablet for **peanut allergy** – ALK’s first move into food allergy – is progressing as planned and first interim readouts are expected around year-end with Phase 1 completion expected in 2024.

Efforts to update and further standardise the portfolio of legacy products also continued to progress.

## MANAGEMENT CHANGE

Peter Halling succeeded Carsten Hellman as President & CEO of ALK on 1 November 2023.

## Q3 SALES AND MARKET TRENDS

*(Comparative figures for Q3 2022 are shown in brackets. Revenue growth rates are stated in local currencies, unless otherwise indicated)*

### Revenue by geography

DKKkm	Q3 2023	Growth*	Share of revenue	Q3 2022
Europe	730	8%	66%	683
North America	218	2%	20%	228
Int'l markets	162	17%	14%	151
<b>Revenue</b>	<b>1,110</b>	<b>8%</b>	<b>100%</b>	<b>1,062</b>

*\* In local currencies*

### Europe

Revenue in Europe was up 8% in local currencies at DKK 730 million (683), equivalent to 9% growth disregarding the one-year rebate increase in Germany. ALK delivered solid growth in Germany and the Nordics as well as other central European markets, whereas sales were largely unchanged in France and the Benelux. By contrast, revenue declined in the UK and a few smaller markets.

European tablet sales grew by 14%, corresponding to 16% growth on a like-for-like basis, disregarding the temporary, German rebate increase. The negative impact from the lower-than-expected intake of new patients in Germany and the Nordics during the last initiation season faded, reflecting the success of several initiatives implemented by ALK to improve momentum in the current treatment initiation period. The number of new patient initiations increased as planned, and sales growth was further supported by

some stocking at wholesalers in anticipation of a more robust initiation season.

Combined SCIT/SLIT-drops sales were up 21%. SCIT sales benefited from improved pricing and market share gains, particularly in the venom sub-segment. Additionally, the growth benefitted from rebate adjustments. SLIT-drops sales continued to decline modestly as part of the ongoing market transition in France.

European sales of Other products and services decreased 53% on lower sales of Jext<sup>®</sup> pens. On top of the anticipated decline due to relatively low organic replacement rates in 2023, Jext<sup>®</sup> sales were impacted by intermittent supply shortages in selected markets, caused by temporary restrictions to the supply of adrenaline-filled cartridges from ALK’s contract manufacturer. The supply from the contract manufacturer is currently improving, and ALK anticipates a normalised supply to the markets by the beginning of next year.

### North America

Revenue in North America increased 2% in local currencies to DKK 218 million (228).

Tablet sales were up 26%, equally driven by the USA and Canada. Sales of bulk SCIT products, mainly in the USA, increased by 3%, while sales of Other products and services decreased 7% due to fluctuations in sales of life science products. Furthermore, the agreement for sales and marketing of the in-licensed PRE-PEN<sup>®</sup>, which previously was anticipated to end in Q3, has been extended.

### International markets

Revenue in International markets was up 17% in local currencies at DKK 162 million (151), driven by increasing SCIT product shipments to China, where ALK continues to build its market position ahead of the planned launch of ACARIZAX<sup>®</sup>. Growth was also seen in minor, overseas tablet markets. Oppositely, revenue from the region’s largest tablet market, Japan, decreased by single digits, reflecting the phasing of product shipments to Torii.

### Global revenue by product line

DKKkm	Q3 2023	Growth*	Share of revenue	Q3 2022
SCIT/SLIT-drops	484	23%	44%	407
SLIT-tablets	491	10%	44%	458
Other products and services	135	-28%	12%	197
<b>Revenue</b>	<b>1,110</b>	<b>8%</b>	<b>100%</b>	<b>1,062</b>

*\* In local currencies*

## NINE-MONTH FINANCIAL REVIEW

(Comparative figures for the first nine months 2022 are shown in brackets. Revenue growth rates are stated in local currencies, unless otherwise indicated)

**Revenue** was up 9% in local currencies at DKK 3,479 million (3,262). Exchange rates impacted reported revenue growth negatively by 2 p.p.

**Cost of sales** increased 4% in local currencies to DKK 1,288 million (1,242). The **gross profit** of DKK 2,191 million (2,020) yielded an improved gross margin of 63% (62%), mainly reflecting higher sales and production efficiencies, partly offset by increasing tablet shipments to Torii at lower margins in H1. ALK continued to implement its product and site strategy, involving investments in upgrading products and associated manufacturing facilities to secure quality and robustness in product supply.

**Capacity costs** increased 3% in local currencies to DKK 1,720 million (1,689). As planned, R&D expenses decreased 3% in local currencies to DKK 467 million (480) reflecting the recent completion of late-stage clinical trials of the respiratory tablet portfolio. Sales and marketing expenses were up 2% in local currencies, as certain sales and marketing activities saw some phasing between Q3 and Q4. Administration costs increased 19% in local currencies, mainly reflecting one-off costs in Q2 associated with the leadership changes as well as increased activity levels.

**EBIT (operating profit)** increased 55% in local currencies to DKK 472 million (332), improving the EBIT margin from 10% to 14%. Progress was due to higher sales, improved gross margin and a lower capacity cost to revenue ratio. Exchange rates impacted growth in reported EBIT negatively by 13 p.p.

**Net financials** were a loss of DKK 11 million (a gain of 11) related to interest expenses and currency losses.

**Tax on the profit** totalled DKK 115 million (86), and the **net profit** increased to DKK 346 million (257).

**Cash flow from operating activities** was DKK 341 million (331), as higher earnings were offset by changes in working capital, mainly related to inventory build-up. **Cash flow from investment activities** was DKK minus 290 million (minus 233), mainly reflecting the build-up of capacity for tablet production, upgrades for legacy production, and investments in the next generation adrenaline auto-injector. **Free cash flow** was positive at DKK 51 million (positive at 98), as planned.

Cash flow from financing activities was DKK minus 65 million (minus 80).

At the end of September, ALK held 1,634,673 of its **own shares**, or 0.7% of the share capital, versus

0.8% at the end of 2022, and 0.8% at the end of September 2022.

**Equity** totalled DKK 4,341 million (3,948) at the end of September, and the equity ratio was 66% (63%).

## OUTLOOK FOR 2023

The full-year revenue and earnings outlook is unchanged.

- ▶ Total revenue is still expected to grow by 8-10% organically in local currencies. This equals 9-11% growth when disregarding the mandatory rebate increase in ALK's largest market, Germany.
- ▶ The EBIT margin is still expected to improve from 10% in 2022 to 13-15% on growth, efficiencies, economies of scale and lower R&D costs.

The outlook is based on the following assumptions:

### Revenue

Revenue growth is expected to be broad-based across all three sales regions.

Global tablet sales are still expected to grow by double digits in the second half of the year. Full-year tablet growth is still expected within the previously communicated range. The previously communicated, pending price adjustments in parts of Europe are still undetermined and no longer projected to materially impact 2023. In Europe, full-year tablet sales are still expected to grow by single digits and growth in Q4 is anticipated to be lower than in Q3. ALK still expects ~10% growth in Europe for the second half year. Double-digit sales growth for tablets is still anticipated for the full year in North America and International markets.

Combined full-year sales of SCIT/SLIT-drops are still expected to grow by double digits, led by SCIT.

Full-year sales of other products are expected to decline due to Jext<sup>®</sup> mainly as a consequence of intermittent supply shortages in selected markets although this impact will expectedly decrease somewhat in Q4 relative to Q3.

### Margins

The full-year gross margin is expected to increase by approximately 1 p.p., as the margin benefits from higher tablet and SCIT sales as well as efficiencies in product supply. However, this impact will be somewhat offset by various factors, including the temporary mandatory 5 p.p. rebate increase in Germany, higher tablet shipments to Japan at lower margins, as well as modest cost inflation.

### Capacity costs

The overall capacity cost to revenue ratio is still expected to improve as ALK normalises R&D spend and further leverages existing platforms to drive efficiencies. R&D costs are still planned to be around DKK 600 million for the full-year, while sales and

marketing costs are still planned to increase in mid-single digits in support of growth initiatives. Q4 will expectedly see increased sales and marketing costs relative to Q3, reflecting the phasing of certain activities between Q3 and Q4.

#### Other assumptions

- ▶ The outlook assumes that patients will remain able and willing to visit healthcare professionals without significant limitations, although temporary changes may be seen in some markets.
- ▶ New respiratory infection waves are not assumed to materially affect clinical and commercial activities, sales, nor investments.
- ▶ No additional pressure is expected in 2023 on pricing and reimbursement schemes, except for the one-year rebate increase in Germany and minor adjustments in certain southern European markets.
- ▶ ALK's exposure to inflationary pressure on its cost base is expected to remain modest.
- ▶ Capital expenditure (CAPEX) is projected at around DKK 400 million, and free cash flow is expected to be positive.
- ▶ The outlook does not include any revenue from acquisitions, new partnerships or the in-licensing of products and services, nor does it include payments in relation to mergers and acquisitions or in-licensing activities.
- ▶ The outlook is based on current exchange rates, resulting in a negative effect of approximately 2 p.p. on reported revenue growth and a minor negative effect on reported growth in EBIT.

## 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 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	9 January 2024
Annual report 2023	8 February 2024

## R&D TABLET PORTFOLIO 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 and the most common food allergy, peanut.

### Ongoing clinical trials and regulatory approvals

Product	Age groups and indications	Phase 1	Phase 2	Phase 3	Filing
ACARIZAX <sup>®</sup> China	Adults – Allergic rhinitis (HDM)				
ACARIZAX <sup>®</sup> / ODACTRA <sup>®</sup> Europe & North America	Children – Allergic rhinitis (HDM)				
ITULAZAX <sup>®</sup> / ITULATEK <sup>™</sup> Europe & Canada	Children – Allergic rhinitis (tree: birch family)				
Peanut SLIT-tablet North America & Europe	Adults, adolescents, and children Food allergy (accidental peanut exposure)				

### Product approvals

Product	Age groups and indications	Marketed
GRAZAX <sup>®</sup> / GRASTEK <sup>®</sup> Europe, North America & International markets	Adults and children – Allergic rhinitis (grass)	2007-17
RAGWIZAX <sup>®</sup> / RAGWITEK <sup>®</sup> Europe, North America & International markets	Adults and children – Allergic rhinitis (ragweed)	2014-21
ACARIZAX <sup>®</sup> Europe & International markets	Adults – Allergic rhinitis and allergic asthma (HDM) Adolescents – Allergic rhinitis (HDM)	2016-21
ACARIZAX <sup>®</sup> / ODACTRA <sup>®</sup> North America	Adults and adolescents – Allergic rhinitis (HDM)	2017-18
MITICURE <sup>™</sup> Japan*	Adults and children – Allergic rhinitis (HDM)	2015-18
ODACTRA <sup>®</sup> North America	Adolescents – Allergic rhinitis (HDM)	2023
CEDARCURE <sup>™</sup> Japan*	Adults and children – Allergic rhinitis (Japanese cedar)	2018
ITULAZAX <sup>®</sup> / ITULATEK <sup>™</sup> Europe & Canada	Adults – Allergic rhinitis (tree: birch family)	2019-20

\* Licensed to Torii for Japan



## 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 September 2023. 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 September 2023. 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 2022.

**Hørsholm, 15 November 2023**

### Board of Management

Peter Halling  
President & CEO

Henriette Mersebach  
Executive Vice President  
Research & Development

Søren Daniel Niegel  
Executive Vice President  
Commercial Operations

Claus Steensen Sølje  
CFO & Executive Vice President

### Board of Directors

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Lene Skole  
Vice Chairman

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Katja Barnkob

Nanna Rassov Carlson

Lars Holmqvist

Jesper Høiland

Bertil Lindmark

Alan Main

Lise Lund Mærkedahl

Johan Smedsrud

## INCOME STATEMENT FOR THE ALK GROUP

Q3 2023	Q3 2022	Amounts in DKKm	9M 2023	9M 2022
1,110	1,062	Revenue	3,479	3,262
425	422	Cost of sales	1,288	1,242
<b>685</b>	<b>640</b>	<b>Gross profit</b>	<b>2,191</b>	<b>2,020</b>
149	161	Research and development expenses	467	480
321	345	Sales and marketing expenses	1,015	1,009
69	67	Administrative expenses	238	200
1	1	Other operating items, net	1	1
<b>147</b>	<b>68</b>	<b>Operating profit (EBIT)</b>	<b>472</b>	<b>332</b>
8	2	Net financial items	(11)	11
<b>155</b>	<b>70</b>	<b>Profit before tax (EBT)</b>	<b>461</b>	<b>343</b>
38	18	Tax on profit	115	86
<b>117</b>	<b>52</b>	<b>Net profit</b>	<b>346</b>	<b>257</b>
		<b>Earnings per share (EPS)</b>		
0.5	0.2	Earnings per share (EPS)	1.6	1.2
0.5	0.2	Earnings per share (DEPS), diluted	1.6	1.2

## STATEMENT OF COMPREHENSIVE INCOME

Q3 2023	Q3 2022	Amounts in DKKm	9M 2023	9M 2022
<b>117</b>	<b>52</b>	<b>Net profit</b>	<b>346</b>	<b>257</b>
		<b>Other comprehensive income</b>		
		<i>Items that will subsequently be reclassified to the income statement, when specific conditions are met:</i>		
33	78	Foreign currency translation adjustment of foreign affiliates	14	171
<b>150</b>	<b>130</b>	<b>Total comprehensive income</b>	<b>360</b>	<b>428</b>

## CASH FLOW STATEMENT FOR THE ALK GROUP

Amounts in DKKm	9M 2023	9M 2022
<b>Net profit</b>	<b>346</b>	257
Adjustments for non-cash items (note 3)	329	279
Changes in working capital	(251)	(88)
Financial income, received	5	4
Financial expenses, paid	(17)	(11)
Income taxes, paid (net)	(71)	(110)
<b>Cash flow from operating activities</b>	<b>341</b>	331
Investments in intangible assets	(52)	(31)
Investments in tangible assets	(239)	(204)
Investments in other financial assets	1	2
<b>Cash flow from investing activities</b>	<b>(290)</b>	(233)
<b>Free cash flow</b>	<b>51</b>	98
Sale of treasury shares	-	40
Exercised share options, paid	(20)	(10)
Repayment of lease liabilities	(26)	(22)
Proceeds from borrowings	75	-
Repayment of borrowings	(94)	(88)
<b>Cash flow from financing activities</b>	<b>(65)</b>	(80)
<b>Net cash flow</b>	<b>(14)</b>	18
<b>Cash beginning of year</b>	<b>221</b>	194
Unrealised gains/(losses) on cash held in foreign currency and financial assets carried as cash	-	12
Net cash flow	(14)	18
<b>Cash end of period</b>	<b>207</b>	224

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 Sep 2023	30 Sep 2022	31 Dec 2022
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	461	467	460
Other intangible assets	206	174	182
	<b>667</b>	641	642
<b>Tangible assets</b>			
Land and buildings	1,021	1,033	991
Plant and machinery	476	439	440
Other fixtures and equipment	73	76	76
Property, plant and equipment in progress	607	474	511
	<b>2,177</b>	2,022	2,018
<b>Other non-current assets</b>			
Prepayments	65	29	94
Deferred tax assets	729	767	716
Income tax receivables	188	181	193
	<b>982</b>	977	1,003
<b>Total non-current assets</b>	<b>3,826</b>	3,640	3,663
<b>Current assets</b>			
Inventories	1,413	1,301	1,297
Trade receivables	824	701	764
Receivables from group companies	14	53	18
Income tax receivables	52	60	24
Other receivables	58	63	82
Prepayments	174	240	239
Cash	207	224	221
	<b>2,742</b>	2,642	2,645
<b>Total assets</b>	<b>6,568</b>	6,282	6,308

## BALANCE SHEET - EQUITY AND LIABILITIES FOR THE ALK GROUP

Amounts in DKKm	<b>30 Sep 2023</b>	30 Sep 2022	31 Dec 2022
<b>Equity</b>			
Share capital	111	111	111
Currency translation adjustment	34	130	20
Retained earnings	4,196	3,707	3,857
<b>Total equity</b>	<b>4,341</b>	<b>3,948</b>	<b>3,988</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Mortgage debt	189	208	203
Pensions and similar liabilities	243	333	236
Lease liabilities	259	237	226
Deferred tax liabilities	3	-	4
Deferred income	48	50	49
Income tax payables	203	169	203
	<b>945</b>	<b>997</b>	<b>921</b>
<b>Current liabilities</b>			
Mortgage debt	18	18	18
Bank loans	206	150	208
Trade payables	116	124	131
Lease liabilities	46	40	41
Deferred income	4	4	4
Provisions	3	2	3
Income tax payables	85	76	16
Other payables	804	923	978
	<b>1,282</b>	<b>1,337</b>	<b>1,399</b>
<b>Total liabilities</b>	<b>2,227</b>	<b>2,334</b>	<b>2,320</b>
<b>Total equity and liabilities</b>	<b>6,568</b>	<b>6,282</b>	<b>6,308</b>

## EQUITY FOR THE ALK GROUP

Amounts in DKKm	Share capital	Currency translation adjustment	Retained earnings	Total equity
<b>Equity at 1 January 2023</b>	<b>111</b>	<b>20</b>	<b>3,857</b>	<b>3,988</b>
Net profit	-	-	346	346
Other comprehensive income	-	14	-	14
<b>Total comprehensive income</b>	<b>-</b>	<b>14</b>	<b>346</b>	<b>360</b>
Share-based payments	-	-	15	15
Share options settled	-	-	(20)	(20)
Tax related to items recognised directly in equity	-	-	(2)	(2)
<b>Other transactions</b>	<b>-</b>	<b>-</b>	<b>(7)</b>	<b>(7)</b>
<b>Equity at 30 September 2023</b>	<b>111</b>	<b>34</b>	<b>4,196</b>	<b>4,341</b>
<b>Equity at 1 January 2022</b>	<b>111</b>	<b>(41)</b>	<b>3,410</b>	<b>3,480</b>
Net profit	-	-	257	257
Other comprehensive income	-	171	-	171
<b>Total comprehensive income</b>	<b>-</b>	<b>171</b>	<b>257</b>	<b>428</b>
Share-based payments	-	-	23	23
Share options settled	-	-	(10)	(10)
Sale of treasury shares	-	-	40	40
Tax related to items recognised directly in equity	-	-	(13)	(13)
<b>Other transactions</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>40</b>
<b>Equity at 30 September 2022</b>	<b>111</b>	<b>130</b>	<b>3,707</b>	<b>3,948</b>

## NOTES

### 1 ACCOUNTING POLICIES

This non-audited interim report for the first nine months of 2023 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 nine months of 2023 follows the same accounting policies as the annual report for 2022, except for new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on 1 January 2023. 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	
	9M 2023	9M 2022	9M 2023	9M 2022	9M 2023	9M 2022	9M 2023	9M 2022
SCIT/SLIT-drops	1,001	872	262	256	154	108	1,417	1,236
SLIT-tablets	1,127	1,098	135	114	357	309	1,619	1,521
Other products and services	160	217	262	261	21	27	443	505
<b>Total revenue</b>	<b>2,288</b>	<b>2,187</b>	<b>659</b>	<b>631</b>	<b>532</b>	<b>444</b>	<b>3,479</b>	<b>3,262</b>
Sale of goods							3,409	3,191
Royalties							69	64
Services							1	7
<b>Total revenue</b>							<b>3,479</b>	<b>3,262</b>

Growth, 9M 2023	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%	15%	4%	2%	54%	43%	16%	15%
SLIT-tablets	4%	3%	23%	18%	19%	16%	9%	6%
Other products and services	-26%	-26%	2%	0%	-18%	-22%	-10%	-12%
<b>Total revenue</b>	<b>6%</b>	<b>5%</b>	<b>7%</b>	<b>4%</b>	<b>25%</b>	<b>20%</b>	<b>9%</b>	<b>7%</b>

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	
	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022
SCIT/SLIT-drops	335	279	87	91	62	37	484	407
SLIT-tablets	352	314	43	36	96	108	491	458
Other products and services	43	90	88	101	4	6	135	197
<b>Total revenue</b>	<b>730</b>	<b>683</b>	<b>218</b>	<b>228</b>	<b>162</b>	<b>151</b>	<b>1,110</b>	<b>1,062</b>
Sale of goods							1,087	1,040
Royalties							23	22
Services							-	-
<b>Total revenue</b>							<b>1,110</b>	<b>1,062</b>

Growth, Q3 2023	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	21%	20%	3%	-4%	87%	68%	23%	19%
SLIT-tablets	14%	12%	26%	19%	-5%	-11%	10%	7%
Other products and services	-53%	-52%	-7%	-13%	-21%	-33%	-28%	-31%
<b>Total revenue</b>	<b>8%</b>	<b>7%</b>	<b>2%</b>	<b>-4%</b>	<b>17%</b>	<b>7%</b>	<b>8%</b>	<b>5%</b>

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	9M 2023	9M 2022
Tax on profit	115	86
Financial income and expenses	11	(11)
Share-based payments	15	23
Depreciation, amortisation and impairment	181	175
Other adjustments	7	6
<b>Total</b>	<b>329</b>	<b>279</b>