

Allergy solutions for life

IR roadshow presentation

August 2020



Allergy solutions for life

More than 500 million people worldwide have allergies. Many of them suffer in silence because the way ahead is too confusing.

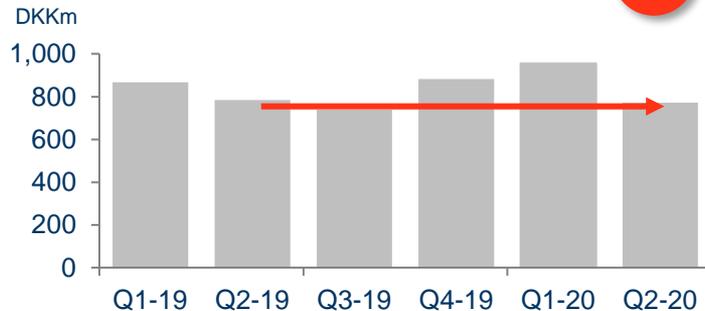
By collecting information and the latest and most trusted solutions together in one place, we want to make allergy surprisingly simple to manage. With 100 years of experience, nobody knows allergy like us, and we continuously apply our scientific knowledge and expertise to help people take control of their allergy and their life.

We want to make a difference by offering solutions for everyone who is touched by allergy – through a comprehensive range of products, services and resources that offer a fast-track to a more balanced life

Strong Q2 earnings, sales in-line with COVID-19 expectations

- Revenue unchanged (like-for-like up 3%). Negative 1p.p. impact from currencies
- FY earnings and cash flow outlook upgraded
- Tablet sales up 25% on resilient performances in Europe and International markets
- EBITDA up 213% at DKK 75m on savings and delayed R&D expenditure

Group revenue



Global tablet sales



COVID-19 update

Subdued growth in Q2 low-season, as expected. Positive signals in multiple markets in late Q2

Focus is on continued supply of products

- Impact as expected in Q2, predominantly in the USA and in the SCIT segment
- Lockdowns and patient caution limited visits to doctors
- Home-based tablet and drops treatments resilient; although new patient initiations constrained
- Positive signals of H2 recovery in multiple markets, especially in Europe and International markets
- US allergy clinics have reopened, patient traffic still reduced
- Delays to clinical trials impacted by patient recruitment

No major interruptions to production

Contingency measures in place, inventories robust



ALK key figures

(Nasdaq Copenhagen: ALK.B / ALKB.CO)



Established in
1923



Employees
~2,400



Markets
41



Leader in AIT, treating
~1.9m



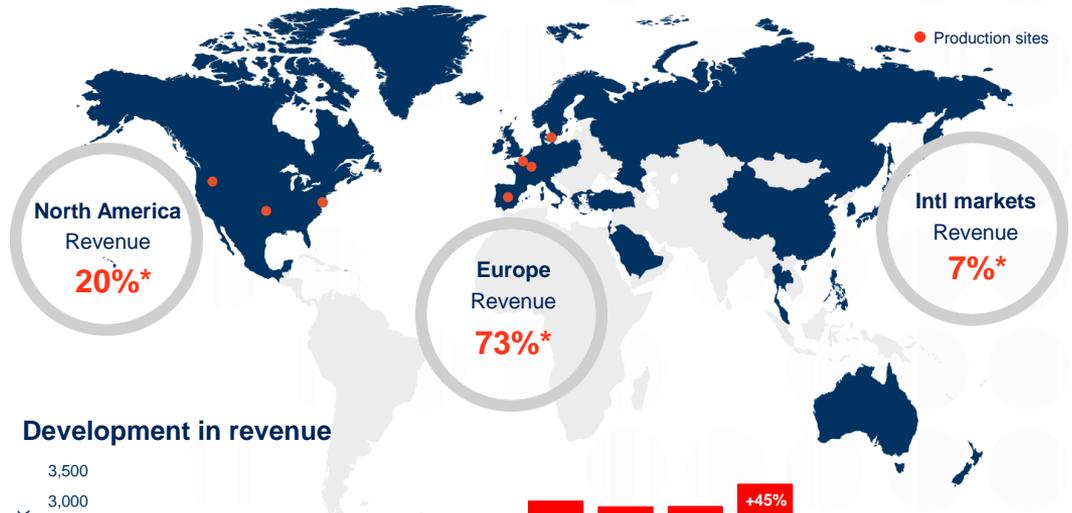
People with allergy covered by portfolio of new, standardised tablets
>80%



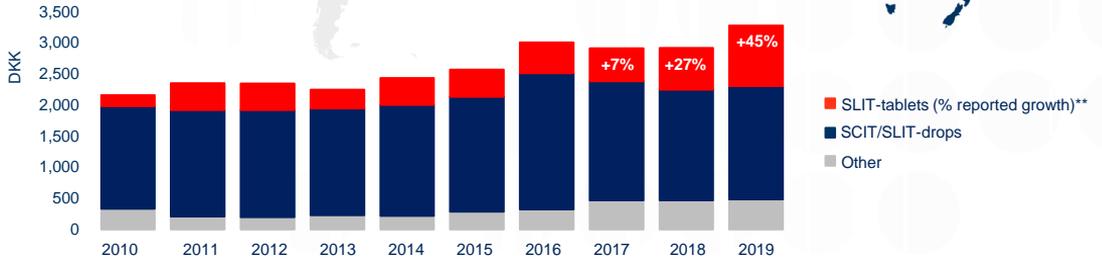
Participants in clinical trials for the tablets
>22,000

Global presence

Transformation in progress to accelerate growth and build broader presence in allergy



Development in revenue

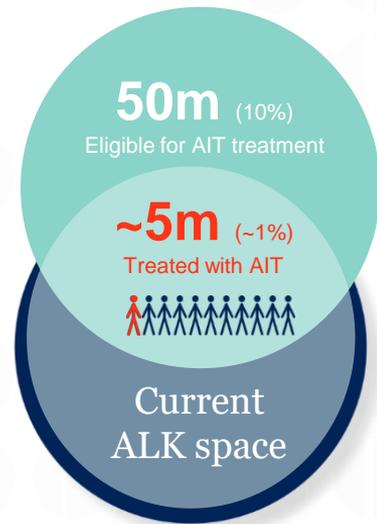
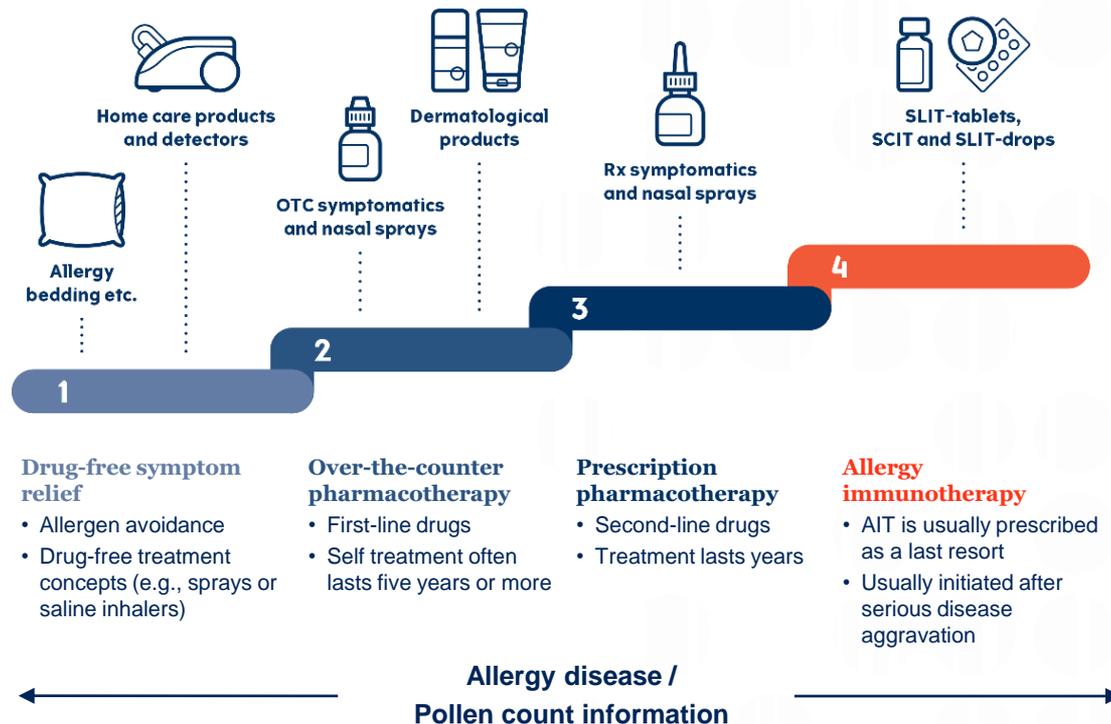
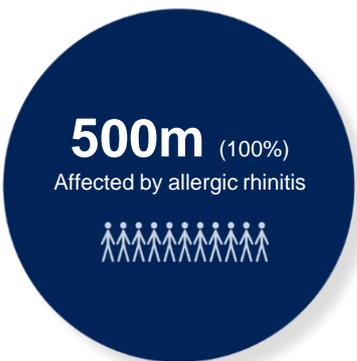


** includes certain milestone payments from partnerships in the period 2010 to 2016

* Percentage of 2019 revenue

Allergy Disease Management > 120 bn DKK market

Majority of people with allergy rarely see a doctor and patients often endure a decade or more before turning to AIT



Three-year transformation on track (I)

Succeed in
North
America

Complete and
commercialise
tablet
portfolio

Patient
engagement
and
adjacencies

Optimise and
reallocate
resources

Financial ambitions

An ALK capable of delivering sustainable, high revenue and earnings growth

Revenue growth of $\geq 10\%$ annually

Raise margins quickly to specialty pharma levels after 2020

Three-year transformation on track (II)

Succeed in North America

COVID-19 means full-year growth target unlikely

Targets



Tablets impacted by constrained new patient initiations

10% growth



Regulatory approval secured in Canada. Launch plans for H2 on track

ITULATEK™
in Canada



klarify platform launched in Q2

Digital
engagement



New agreement with Otonomy for OTIPRIO® to expand coverage of ENT and paediatricians

Other news

Complete and commercialise tablet portfolio for all relevant ages

Strong growth trajectory maintained

Targets



Global tablet sales up 25% with ACARIZAX® and ITULAZAX® leading the way

>30% growth



ITULAZAX® roll-out remains on track with 4 additional launches scheduled in H2

ITULAZAX®
in Europe



Delays to clinical trials impacted by patient recruitment

Clinical
development

Three-year transformation on track (III)

Patient engagement and adjacent business

Digital strategy continues to surpass expectations

Targets



New markets

klarify platform launched in Ireland, Slovakia and the USA



Support AIT commercialisation

Priority given to most suitable AIT candidates during COVID-19 crisis, ahead of high season for new treatment initiations



Mobilise 100k patients

>400,000 two-way consumer relationships to date, >100,000 people mobilised to take action on their allergies



Optimise and reallocate

Manufacturing robustness proven during COVID-19

Targets



Portfolio rationalisation

Accelerated programme continued with >300 variants phased out vs. 2016



Production efficiency

Site specialisation, optimisation efforts and investments in quality continued with the aim of improving long-term efficiency

Financial status

DKK million	2016	2017	2018	2019	2020G
Revenue	3,005	2,910	2,915	3,274	8-12%*
Gross margin	67%	56%	56%	58%	~58%
R&D	385	426	392	466	500-550
(% of revenue)	13%	15%	13%	14%	
Sales/Marketing & Adm.	1,140	1,298	1,364	1,210	
EBITDA	642	253	136	241	300-350
CAPEX	204	267	178	167	
Free cash flow	201	(745)	(294)	(25)	~ (200)
Cash and marketable sec.	840	711	396	316	

2020 revenue

- Currently tracking towards lower end of range due to US market conditions
- Tablet growth >30%
- Assumes majority of markets recover in H2

* Organic growth in local currencies

2020 earnings outlook upgraded

DKK	9 May outlook	12 August outlook	Comments	2019 actuals
Revenue	+8-12 organic	+8-12% organic	<ul style="list-style-type: none"> • Currently tracking towards lower end of range • -4% p.p. FY impact from portfolio pruning • +30% FY tablet growth • Assumes patients can/will visit doctors again in H2 	3,274m
EBITDA	200-300m	300-350m	<ul style="list-style-type: none"> • Gross margin on par with 2019 • Lower R&D costs than planned • Savings and leveraged sales and marketing platform, unchanged administrative expenses 	241m
Free cash flow	~(300)m	~(200)m	<ul style="list-style-type: none"> • Higher earnings • Changes to tax payments and working capital • DKK 250-300 million CAPEX 	(25)m

Assumptions: Current exchange rates. No revenue from acquisitions and/or partnerships. No sizeable payments for M&A/in-licensing.

Appendix





Pioneer since 1923 – Prevention, Diagnosis & Treatment

Leader in disease modifying allergy immunotherapy (AIT)

World's 1st producer of sublingual AIT tablets (SLIT-tablets)

Allergy at a glance

Allergies occur when the body's immune system overreacts to substances that are usually considered harmless, such as various types of pollen, house dust mites, moulds and animal fur.

Symptoms of respiratory allergies

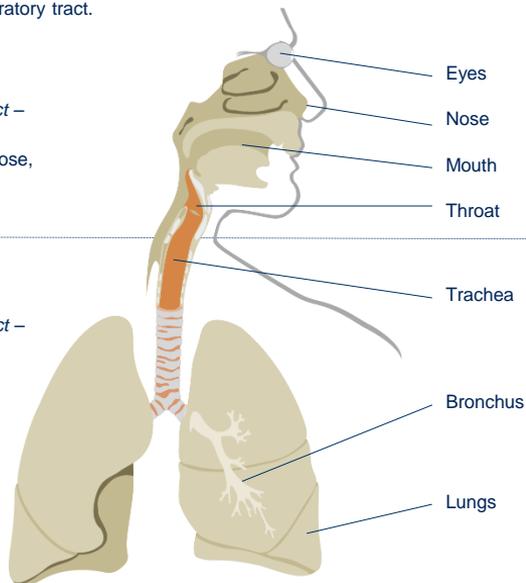
Respiratory allergies can affect both the upper and lower respiratory tract.

Upper respiratory tract – allergic rhinitis

Running or blocked nose, itchy eyes, sneezing.

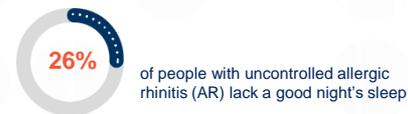
Lower respiratory tract – allergic rhinitis

Shortness of breath, narrowed airways, coughing, wheezing.



Insufficient sleep

Allergies can impact the amount of sleep we get:



Lost work days

Allergy is also a leading cause of lost work days*, outstripping other conditions in its cost to businesses:



* Work days lost in the USA to chronic conditions

Lower quality of life

Allergies have a significant impact on quality of life and our ability to get things done:



Allergic Rhinitis is more than a seasonal annoyance



Infections

Increased risk of **respiratory infections** and antibiotics use³



Disease progression & severity

More likely to have **poorly controlled asthma**^{5*}



Sleep disturbance

Nocturnal symptoms impacting sleep, which is linked to **poorer QoL**⁶



Performance

Associated with **reduced productivity** and cognitive effects, impacting work and school performance⁷⁻⁹



Future vulnerability

Increased **risk of developing asthma**^{4,10} and other upper airway disease (e.g. rhinosinusitis)⁴

1. *Clin Trans Allergy* 2015;5:39. 2. *Allergy* 2007;62:17–25. 3. *Ann Allergy Asthma Immunol* 2018;120:169-76. 4. *J Fam Pract* 2012;61:S11-S15. 5. *Prim Care Respir J* 2012;21:222-8. 6. *J Allergy Clin Immunol* 94:182–8. 7. *Am J Rhinol Allergy* 2012; 26:390-94. 8. *J Clin Epidemiol* 2001;54:610–18 9. *Allergy Clin Immunol* 2007;120:381-7 10. *J Allergy Clin Immunol* 2007;120:863-95

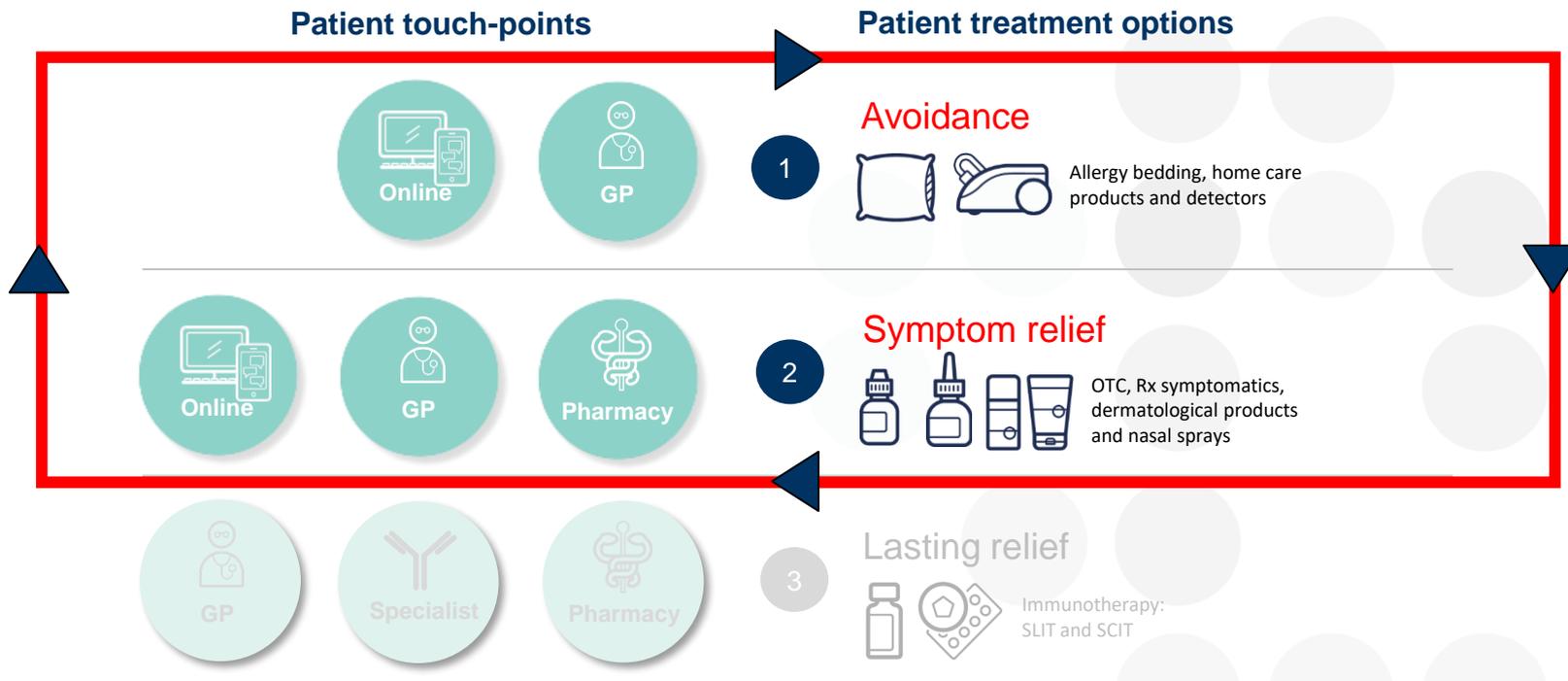
Treatment strategies in allergy

Patient touch-points

Patient treatment options



Patients caught in self-management circle



Treatment strategies in allergy

- Low level of diagnosis
- Low level of patient disease understanding
- Low patient knowledge of treatment options
- Lack of HCP incentives & referral
- Perception of cost vs relief



Only 1% on AIT
500m
affected by allergic rhinitis

50m
eligible for AIT

5m
on AIT



3

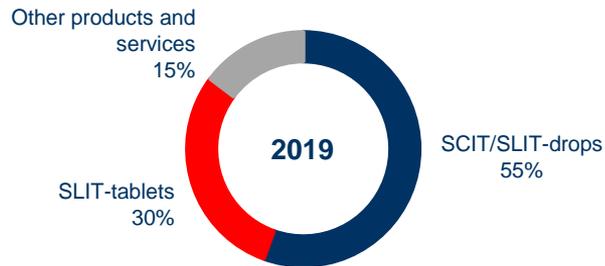
Lasting relief



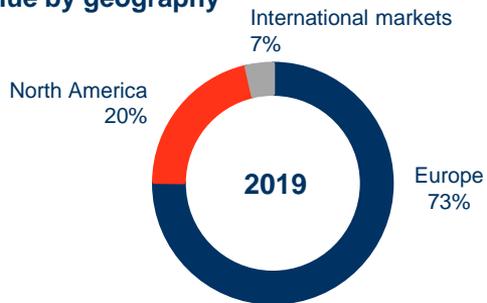
Immunotherapy:
SLIT and SCIT

ALK's current portfolio

Revenue by product line



Revenue by geography



ALK's core products

Market exclusivity secured via biological manufacturing processes and know-how

ALK offers products, services and resources covering a wide range of allergies. The company also has products in related areas, including early allergy intervention, diagnosis and emergency treatment

ALK's AIT products come in three different forms:

Injections: Subcutaneous immunotherapy (SCIT) is given as regular injections under the skin. The treatment is administered by a doctor

Sublingual drops: sublingual immunotherapy (SLIT) is taken in the form of drops administered under the tongue. Patients administer the drops themselves, avoiding the need for regular visits to the doctor

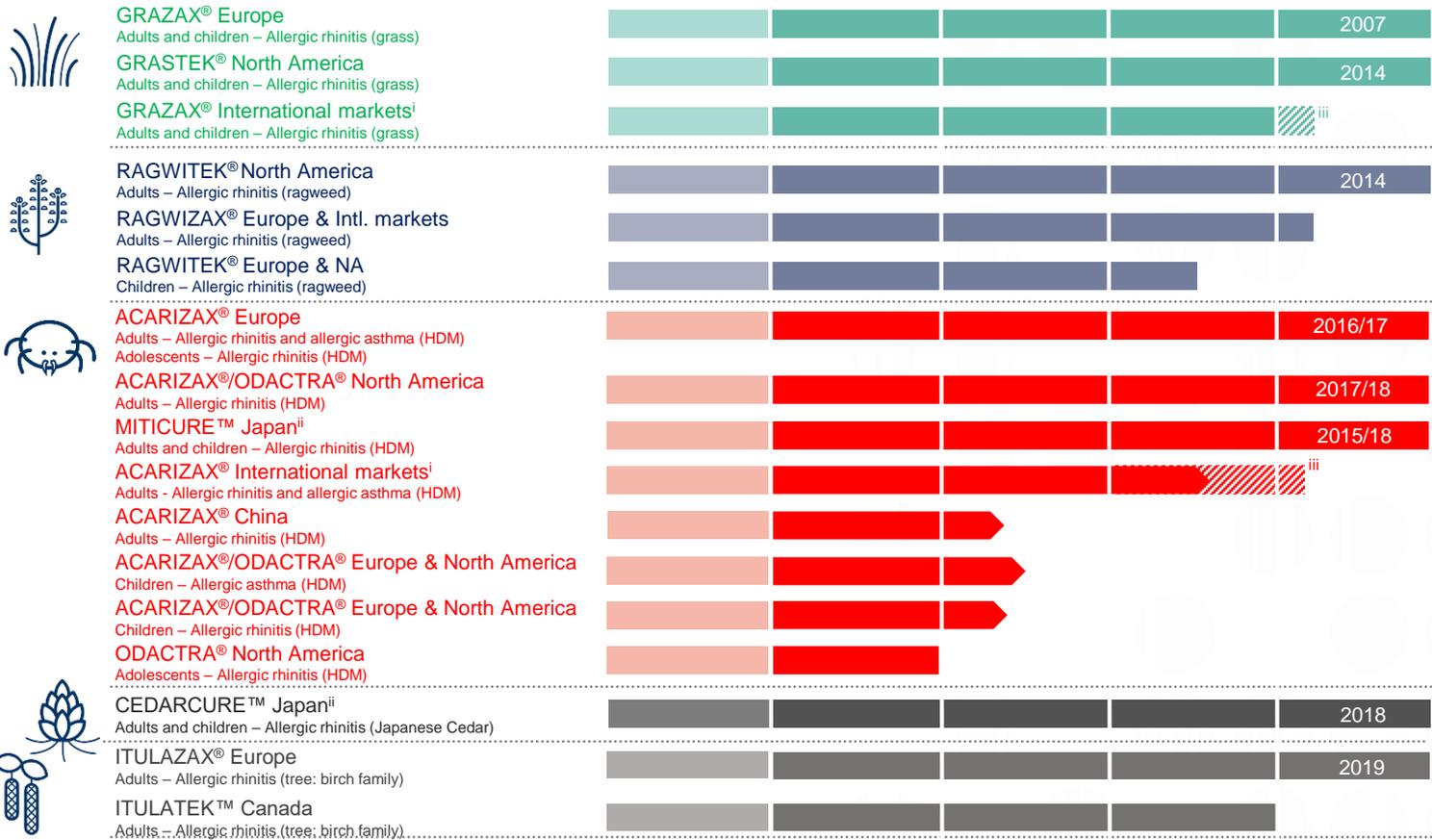
Tablets: SLIT-tablets are administered by the patient at home and are available for all the most important respiratory allergies. Tablet-based AIT is the most well-documented allergy treatment

Manufacturing footprint

Centres of excellence



SLIT-tablet portfolio covers >80% of respiratory allergies



~22,000
patients included in clinical development, incl. 21 Phase III trials

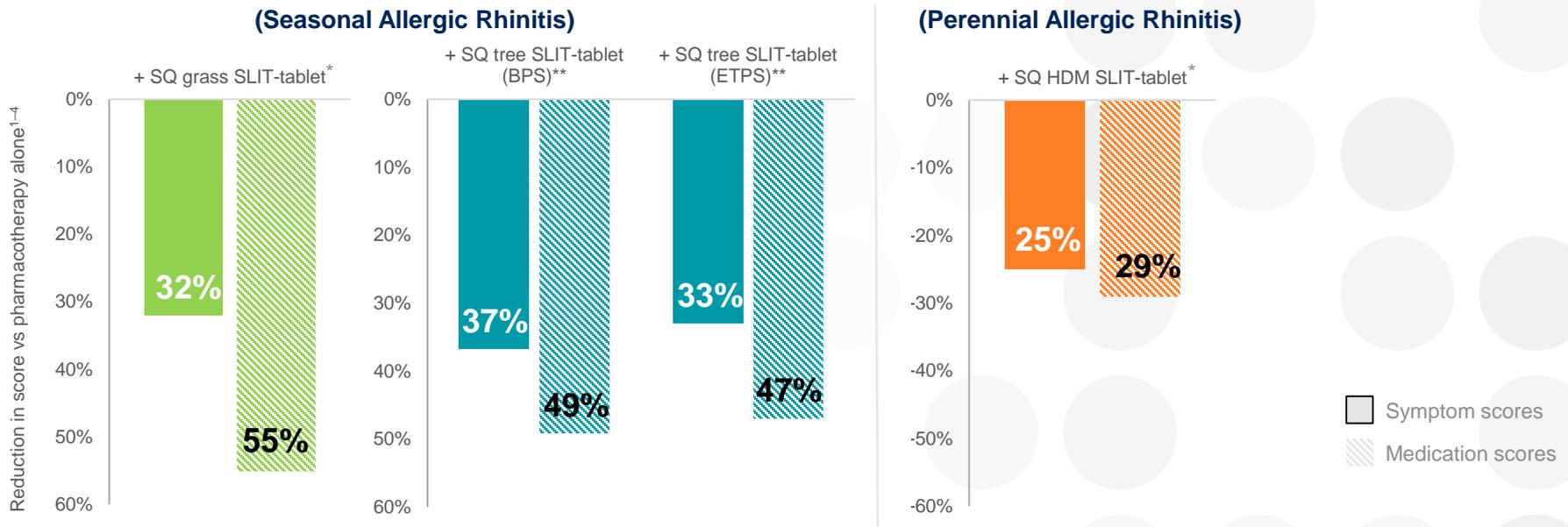
i. Licensed to Abbott for south-east Asia and Seqirus for Australia/New Zealand
 ii. Licensed to Torii for Japan
 iii. Already marketed in selected markets

SLIT-tablet characteristics

- 1 Allergen extract sourced from native allergens (e.g. grass pollen, tree pollen, ragweed pollen, cedar pollen, house dust mites)
- 2 Fast-dissolving freeze-dried tablet formulation utilising Zydis® technology
- 3 Consistent quality ensured by the highly standardised production process
- 4 Once-daily home administration

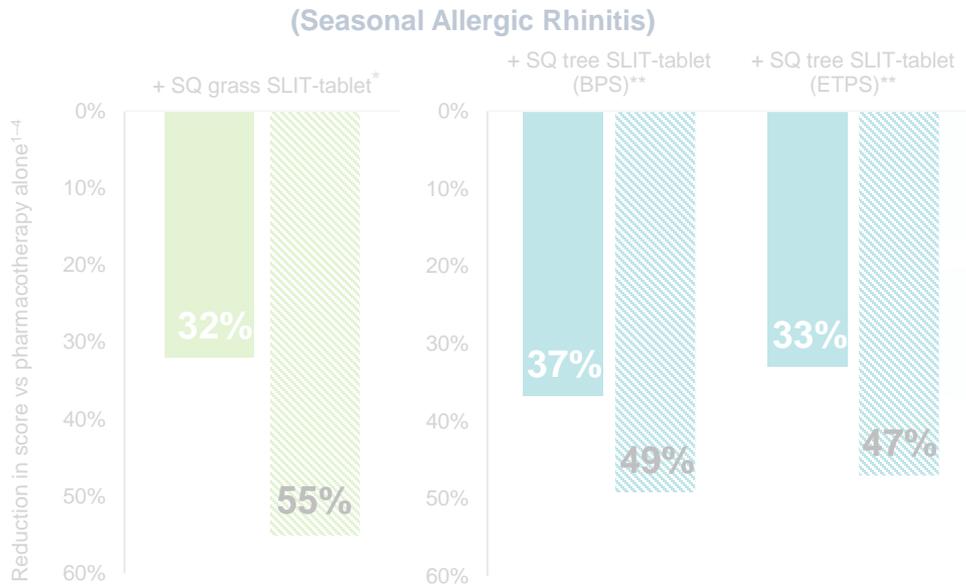


Consistent improvement in allergy symptoms for **seasonal** and **perennial** allergies with SQ SLIT-tablets



*Median scores. **Mean scores. ETPS, extended tree pollen season; BPS, birch pollen season.
 1. *J Allergy Clin Immunol* 2012;129:717-25. 2. GRAZAX® Summary of Product Characteristics 3. *J Allergy Clin Immunol* 2018;143:1058-66. 4. ACARIZAX® Summary of Product Characteristics.

Consistent improvement in allergy symptoms for **adults** and **children** with SQ SLIT-tablets



(Per...)

12 SQ ragweed SLIT-tablet led to a

38%

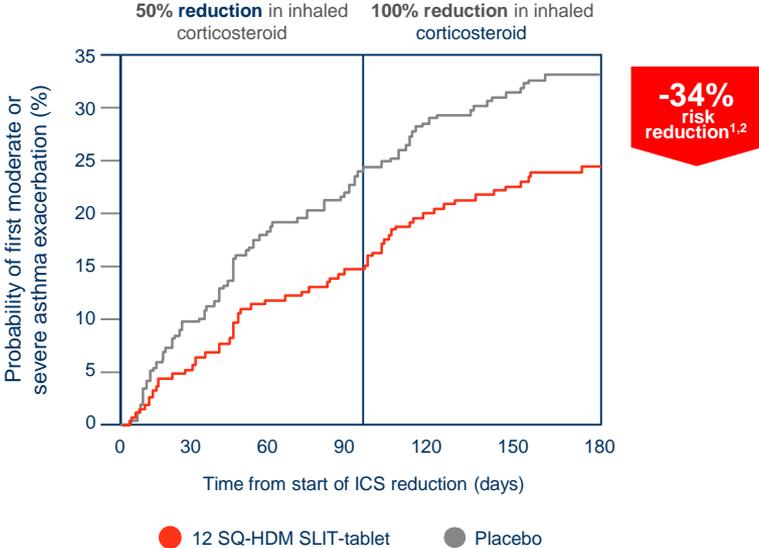
Improvement in combined symptom and medication score (TCS) vs. Placebo in **children** with ragweed AR¹



*Average TCS - combined symptom and medication score. Full analysis set: Placebo (n=487), RAGWIZAX® (n=460). PRPS: Peak ragweed pollen season. RAGWIZAX® is 12 SQ-Amb of standardised allergen extract from short ragweed (Ambrosia artemisiifolia).
 1. ALK-Abelló A/S. Press Release No 3/2019, Jan 15 2019. Last accessed May 2019

Commitment to explore and confirm benefits of SQ SLIT-tablet treatment in asthma

12 SQ HDM SLIT-tablet demonstrated a 34% reduction in risk of asthma exacerbations during ICS reduction (p=0.017)^{1,2}



Analyses of secondary endpoints:

- 36% risk reduction for nocturnal awakening or increase in daily symptoms (p=0.031)^{1,2}
- 42% risk reduction of deterioration in lung function (p=0.022)^{1,2}
- 51% risk reduction of severe asthma exacerbation (p=0.076)^{1,2}
- 48% risk reduction of increased SABA use (p=0.029)^{1,2}

Adapted from Virchow JC et al. 2016.¹

1. JAMA 2016;315(16):1715–25. 2. ACARIZAX® Summary of Product Characteristics.

ITULAZAX[®] patient profile

Patients with AR can spend years trying different medications and suffering with allergic symptoms that can negatively impact their daily lives¹

Indication

Adult patients

Moderate-to-severe allergic rhinitis and/or **conjunctivitis** induced by pollen from the **birch homologous group¹**

Clinical history of **symptoms** despite use of symptom-relieving medication

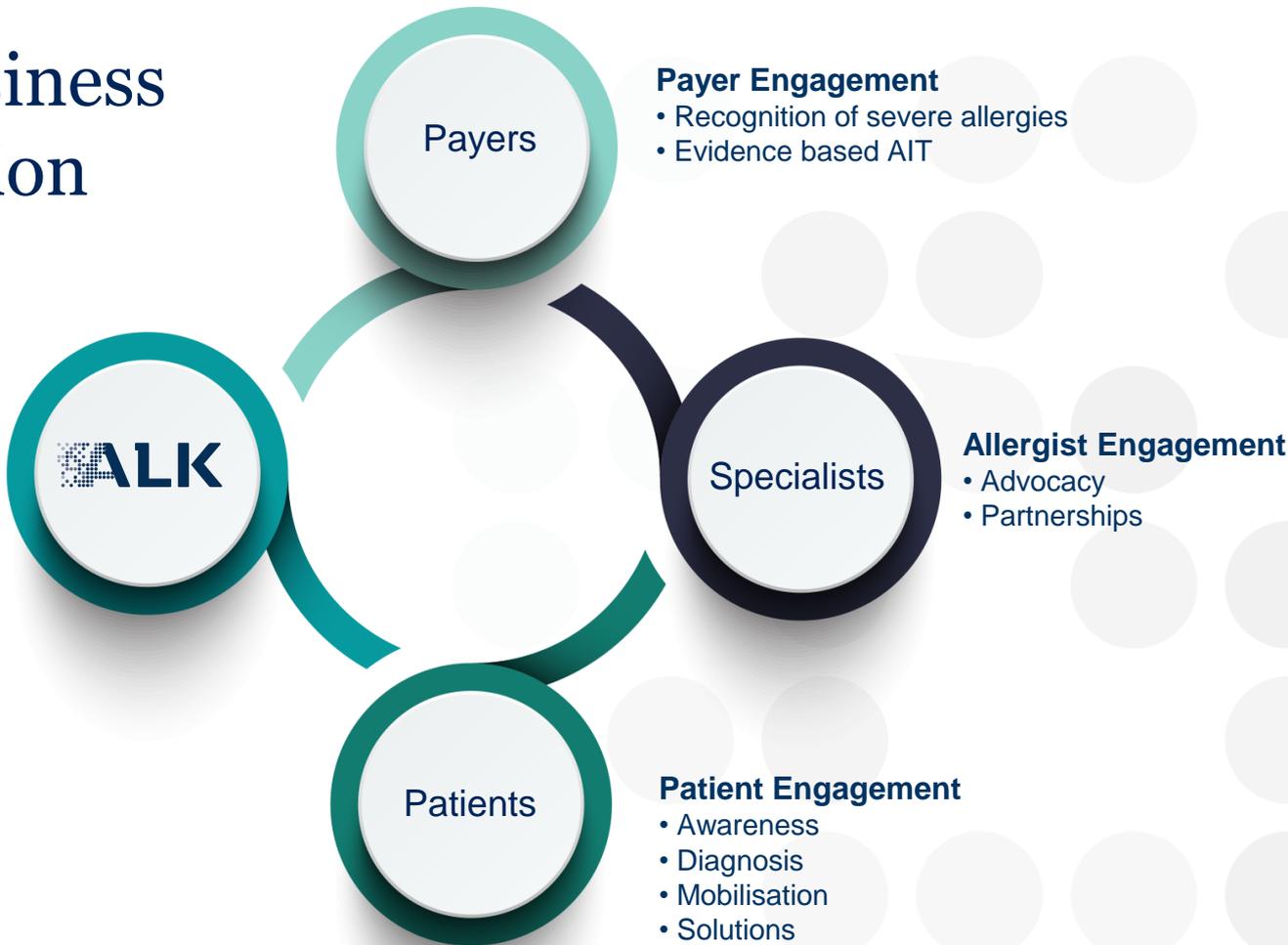
Diagnosed with a positive skin prick test and/or specific IgE test to a member of the birch homologous group¹

¹Birch homologous group: *Betula verrucosa* (birch), *Alnus glutinosa* (alder), *Carpinus betulus* (hornbeam), *Corylus avellana* (hazel), *Quercus alba* (oak), *Fagus sylvatica* (beech). IgE, immunoglobulin, class E; SLIT, sublingual immunotherapy.



The ALK Business Transformation

- ALK**
- Tablet portfolio
 - Consolidated legacy portfolio



Resilient sales in Europe and International markets

Europe



Q2

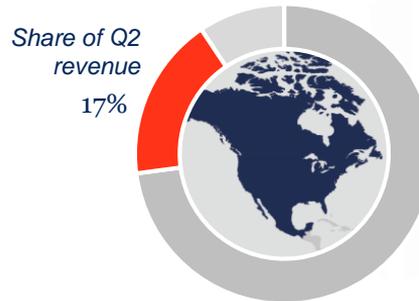


■ 2020 ■ 2019

-2%*

*Planned product discontinuations reduced growth by 5 percentage points

North America



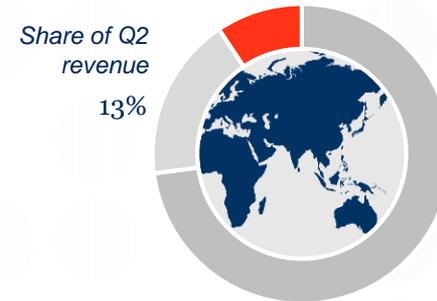
Q2



■ 2020 ■ 2019

-19%

International markets



Q2



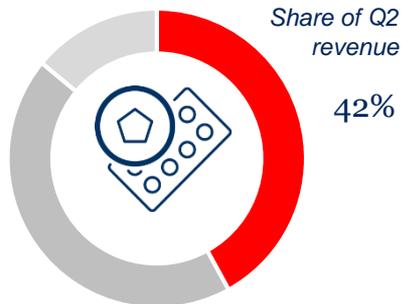
■ 2020 ■ 2019

+56%

Sales in all markets expressed in DKK
Growth rates are organic and in local currencies

Continued high growth in tablet sales

Tablets



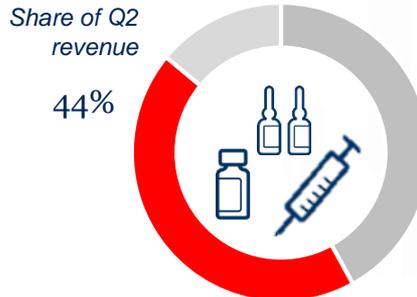
Q2



+25%

■ 2020 ■ 2019

SCIT/SLIT-drops



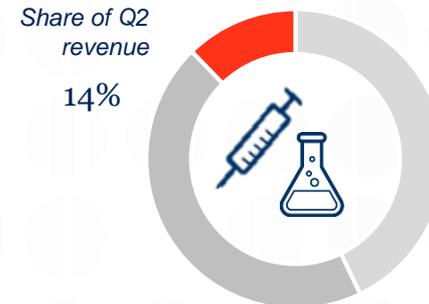
Q2



-14%

■ 2020 ■ 2019

Other products



Q2



-12%

■ 2020 ■ 2019

Sales in all markets expressed in DKK
Growth rates are organic and in local currencies

Financial robustness continued through Q2

EBITDA up 74%

DKK million	H1 2019	H1 2020
Revenue	1,652	1,728
Gross profit	931	1,021
Gross margin	56%	59%
Capacity costs	917	868
EBITDA	157	273
EBIT	14	153
Free cash flow	(149)	27
Cash/credit facilities	807	892

Changes
in product
mix

Lower R&D
increase
at 12%
S&M savings

Efficiencies,
savings and
delayed
activities

Higher
earnings,
timing of
payments

Forward-looking statements

This presentation 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 an additional uncertainty that may also affect forward-looking statements.

Thank you for your attention

Investor Relations:

Per Plotnikof,

Vice President, Head of Investor Relations

Phone: +45 4574 7576

E-mail: ppidk@alk.net

Read more: www.alk.net

