

Årsrapport 2021: ALK leverer stærk vækst i salget på 12% efter 29% stigning i tabletsalget; EBITDA stiger 35%

ALK's (ALKB:DC / OMX: ALK B / AKABY / AKBLF) bestyrelse har godkendt selskabets årsrapport (ESEF-version [alk-2021-12-31-en](#) vedhæftet): Efter et solidt fjerde kvartal endte omsætningen i 2021 i toppen af de senest offentliggjorte forventninger. Der var to cifret salgsvækst i alle regioner, og tabletter var den primære vækstmotor. I 2022 venter ALK 8-12% vækst i omsætningen og en yderligere forbedring af lønsomheden.

ALK's adm. direktør Carsten Hellmann siger: "2021 udgjorde endnu et vigtigt skridt på vejen mod ALK's mål om vedvarende vækst og bedre lønsomhed. Vi forventer at bygge videre på den fremgang i 2022 med en omsætningsvækst på 8-12%, mens vi fortsat forfølger vores mål for 2025. Samtidig investerer vi i en række langsigtede initiativer med potentiale til yderligere at styrke væksten i salg og indtjening."

(Omsætningsvækst er angivet i lokale valutaer. Sammenligningstal for 2020 er vist i parentes.)

Højdepunkter i fjerde kvartal

- ▶ Omsætningen i fjerde kvartal steg 9 % i lokale valutaer til DKK 1.099 mio. (991), drevet af 23 % vækst i tabletsalget. Dette på trods af en ekstraordinær høj vækst i omsætningen i fjerde kvartal 2020, delvist drevet af et højt antal produktleverancer til Japan.
- ▶ EBITDA blev mere end fordoblet til DKK 136 mio. (64) som følge af højere salg, bedre bruttomargin og en beskeden vækst i kapacitetsomkostningerne.

Højdepunkter for regnskabsåret 2021

- ▶ Omsætningen steg 12 % til det højeste niveau nogensinde på DKK 3.916 mio. (3.491) efter to cifret vækst i alle salgsregioner.
- ▶ Tabletsalget steg 29 % som følge af markedsudvidelser og stigende markedsandele, og salget udgjorde 45 % af den samlede omsætning (39). Salget af SCIT og SLIT-dråber var stort set uændret, mens salget af øvrige produkter steg 10 %.
- ▶ EBITDA steg 35 % til DKK 534 mio. (395), drevet af højere salg og forbedret bruttomargin. Indtjeningen steg trods en planlagt vækst på 23 % i forsknings- og udviklingsomkostninger til at understøtte kliniske forsøg.
- ▶ De frie pengestrømme var positive med DKK 202 mio. (56), hovedsageligt på baggrund af højere indtjening.
- ▶ ALK gjorde yderligere fremskridt med sin langsigtede strategi på trods af den fortsatte effekt af COVID, som især påvirkede enkelte kliniske studier.

Forventninger til 2022

ALK forventer vækst i alle salgsregioner i 2022 og forbedret indtjening i tråd med de langsigtede ambitioner.

- ▶ Omsætningen ventes at stige 8-12 % i lokale valutaer. Tabletsalget vil fortsat være den primære vækstmotor med en forventet salgsvækst på ca. 20 %.
- ▶ EBITDA ventes at stige til DKK 625-725 mio. (2021: DKK 534 mio.), på baggrund af højere salg, bedre bruttomargin og effektiviseringer. Forsknings- og udviklingsomkostninger ventes at stige til DKK 650-700 mio. (2021: DKK 631 mio.). Salgs- og markedsføringsomkostninger ventes også at stige efter investeringer i nuværende og fremtidige vækstinitiativer, herunder Kina.

ALK-Abelló A/S

For yderligere oplysninger kontakt venligst:

Investor Relations: Per Plotnikof, tlf. (+45) 4574 7527, mobil (+45) 2261 2525

Presse: Jeppe Ilkjær, mobil (+45) 3050 2014

Audio cast

ALK afholder i dag kl. 12.00 (CET) en telekonference for investorer og analytikere, hvor ledelsen fremlægger resultater og forventninger. Telekonferencen audiocastes på <https://ir.alk.net>, hvor den tilhørende præsentation vil være tilgængelig kort før start. Deltagere bedes ringe ind senest kl. 11.55 (CET). Danske deltagere skal ringe på tlf. (+45) 3544 5577, mens internationale deltagere skal ringe på +44 333 300 0804 eller +1 631 913 1422. Benyt venligst følgende deltager-pinkode: 58470902#

Disse oplysninger er oplysninger, som ALK-Abelló A/S er forpligtet til at offentliggøre i henhold til EU's markedsmissbrugsforordning.

Om ALK

ALK er en global, specialiseret medicinalvirksomhed med fokus på allergi og allergisk astma. Virksomheden markedsfører allergi-immunterapi og andre produkter og serviceydelser til mennesker med allergi og allergilæger. Virksomheden har hovedkvarter i Hørsholm, beskæftiger omkring 2.600 mennesker over hele verden og er noteret på Nasdaq Copenhagen. Find mere information på www.alk.net.



Annual report 2021

Allergy solutions for life

ALK-Abelló A/S
Bøge Allé 6-8
DK-2970 Hørsholm
Denmark
CVR no. 63 71 79 16



Table of contents

Management's review

Introduction

- 4 Letter from the Chairman and CEO
- 7 ALK at a glance
- 8 2021: Highlights of the year
- 9 2022 outlook

Performance

- 13 Financial highlights and key ratios
- 14 Sales and market trends
- 16 Financial review of 2021
- 18 Q4 review
- 20 Sustainability

Strategy

- 24 Strategy progress
- 30 ALK's business model

Corporate matters

- 32 Governance and ownership
- 40 Risk management
- 42 Board of Directors
- 44 Board of Management



Tablet sales up

29%

Tablet sales grew by 29%
in 2021

Revenue up

12%

Revenue grew by 12%
to DKKm 3,916 in 2021

Financial statements

Statements

- 46 Statement by Management
on the annual report
- 47 Independent auditor's report

Consolidated financial statements

- 52 Income statement
- 52 Statement of comprehensive income
- 53 Cash flow statement
- 54 Balance sheet
- 55 Statement of changes in equity
- 56 Notes

Parent company financial statements

- 92 Income statement
- 93 Balance sheet
- 94 Statement of changes in equity
- 95 Notes

- 103 Financial highlights by quarter

Cover picture: ALK has begun developing an allergy immunotherapy tablet for potentially life-threatening peanut allergy.

At the start of a complex manufacturing process, ALK turns peanut kernels into a powder to be used as a source material for the peanut tablets.

Introduction

- 4 Letter from the Chairman and CEO
- 7 ALK at a glance
- 8 2021: Highlights of the year
- 9 2022 outlook

Letter from the Chairman and CEO

ALK is growing fast and is on course to deliver long-term, continuous growth with improving profitability, while also investing in, and executing, new projects and activities to deliver an EBIT in the range of 25% while safeguarding, and potentially accelerating growth, from 2025 onwards.

In 2021, ALK maintained its progress towards continuous growth and improved profitability as we successfully executed on our strategic priorities. Revenue grew by 12% on broad-based growth across all three sales regions, with tablets being the key driver of growth. Operating profit (EBITDA) increased by 35% in reported

currency to DKK 534 million, driven by higher sales, margin improvements, and efficiencies.

Throughout the year, COVID still impacted the lives of millions around the world, and ALK continued to prioritise the safety and well-being of its staff, as well as the supply of products for doctors and their patients. Despite some challenges – for example, schedules for certain clinical trials had to be revised – the pandemic proved manageable for ALK, not least due to the hard work of our employees and their flexibility in accommodating changes in working practices. Thanks in part to these efforts, our supply chain, inventories and distribution remained resilient to the raw materials and logistical challenges reported by multiple industries.

In 2022, we expect continued progress with full-year revenue forecast to grow

8-12% organically, and increased operating profit (EBITDA). This is expected despite extraordinarily high R&D costs, and the support for new, short-term growth initiatives, such as ramping up in China and digital consumer activities, plus longer-term growth initiatives such as an entry into food allergy, developing a new adrenaline auto-injector, and the pursuit of paediatric indications for the tablets. COVID, unfortunately, will most likely remain a factor in the year ahead, and may cause short-term fluctuations in sales in some markets, but overall, we expect to continue to withstand this ongoing challenge.

Employee engagement and retention remain important areas of focus for us. Over the past year, ALK has implemented programmes to support engagement and retention, promote talent identification and development, and to develop our



“ ALK maintained its progress towards continuous growth and improved profitability as we successfully executed on our strategic priorities.

**Anders Hedegaard,
Chairman of the Board**

Continues 



“The pandemic proved manageable for ALK, not least due to the hard work of our employees.

Carsten Hellmann,
President & CEO

leaders. The 2021 employee engagement survey registered scores that were above the healthcare industry average and we are striving to further improve the attractiveness of working at ALK, using the valuable input from our employees, so we can continue to recruit and retain skilled employees.

In addition, we continued to take steps on our sustainability journey, by ensuring that this priority becomes an integrated part of our overall business strategy.

Maintaining growth and improving profitability

Our ambition remains to deliver organic growth of 10% or more annually, and to ramp up profitability to an EBIT-margin of around 25% in 2025. We believe that these are realistic ambitions given the market potential, the business transformation we have delivered, and the unwavering commitment of everyone at ALK to deliver on the promises we have made.

Tablets, which already account for 45% of ALK's total revenue, will still be the main growth engine, and we aim to continue their momentum by expanding prescriber

depth and breadth in existing and new markets – via consumer engagement and new digital models, new channels, market share gains and additional registrations. At the same time, we will manage our legacy portfolio of SCIT and SLIT-drops products to further support overall growth.

In the process, we expect gross margins to gradually improve, while capacity costs relative to revenue will decrease from 2023, once we have completed large-scale clinical development work on the respiratory tablets.

Safeguarding and, potentially, accelerating growth

While we remain committed to delivering on our promises, we are also, as previously mentioned, investing to accelerate growth beyond 2025. That's why we are already funding a number of high potential growth accelerators, which look many years beyond 2025.

The first of these is **children**. In 2023, we expect to complete our paediatric clinical trials in house dust mite and tree pollen allergic rhinitis, which should open the door to full paediatric coverage in

Europe and North America. To illustrate the importance of this, the vast majority of SLIT-tablet patients in the fast-growing market of Japan are currently under 18 years. That's probably because parents, who may play down their own allergies and suffer in silence, are much more proactive when it comes to seeking treatment for their children.

The second opportunity is **China**, which is already one of the world's largest markets for house dust mite allergy immunotherapy (AIT) and has the potential to become significantly larger. Right now, we are expanding our salesforce and strengthening market access activities with the aim of speeding up the adoption of our existing AIT offering. This is so we can build the allergy treatment market ahead of a planned introduction of ACARIZAX® which, subject to approval, is targeted for 2025. Meanwhile, our new Jext® partnership with Grandpharma will further widen our footprint in China.

Thirdly, we want to enter the market for **adrenaline auto-injectors in the USA** with an affordable, competitive, next-

generation product. To achieve this, we have two development programmes – an external project with Windgap Medical and an in-house project, with the aim of submitting a regulatory filing to the FDA by 2024.

Finally, we want to develop a new, mainstream treatment for **food allergy**. In 2021, we completed a feasibility study confirming that ALK's current tablet technology is suitable for this project, and we plan to start Phase I clinical development in 2022 with an initial project for peanut allergy. With very limited treatment options available for this potentially life-threatening allergic condition, we believe this move is an important step towards fulfilling our promise of becoming the allergy company.

Each of these potential accelerators is being pursued at full speed and, if we can repeat our recent successes, they will help to establish a much larger and stronger ALK, capable of continuously generating attractive shareholder returns for many years to come.

Dedicated to allergy solutions for life

In closing, we would like to thank ALK's employees for their continuing efforts and their tireless commitment to providing allergy solutions for life. Their dedication and discipline are what allow us to deliver on the ambitious targets we have set, and to help as many allergy sufferers as possible. Special thanks are also due to our partners, without whom we could not succeed, and to the patients and prescribers who place their trust in us – a trust we never take for granted and work hard every day to maintain.

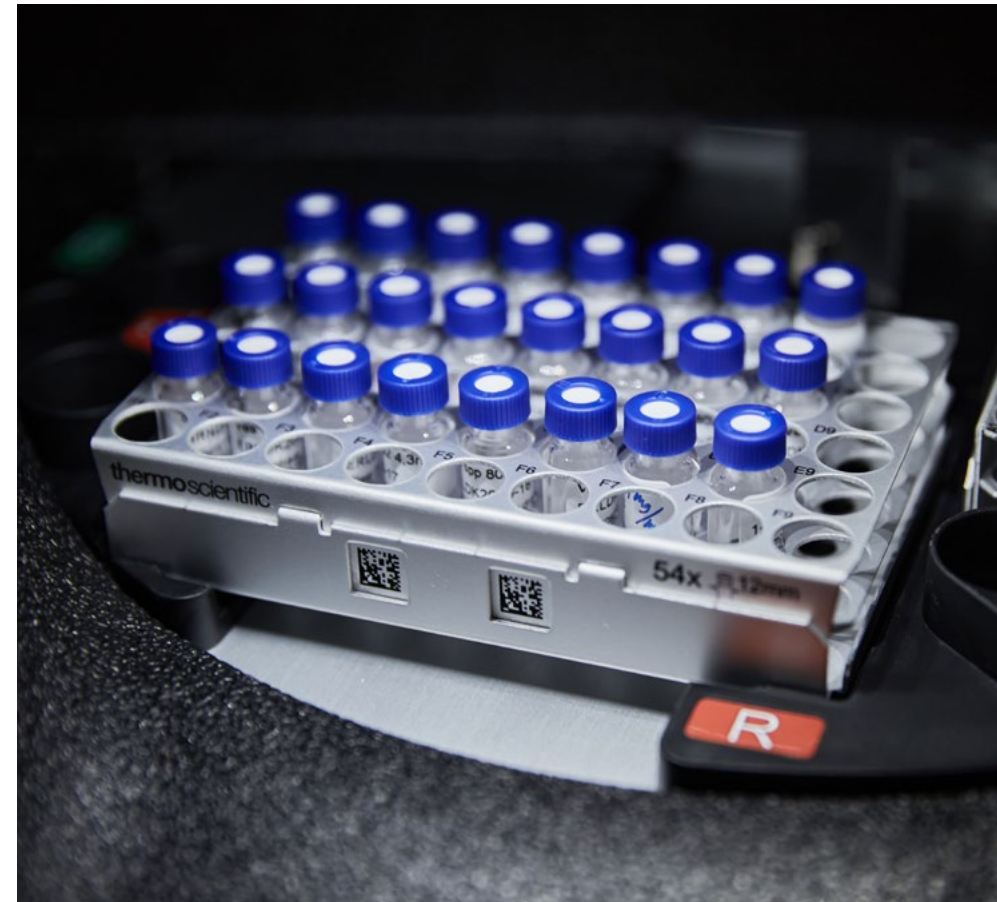
Last, but not least, we would like to thank our shareholders. As ALK's financial performance continues to improve towards our targets, we look forward to rewarding them through continued, long-term value creation.

Anders Hedegaard

Chairman of the Board

Carsten Hellmann

President & CEO



Peanut drug substance samples are analysed in our state-of-the-art laboratories using high-performance liquid chromatography, whereby chromatograms show visualisations of the peanut drug substance alongside other allergens.

ALK at a glance

ALK key figures

ALK is a global allergy solutions company with a wide range of treatments, products and services to meet the unique needs of allergy sufferers, their families and doctors. Headquartered in Hørsholm, Denmark, the company is listed on Nasdaq Copenhagen (ALKB:DC/OMX: ALKB)



Established:
1923



Employees:
~2,600



Markets with
ALK presence:
47



Patients in treatment
with ALK products*:
~2.1m



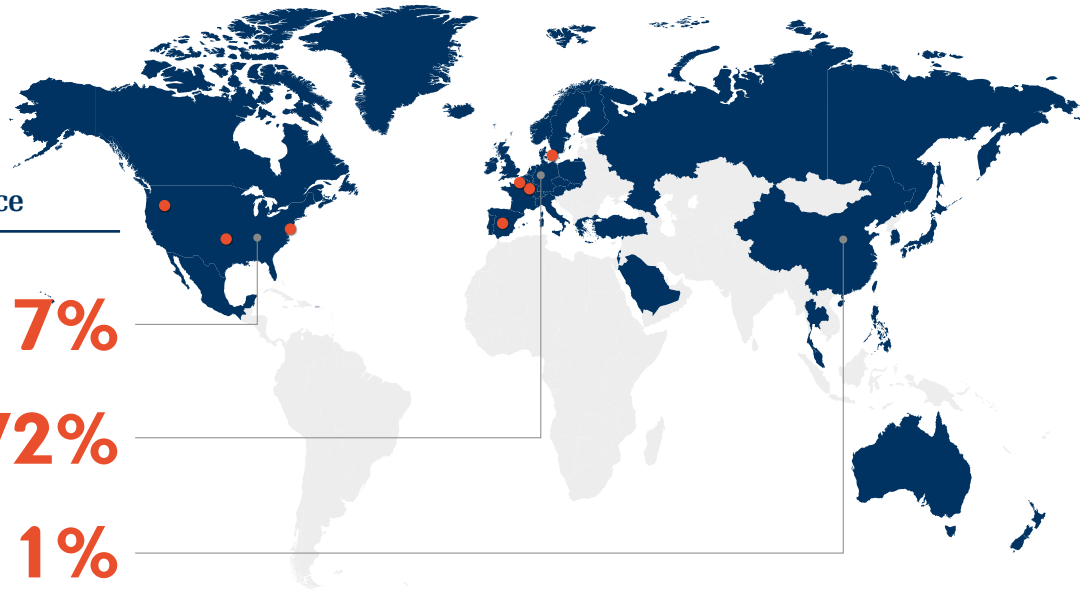
Number of most common
respiratory allergies
covered by ALK's tablets:
5



Participated in clinical
trials for the tablets:
>24,000

* Covering AIT and/or adrenaline

Global presence



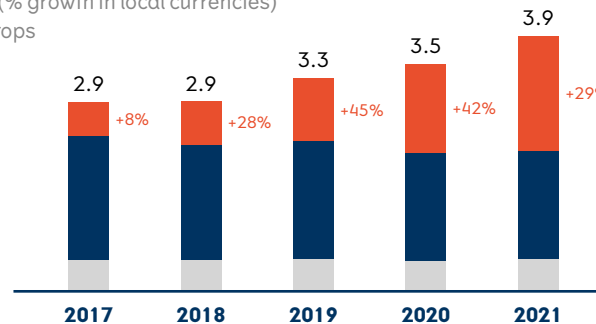
North America
Revenue **17%**

Europe
Revenue **72%**

International
markets
Revenue **11%**

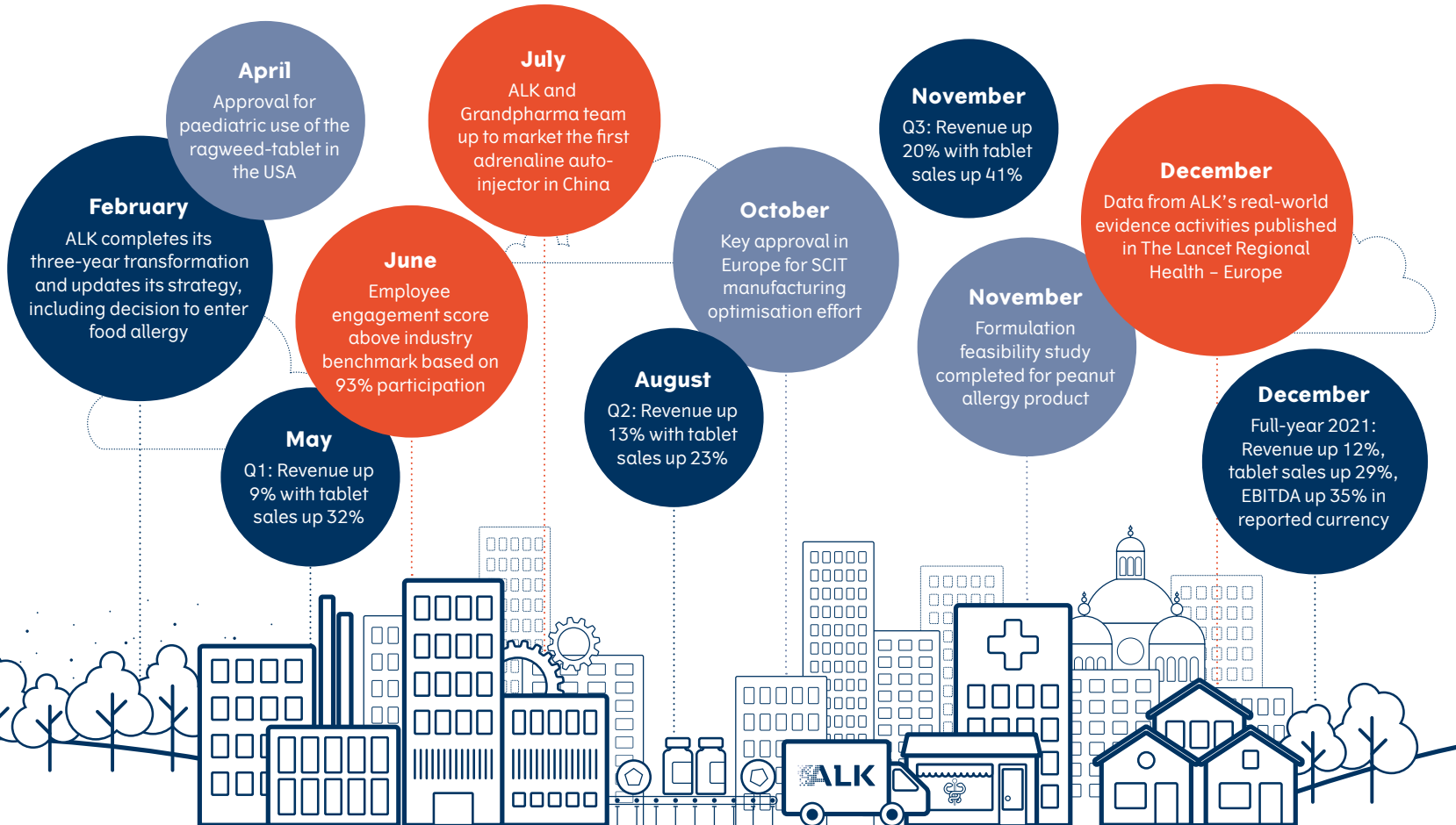
Development in revenue (DKKbn)

■ SLIT-tablets (% growth in local currencies)
■ SCIT/SLIT-drops
■ Other



- **Production sites**
ALK's unique manufacturing processes ensure its products meet required quality standards and represent a significant barrier to potential competitors, making them an important factor in maintaining ALK's market position

2021: Highlights of the year



Sustainability highlights 2021



Diagnostics, allergy immunotherapy and/or adrenaline products made accessible to +100,000 additional patients



CO₂ emissions from production reduced by 42% compared to the 2019 baseline



First recyclable packaging solution for OSIRIS®, has a carbon footprint 19 times lower than before



50% of waste reused or recycled, up from 38%



Women made up 49% of all managers, up from 46%

2022 outlook

ALK expects growth across all sales regions in 2022, with revenue projected to increase by 8-12% organically in local currencies, and the tablet portfolio expected to remain the key growth driver.

(Revenue growth rates are stated in local currencies, unless otherwise indicated)

Operating profit (EBITDA) is expected to increase to DKK 625-725 million

(2021: 534), reflecting revenue growth and an improved gross margin, both attributable to tablet sales growth, as well as efficiencies.

The COVID pandemic continues to cause a degree of uncertainty regarding capacity at allergy clinics and patients' behaviour, which may lead to some volatility in the quarterly results.

Revenue

The growth, projected at 8-12% in local currencies, is expected to be broad-based across all sales regions. The mid-point of the projected revenue range assumes that

sales in Europe will increase in single digits whereas sales growth in North America is expected at around 10% and growth in International markets is expected to exceed 10%. However, in absolute terms, the majority of growth is expected to come from Europe.

Tablets, ALK's single largest product category, will remain key to growth in 2022. ALK plans for strong tablet sales growth across its regions and estimates global tablet sales growth of around 20% in 2022, with double-digit growth across all three sales regions, led by market share

Continues ▶

2022 targets

Revenue

**8-12%
growth**

Growth across all sales regions

(2021: DKK 3,916 million)

EBITDA

**DKK
625-725
million**

Operating profit (EBITDA)

DKK ~50 million increase in R&D costs

(2021: DKK 534 million)

Forward-looking statements

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

gains and market expansion, particularly in central and northern Europe, and Japan.

In addition, ALK expects low single-digit sales growth from the remaining, non-tablet portfolio, mainly driven by SCIT products and the adrenaline auto-injector, Jext®.

The higher end of the projected revenue range assumes accelerated sales growth across all regions with tablets leading the way and faster market share gains, supported by continuing regulatory impetus towards evidence-based allergy immunotherapy (AIT) products in key markets. The lower end of the revenue range incorporates pricing pressures, particularly in selected markets in Europe, and/or more pronounced, negative effects from COVID.

Margins

The gross margin is expected to improve by 1-2 percentage points on 61% in 2021, driven by efficiencies and higher sales – especially from tablets, with higher volumes absorbed by existing capacity. ALK will continue to allocate resources to the execution of its product and site strategy. These activities – in combination

with the increased sales and efficiencies that come from utilising higher-volume production lines – are expected to lead to long-term margin improvements.

Operating profit

As previously stated, capacity costs will be influenced by a planned increase in R&D expenses in order to complete the clinical development of the respiratory tablet portfolio, gather further evidence for the tablets' use in children, secure tablet registrations in new geographies and progress the food AIT programme into clinical development. R&D costs for 2022 are estimated at around DKK 650-700 million, roughly a DKK 50 million increase over 2021. The increase mainly relates to activities that were originally scheduled for 2020-21 but were postponed due to the impact of COVID on patient recruitment for clinical trials.

Sales and marketing costs are expected to increase, although the ratio to revenue is expected to improve slightly versus 2021. The expected increase reflects investments in current and future growth drivers, including additional investments to expand in China, further consumer-to-

Continues 



Our industry-leading project teams meet regularly to brainstorm, share ideas, and discuss results – an essential part of the peanut tablet development project.

patient initiatives and early preparations for future paediatric tablet launches. ALK will continue to seek to leverage its existing sales and marketing platforms to drive underlying margin improvement.

On this basis, ALK expects the operating profit (EBITDA) to be in the range of DKK 625-725 million, exceeding the level of 2021 and in line with ALK's long-term earnings ambitions of achieving a ~25% EBIT margin in 2025.

Assumptions

- The outlook assumes that COVID will not affect home-based tablet treatments, and that patients in general will remain able and willing to visit healthcare professionals without significant limitations, although fluctuations may occur in some markets.
- The outlook assumes that COVID will not significantly impact planned clinical activities, sales and marketing activities or investments. CAPEX is

projected at around DKK 400 million, with investments focused on supporting long-term growth ambitions relating to tablets and adrenaline auto-injectors, the further streamlining and specialisation of production facilities, as well as IT upgrades. Free cash flow is expected to be negative, mainly due to changes in working capital, including a one-off repayment of up to DKK 175 million in accrued rebates, originally anticipated as due for payment in 2021.

- The outlook does not include any revenue from acquisitions, new partnerships or the in-licensing of adjacent products and services, nor does it include any sizeable payments related to M&As or in-licensing activities.
- The outlook is based on current exchange rates, resulting in a positive effect of approximately 1 percentage point on reported revenue growth and an immaterial effect on reported EBITDA.



Ramping up in China

ALK has had a presence in China's rapidly growing allergy treatment market for nearly 20 years. New allergy immunotherapy products must be documented and registered before they can be sold in China, and there are just three players in the market, including ALK, with a competitor's SLIT-drops products the current leaders in a market worth around DKK 800 million annually.

ALK enjoys a strong reputation locally for offering high-quality products which are prescribed via selected hospital-based clinics in key locations. The current range is focused on the SCIT product Alutard® for the treatment of house dust mite allergy, plus an associated diagnostic product, and these are building ALK's reputation and market presence ahead of the introduction of ALK's house dust mite tablet which, subject to approval, could be on the market from 2025 onwards.

In anticipation of this, ALK will ramp up its local presence over the next three years, increasing the size of its salesforce significantly, supporting education and training for allergy specialists, and recruiting back-office staff for essential disciplines such as management, medical and legal affairs, compliance, and sales and marketing.

Alongside this build-up, ALK has teamed up with local partner Grandpharma in an exclusive licensing agreement that will see ALK's adrenaline auto-injector Jext® registered and launched in China. In addition, it is in the process of establishing a partner-based digitalisation strategy, to ensure an engagement platform for its future ambitions.



Performance

The peanut drug substance is carefully analysed via the electrophoretic SDS-PAGE method. The blue bands reveal proteins of different molecular weights.

- 13 Financial highlights and key ratios
- 14 Sales and market trends
- 16 Financial review of 2021
- 18 Q4 review
- 20 Sustainability

Financial highlights and key ratios for the ALK Group*

Amounts in DKKm/EURm**	DKK 2021	DKK 2020	DKK 2019	DKK 2018	DKK 2017	EUR 2021	EUR 2020
Income statement							
Revenue	3,916	3,491	3,274	2,915	2,910	527	469
EBITDA	534	395	241	136	253	72	53
Operating profit (EBIT)	292	150	(14)	(96)	(80)	39	20
Net financial items	(13)	(49)	(17)	(7)	(42)	(2)	(7)
Profit before tax (EBT)	279	101	(31)	(103)	(122)	38	14
Net profit	219	25	(50)	(170)	(158)	29	3
Average number of employees (FTE)	2,492	2,419	2,385	2,341	2,213	2,492	2,419
Balance sheet							
Total assets	5,830	5,563	5,495	4,865	4,958	784	748
Invested capital	2,931	2,807	2,759	2,968	2,864	394	377
Equity	3,480	3,153	3,176	3,179	3,290	468	424
Cash flow and investments							
Depreciation, amortisation and impairment	242	245	255	232	333	33	33
Cash flow from operating activities	468	301	132	(95)	(387)	63	40
Cash flow from investing activities	(266)	(245)	(157)	(199)	(358)	(36)	(33)
– of which investment in intangible assets	(45)	(26)	(20)	(52)	(27)	(6)	(3)
– of which investment in tangible assets	(218)	(196)	(147)	(126)	(240)	(29)	(26)
– of which acquisitions of companies and operations	-	-	(20)	(21)	(94)	-	-
Free cash flow	202	56	(25)	(294)	(745)	27	8

* Management's review comprises pages 1-44 as well as 'Financial highlights and key ratios by quarter for the ALK Group' on page 103

**Financial highlights and key ratios stated in EUR constitute supplementary information to the Management's review. The exchange rate used in translating from DKK to EUR is the exchange rate prevailing on 31 December 2021 (EUR 100 = DKK 744) (31 December 2020: EUR 100 = DKK 744)

For definitions and reconciliation of alternative performance measures, see page 90

Amounts in DKKm/EURm**	DKK 2021	DKK 2020	DKK 2019	DKK 2018	DKK 2017	EUR 2021	EUR 2020
Information on shares							
Proposed dividend	-	-	-	-	-	-	-
Share capital	111	111	111	111	111	14.9	14.9
Shares in thousands of DKK 10 each	11,141	11,141	11,141	11,141	11,141	11,141	11,141
Share price, at year end	3,430	2,500	1,635	960	740	461.2	336.1
Net asset value per share	312	283	285	285	295	42.0	38.0
Key figures							
Gross margin – %	61.2	58.1	57.8	56.0	56.4	61.2	58.1
EBITDA margin – %	13.6	11.3	7.4	4.7	8.7	13.6	11.3
Return on equity (ROE) – %	6.6	0.8	(1.6)	(5.3)	(5.1)	6.6	0.8
ROIC incl. goodwill – %	10.2	5.5	(0.5)	(3.3)	(3.1)	10.2	5.5
Pay-out ratio – %	-	-	-	-	-	-	-
Earnings per share (EPS)	20.0	2.3	(4.6)	(15.6)	(15.9)	2.7	0.3
Earnings per share (DEPS), diluted	19.8	2.3	(4.6)	(15.6)	(15.9)	2.7	0.3
Cash flow per share (CFPS)	42.7	27.6	12.1	(8.7)	(39.0)	5.7	3.7
Price earnings ratio (PE)	172	1,092	(356)	(61)	(46)	172	1,092
Share price/Net asset value	11.0	8.8	5.7	3.4	2.5	11.0	8.8
Revenue growth – %							
Organic growth	12	8	11	1	(6)	12	8
Exchange rate differences	-	(1)	1	(1)	(1)	-	(1)
Acquisitions/divestments	-	-	-	-	4	-	-
Total growth revenue	12	7	12	-	(3)	12	7

[Read the ESG key figures overview here](#)

Sales and market trends

ALK's full-year revenue for 2021 increased 12% to DKK 3,916 million (3,491), in line with the improved outlook, issued on 11 November 2021, and reflecting strong performances in all sales regions.

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

Revenue growth was driven by ALK's tablet portfolio, sales of which grew 29% overall, continuing the strong positive trajectory of recent years. Sales of legacy products were largely unchanged as sales mostly recovered for SCIT products previously impacted by COVID, which had prevented or discouraged visits to allergy clinics. Meanwhile, sales of SLIT-drops declined on planned product discontinuations and

the shift of patients to SLIT-tablets. Sales of other products increased 10% as lower Jext® sales were outweighed by a recovery in sales for the wider portfolio.

Europe

European revenue was up 10% at DKK 2,809 million (2,550), despite occasional constraints caused by resurgences of COVID.

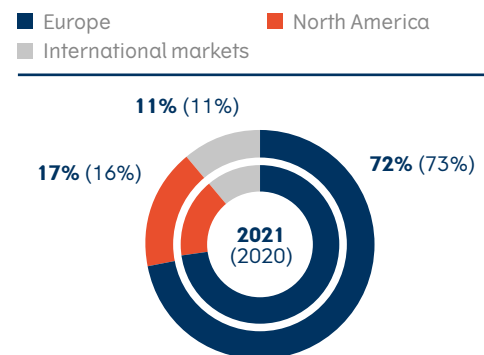
Sales growth was largely fuelled by tablets, revenue from which increased by 31% on market share gains and market expansion – predominantly on the take-up of ITULAZAX® and the halo effect this created for GRAZAX®. Furthermore, the convenience of tablets as a home-based treatment made them a useful option for patients unable to continue with their usual treatments due to COVID-related constraints. Sales of legacy allergy immunotherapy (AIT) products declined 4%, influenced by planned product discontinuations which reduced growth

Continues 

Revenue by geography

DKKm	2021	Growth (l.c.)	2020
Europe	2,809	10%	2,550
North America	683	23%	573
Int'l markets	424	15%	368
Overall revenue	3,916	12%	3,491

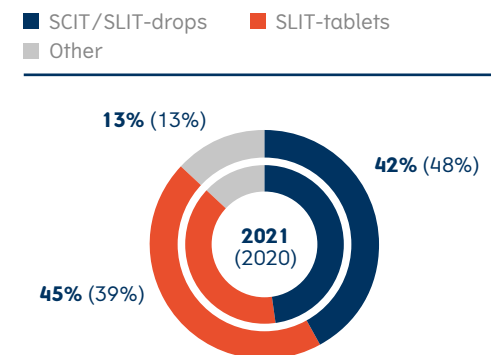
Revenue by geography



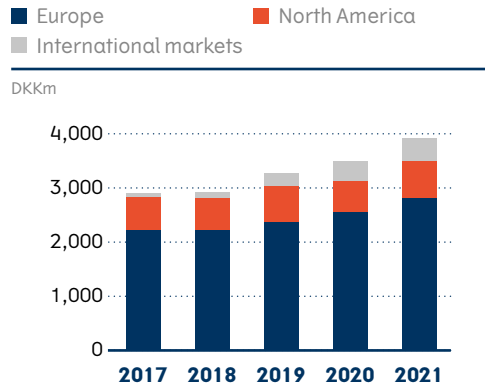
Revenue by product line

DKKm	2021	Growth (l.c.)	2020
SCIT/SLIT-drops	1,655	(1)%	1,673
SLIT-tablets	1,774	29%	1,370
Other products	487	10%	448
Overall revenue	3,916	12%	3,491

Revenue by product line



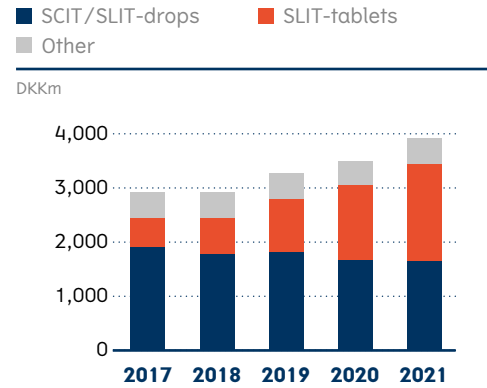
5-year total revenue by geography



by 3 percentage points, however, this effect is expected to be negligible from 2022 onwards. Sales of other products fell back 8% due to lower Jext® sales, mainly influenced by fewer prescription renewals because of COVID. These figures reflect the fact that, at an individual market level, the European picture differs from country to country.

In ALK's largest market, Germany, sales grew strongly on increased market share, and ALK's market position strengthened as updated national prescription

5-year total revenue by product line



guidelines reinforced recommendations that only documented, registered AIT products should be prescribed for new allergy patients. Meanwhile, in the Nordic countries, ALK saw solid growth resulting from its work to expand the overall AIT market. In France, sales were down slightly as tablet sales growth was counterbalanced by lost sales from patients shifting from legacy products to tablets. Continuing concerns and restrictions related to COVID impacted selected allergy markets somewhat towards the end of the year.

COVID-aside, market conditions were largely stable across Europe in 2021, and there were no notable changes affecting the pricing and reimbursement of AIT products, although the risk of pressure in selected markets remains.

North America

Revenue in North America recovered from the 2020 impact of COVID, growing by 23% in local currencies to DKK 683 million (573). Tablet sales increased 42% in the region to DKK 120 million (85) on increased uptake among key prescribers, improved sales margins in the USA, and easing of COVID-related restrictions, allowing patients to visit clinics more freely once again. Growth was further supported by the strong early performance of ITULATEK™ in Canada.

Sales of bulk allergen extracts and other products – particularly those that are primarily used in hospital settings – also recovered well, up 14% at DKK 302 million (275), and up 27% at DKK 261 million (213), respectively.

International markets

Revenue from International markets increased 15% in local currencies to DKK 424 million (368). Growth was largely attributable to a strong performance from ALK's largest market in the region – Japan – although there was sales growth in almost all International markets.

Quarterly revenue figures for Japan and China continued to be distorted by the phasing of shipments to these markets. However, in both cases, in-market sales growth remained very strong throughout the year.

Financial review of 2021

ALK's full-year operating profit (EBITDA) increased 35% in reported currency to DKK 534 million (395), in line with the improved outlook, issued on 11 November 2021, and reflected higher sales and improved gross margin.

(Comparative figures for 2020 are shown in brackets)

2021 revenue increased by 12% in local currencies to DKK 3,916 million (3,491). Exchange rate fluctuations did not materially impact reported revenue growth. Planned product discontinuations, which mostly involved SCIT/SLIT-drops products in Europe during Q1, impacted overall growth negatively by ~1 percentage point. The effect was negligible in the remaining nine months of the year.

Cost of sales increased 5% in local currencies to DKK 1,520 million (1,463). The gross profit of DKK 2,396 million (2,028) yielded a gross margin of 61% (58%) which exceeded the original goal of a 1-2 percentage point improvement and mainly reflected increased sales – especially from tablets in Europe – although this was somewhat reduced by increased shipments to Torii in Japan, which yield lower gross margins. ALK continues to see significant costs for compliance efforts to secure robustness in product supply, as well as the implementation of the product and site strategy.

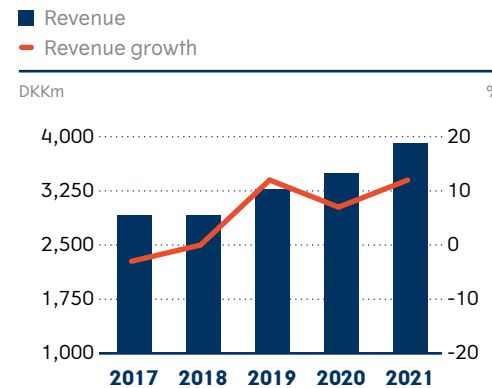
Capacity costs increased 13% in local currencies to DKK 2,105 million (1,877). R&D expenses increased by 23% in local currencies to DKK 631 million (515) in support of a planned increase in clinical trial activities. Sales and marketing expenses increased by 10% in local currencies, reflecting a gradual

Continues 

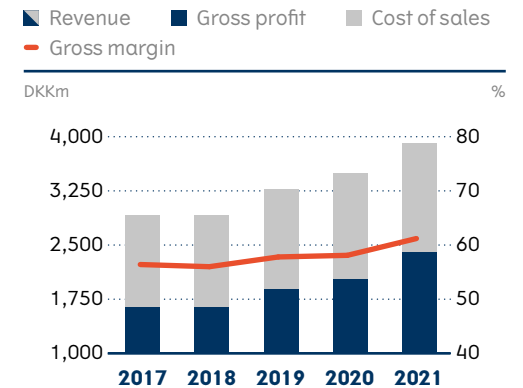
2021 guidance history

DKK	2021 E 5 Feb. outlook	2021 E 5 May outlook	2021 E 9 Aug. outlook	2021 E 11 Nov. outlook	2021 Actual
Revenue	+8-12% (l.c.)	+9-12% (l.c.)	+10-12% (l.c.)	+11-12% (l.c.)	+12% (l.c.)
EBITDA	325-425m	375-425m	450-500m	500-550m	534m
Free cash flow	~(200-300)m	~(200)m	~(100)m	~ +200m	+202m

Revenue



Gross margin



normalisation of activity levels following the 2020 impact of COVID on business activities, but also operational leverage of ALK's commercial activities. Administrative expenses increased 3% in local currencies.

EBITDA (operating profit before depreciation and amortisation)

increased 35% in reported currency to DKK 534 million (395) and was better than originally expected, driven by the higher sales and improving gross margin. Exchange rates had only a minor effect on operating profit.

Net financials were a loss of DKK 13 million (loss of 49) mainly relating to interest payments and loan fees. **Tax on the profit** totalled DKK 60 million (76) and **net profit** was DKK 219 million (25).

Cash flow from operating activities improved to DKK 468 million (301) driven by higher earnings and receipt of a milestone payment related to the recently established Jext® partnership for China.

Cash flow from investment activities was DKK minus 266 million (minus 245),

mainly on upgrades to legacy production and the build-up of capacity for SLIT-tablets production.

Free cash flow was positive at DKK 202 million (56), which was better than originally expected due to higher earnings and the timing of repayment of accrued rebates. This result was in line with the improved outlook issued on 11 November 2021.

Cash flow from financing activities was DKK minus 311 million (minus 62), relating

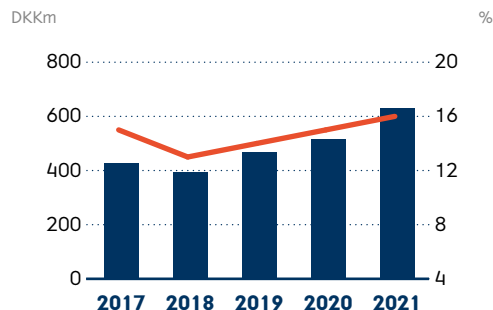
to the settlement of incentive programmes and a refinancing of ALK's loan and credit facilities. Currently, ALK has DKK 1.5 billion in credit facilities running until the end of 2024, of which, DKK 1.3 billion is currently unused.

Equity totalled DKK 3,480 million (3,153) at the end of the year, and the equity ratio was 60% (57%).

At the end of 2021, ALK held 148,528 of its **own shares** or 1.3% (1.9%) of the share capital.

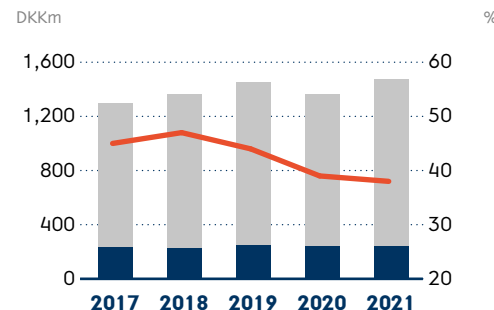
Research and development

- Research and development expenses
- Percentage of revenue



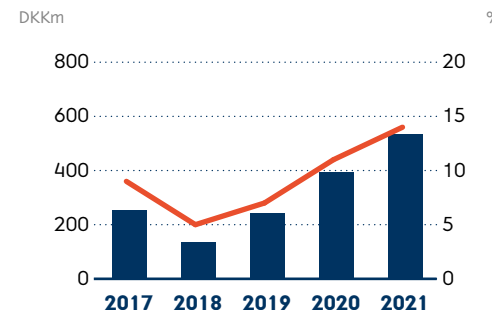
Sales, marketing and administration

- Administrative expenses
- Sales and marketing expenses
- Percentage of revenue



EBITDA

- EBITDA
- EBITDA margin



Q4 review

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

Strong Q4 delivers results in line with latest outlook

ALK delivered 2021 full-year results in line with expectations following a Q4 which saw revenue growth of 9%. Growth was fuelled by continued strong tablet sales growth of 23%, during what is traditionally the peak season for allergy immunotherapy (AIT) treatment initiations. This compares with a Q4 2020 that saw extraordinarily high revenue growth of 16%, with tablet sales growth of 55% which was, in part, fuelled by a high number of shipments to ALK's partner in Japan.

Q4 highlights

- Total revenue was up 9% in local currencies at DKK 1,099 million (991). Reported growth was positively

influenced by 2 percentage points due to exchange rate fluctuations.

- Tablet sales grew by 23% to DKK 509 million (409), with double-digit growth in Europe and North America, whereas sales in International markets were impacted by the phasing of shipments to ALK's partner in Japan.
- Combined SCIT and SLIT-drops sales were largely unchanged at DKK 483 million (477).
- Sales of other products declined 2% to DKK 107 million (105).
- The overall impact of COVID on ALK's business continued to be modest and ALK's supply chain, inventory levels and distribution channels remained robust.

In Europe, revenue was up 7%, driven by strong uptake of the tablets. Tablet sales increased 31%, fuelled in particular

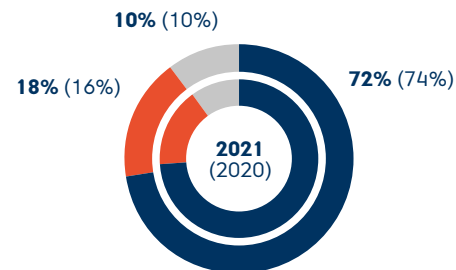
Continues 

Revenue by geography

DKKm	Q4 2021	Growth (l.c.)	Q4 2020
Europe	795	7%	734
North America	193	20%	155
Int'l markets	111	6%	102
Overall revenue	1,099	9%	991

Revenue by geography

■ Europe ■ North America
■ International markets

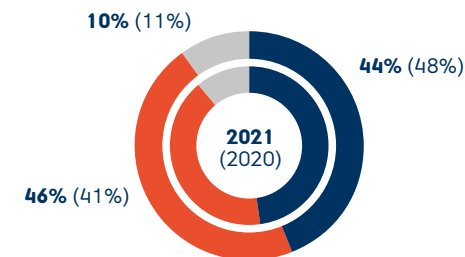


Revenue by product line

DKKm	Q4 2021	Growth (l.c.)	Q4 2020
SCIT/SLIT-drops	483	0%	477
SLIT-tablets	509	23%	409
Other products	107	(2)%	105
Overall revenue	1,099	9%	991

Revenue by product line

■ SCIT/SLIT-drops ■ SLIT-tablets
■ Other



in central and northern Europe by the uptake of ITULAZAX® and the halo effect this had on GRAZAX®. Combined sales of SCIT and SLIT-drops were down 7%, reflecting COVID-related constraints in some countries and the ongoing transition of patients to tablets, while sales of other products declined 33% on low sales of the Jext® adrenaline auto-injector, influenced by fewer prescription renewals because of COVID and a Q4 2020 extension to its shelf life. Another factor was an industry-wide adjustment of rebates in the UK under the agreed rebate scheme, announced in December. Also in Q4, ALK downsized its commercial activities in Spain and Turkey to reflect the current market conditions for evidence-based AIT treatments.

In **North America**, revenue increased 20%, driven by the ongoing recovery in sales across the portfolio after the very challenging market conditions resulting from COVID in 2020. Tablet sales in the region were up 40%, while sales of bulk allergen extracts (SCIT) increased 11%. Sales of other products and services increased 24%.

Revenue from **International markets** grew by 6%, fuelled by product shipments

to China. Revenue from Japan was, as planned, slightly below the high level of 2020, and impacted by fluctuations in the timing of shipments.

Gross margin improved to 64% (58%), reflecting higher sales – especially from tablets in Europe – but also the cost of compliance efforts to solidify robustness in product supply, as well as the implementation of the product and site strategy.

Capacity costs increased 5% to DKK 622 million (588), largely due to higher sales and marketing expenses, related to restructuring costs for changes to ALK's setup in Spain and Turkey. R&D expenses were level with 2020.

EBITDA of DKK 136 million (64) was in line with the most recent outlook, reflecting higher sales, as well as improved gross margins.

Income statement

Amounts in DKKm	Q4 2021	Q4 2020
Revenue	1,099	991
Cost of sales	398	412
Gross profit	701	579
Gross margin	64%	58%
Research and development expenses	179	178
Sales and marketing expenses	372	338
Administrative expenses	71	72
Operating profit/ (loss) (EBIT)	79	(9)
Net financial items	(5)	(5)
Profit/ (loss) before tax (EBT)	74	(14)
Tax on profit	(2)	17
Net profit/ (loss)	76	(31)
Operating profit before depreciation and amortisation (EBITDA)	136	64

“Growth was fuelled by continued strong tablet sales growth of 23%, during what is traditionally the peak season for AIT treatment initiations.

Sustainability

After forming a new, internal Sustainability Committee in 2021, ALK continued integrating sustainability into its overall business strategy. ALK remains a committed signatory of the UN Global Compact Principles and supports the UN Sustainable Development Goals.

The driving force behind ALK's sustainability efforts is ensuring 'Access to Allergy Care for All'. This strategy includes expanding ALK products into new geographical markets directly or through partnerships, and into new segments such as children and adolescents. ALK ensures a comprehensive portfolio of quality allergy solutions through innovative research and development. ALK's sustainability strategy

also considers employee diversity and inclusion, responsible business practices, and environmental impact across the company's value chain.

Expanding 'Access to Allergy Care for All'

'Access to Allergy Care for All' aims to make ALK products and solutions universally accessible, while growing an ethical and sustainable business. In 2021, ALK made allergy diagnosis, allergy immunotherapy (AIT) treatment, and adrenaline products available to more than 100,000 additional patients, bringing the total number of patients served to approximately 2.1 million.

ALK introduced tablet-based AIT to two new countries, while extending the children and adolescent indications of the existing tablet portfolio to 10 additional countries. ALK also ran clinical trials with

the ambition of securing registrations in new geographies and patient segments. In addition, ALK entered a partnership with Grandpharma, a Chinese pharmaceutical company, to expand the availability of its adrenaline auto-injector, Jext®, which is used for the emergency treatment of acute allergic reactions.

Furthermore, ALK's digital channels mobilised more than 375,000 people to take action on their allergies and ALK tested several concepts in various countries to eliminate friction points on the path to prescriptions for the many untreated patients eligible for AIT treatment.

The availability of medicines is just one factor in broadening access to allergy care. A significant barrier to allergy treatment is the lack of access to specialist doctors. Therefore, ALK is partnering with

healthcare systems to train healthcare professionals on how to diagnose and treat allergies. In 2021, this initiative resulted in approximately 3,800 healthcare professionals being educated.

Diverse and engaged employees

A skilled, diverse and engaged workforce is essential to ALK's success. ALK invests significantly to ensure all employees have equal opportunities to realise their full potential, regardless of age, gender, race, ethnicity, religion, disability, sexual orientation, or any other unique characteristic. In addition, ALK's Cultural Beliefs: Do the right thing, Pursue growth, and Build bridges, are designed to inspire and empower employees to reach their

Continues 

 **Find out more**
in ALK's sustainability report,
<https://www.alk.net/sustainability>

full potential, in the pursuit of advancing allergy care for all.

In 2021, ALK continued to take all necessary measures to protect employees from the various resurgences of COVID, while maintaining the pursuit of its strategic growth ambitions. This required a degree of flexibility to accommodate new ways of working. Nevertheless, ALK's 2021 employee engagement survey confirmed that employees felt the company had prioritised their well-being and communicated effectively throughout this period. The survey had a participation rate of 93% and resulted in an overall engagement score of 8.2, which was 0.6 above the benchmark for the healthcare industry.

In 2021, the company took further steps towards increasing gender diversity among its senior leadership. At the end of the year, 29% of vice president and senior director positions were held by women, which was on track for ALK's 2025 goal of at least 35%. The gender balance at manager and director levels remained

on track for approximately 50%, with 53% women and 47% men. The number of women at vice president and senior director levels is expected to increase over the coming years, supported by ALK's talent, mentoring and sponsorship programmes.

At the end of 2021, ALK's Board of Directors consisted of nine members. Of the six shareholder-elected members, two were women, meeting the target of 30%. Furthermore, women accounted for 67% of employee-elected Board members.

Addressing environmental impact

ALK's journey towards reducing its environmental impact includes the optimisation of waste management, reduction of energy consumption, and elimination of CO₂ emissions across the value chain. This will involve an increase in recycling, a transition to renewable energy sources, and a more circular life-cycle for ALK's products and materials. In 2021, ALK improved waste management and recycling. The share of waste that was reused or recycled increased to 50%, up

Continues 

ESG key figures overview

	Unit	2021	2020	2019
Environmental data				
Total CO ₂ emissions (Scope 1, Scope 2, refrigerants)	Tonnes	11,258	11,263	12,213 ¹
CO ₂ emissions (less renewables)	Tonnes	7,130	7,391	9,644
Energy consumption	MWh	45,686	45,441	46,762 ¹
Energy intensity	Ratio	30	31	33
Renewable energy share	%	45	38	20
Water consumption	m ³	127,520	110,530	122,461 ¹
Waste recycled from production sites	%	50	38	38 ¹
Social data				
Workforce	Headcount	2,593	2,486	2,406
Gender diversity (total)	% female	63	63	62
Gender diversity (all management levels)	% female	49	46	47
Gender pay ratio (men to women)	Times	1.18	1.14	1.13
Employee turnover ratio,	%	13	10	11
Lost time injury frequency	LTIF	0.3 ²	2.9	3.5
Absence due to sickness	%	3.1	3.1	2.7
Governance data				
Gender diversity (Board)	%	33	20	17
Board meeting attendance rate	%	94	98	97
CEO pay ratio	Times	34	34	29

¹ Baseline for improvement target

² LTIF includes all work-related injuries resulting in an individual being physically or mentally unable to work. In 2021, injuries were only included if diagnosed by a competent medical professional.

Find out more

Please see further information on the reporting practices for ESG key figures in ALK's sustainability report, <https://www.alk.net/sustainability>

Read the Financial highlights and key figures overview here

from 38% in 2020. In France, switching to biodegradable packaging materials and converting to 100% renewable energy at ALK's production site in Varennes were just some of the initiatives taken to reduce ALK's impact on climate.

As a result of the company's efforts, energy consumption remained at 2019 levels, despite a significant increase in production output, while CO₂ emissions from manufacturing operations fell by 42% compared to the 2019 baseline of total emissions from non-renewable sources.

Policies and guidelines

ALK's sustainability efforts are supported by a wide range of policies and guidelines designed to ensure everyday activities are aligned with the company's long-term ambitions. Topics covered by specific policies include: sustainability as well as the environment, health and safety (EHS), diversity, remuneration, data ethics, tax, stakeholder communications, investor relations, anti-corruption and bribery, and whistleblowing. Additionally, ALK's Code of Conduct details the company's expectations on professionalism, honesty and integrity. In 2021, 97% of employees completed and signed off on the annual online training exercise covering the Code of Conduct.

For more information, ALK's statutory annual report on sustainability, data ethics and gender diversity (as required by §99a, §99b, §99d and §107d of the Danish Financial Statements Act as well as Article 8 of the EU Taxonomy) is available at <https://www.alk.net/sustainability>

Preparing for Scope 3

ALK set a target to reduce its CO₂ emissions by 60% in 2025, which includes emissions from Scope 1, Scope 2, transport, business travel, and company cars.

In addition, ALK will work to secure valid and robust Scope 3 data as well as investigate potential material categories to include in its Scope 3 reporting by 2025.



Switching from plastic to recyclable cardboard packaging

With an increase in awareness and concern from its patients and healthcare professionals, ALK developed a new packaging solution in 2021 for its OSIRIS® products in France. Stringent testing ensured the quality of the medicines would remain uncompromised with this new packaging solution.

The total carbon footprint of the OSIRIS® packaging is now 19 times lower than before, potentially reducing plastic consumption by up to 60 tonnes annually.

In addition to the sustainability benefits, the new packaging is also more user-friendly with its colour-coded design, which makes it easier to read, especially for patients who take multiple treatments. ALK intends to evaluate similar packaging solutions across the entire supply chain.



ALK's precision extraction processes used to make the peanut allergy tablets is made possible by a Dia-Ultra Filtration machine.

Strategy

24 Strategy progress
30 ALK's business model

Strategy progress

A year ago, ALK updated its strategy following the conclusion of a three-year strategic transformation programme designed to stimulate a new period of continued growth.

The priority for the immediate future is to build upon that successful transformation by targeting continuous growth and profitability, as ALK seeks to become ever more relevant to people with allergy.

This will be achieved by extending the company's leadership in respiratory allergy, expanding its position in anaphylaxis, establishing a presence in food allergy, and pursuing new innovations through research. The steps towards fulfilling these ambitions fall into four key focus areas: succeed in North America, complete and commercialise the tablet portfolio, consumer engagement and new horizons, and optimise for excellence.

All of this is underpinned by a company-wide ambition to lead the way on sustainability, through ALK's 'people and planet' commitments.

These strategic priorities map a path towards ALK's financial ambitions for 2025 and beyond – and will shape an ALK capable of delivering continuous, high revenue and earnings growth, with annual revenue growth of 10% or more, and will improve the company's EBIT margin towards around 25% in 2025.

The strategy is further supported by selected longer-term initiatives, which are designed to safeguard and potentially accelerate ALK's longer-term growth trajectory towards 2030 and beyond.

Progress on the strategic priorities

ALK continued the execution of its strategy in 2021, making progress in each of the four focus areas despite the impact

Continues 

ALK's strategic focus areas



of COVID, particularly on the clinical development programme:

In **North America**, ALK continued its efforts to mobilise allergy patients, accelerate tablet sales, and to secure paediatric and adolescent indications for ACARIZAX®/ODACTRA® and RAGWITEK®, as well as introducing other prescription allergy solutions. Overall, tablets sales in the region grew by 42% on increased uptake among key prescribers, improved sales margins in the USA, and reduced COVID-related restrictions, allowing patients to visit clinics more freely once again. Growth was further supported by the strong early performance of ITULATEK™ in Canada. Even so, the long-established market barriers to the adoption of the tablets in the USA remained a challenge.

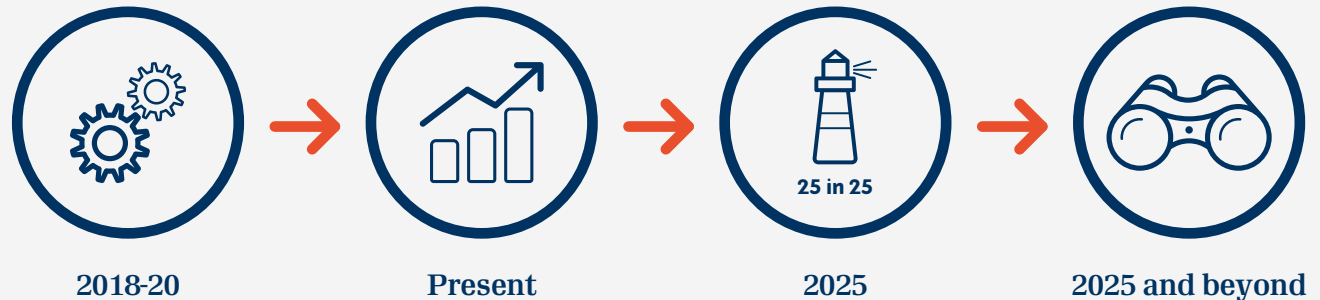
Work to increase traction in the USA for the tablet portfolio included the introduction and expansion of a telehealth partnership giving patients direct access to an allergy health professional, which saw patients mobilised to take action on their allergies, albeit still in small numbers.

In 2022, ALK's goal is to further grow its tablets business by increasing

Continues 

Towards '25 in 25' and growth beyond

Relentless focus on strategy execution in pursuit of 'allergy care for all'



- 2018-20**
- 37% average tablet sales growth
 - Cumulative earnings DKK 800m ahead of plan
 - Past issues cleaned up
 - Strong growth foundations

- Present**
- ≥10% organic growth p.a. driven by tablets
 - Improve efficiency, maintain quality, and build further tablet capacity
 - Initiate clinical development of peanut AIT, 2024 US filing of next-generation adreline product, expand in China
 - Maintain focus on people and planet activities

- 2025**
- Achieve an EBIT margin of around 25% in 2025 based on continued growth, improved gross margin and cost efficiencies
 - Roll out tablets for paediatric use
 - Late-stage clinical development of food AIT
 - 60% reduction in CO₂ emissions versus baseline

- 2025 and beyond**
- ≥10% organic growth p.a.
 - Further expand respiratory allergy leadership, including paediatrics
 - Further expand in China and other markets
 - Expand in anaphylaxis
 - Commercialise food AIT

prescriber depth among key specialists and continuing to pursue partnerships in digital health. ALK also aims to drive growth in its legacy product sales and to obtain approval for the use of ACARIZAX®/ODACTRA® in adolescents.

Efforts to **complete and commercialise the tablet portfolio** advanced, with the aim of securing their use in new geographies and additional patient groups. In April, ALK received approval from the FDA for the use of RAGWITEK® in US paediatric patients, while December saw the filing of a US application covering the use of ODACTRA® in adolescents. Also in 2021, ACARIZAX® was approved for adult and adolescent use in the UK, and for adolescent use in an additional nine countries. There were also approvals for GRAZAX® in eight countries and RAGWIZAX® in two countries, the majority of which were in eastern Europe. There was also a first UK approval for ITULATEK™ for adults and in Russia for adults and adolescents.

ALK's two paediatric Phase III trials in allergic rhinitis – in Europe and North America for the house dust mite tablet, and in Europe and Canada for the tree pollen

tablet – progressed as planned, and patient recruitment will continue in 2022, with both trials expected to complete in 2023. The trials represent some of the final steps towards full paediatric coverage for the tablets in Europe and North America, which will be an important driver of continued double-digit revenue growth for ALK.

COVID continued to impact ALK's paediatric trial in house dust mite-induced allergic asthma, in line with previous updates. The trial was initiated before the start of the pandemic as a regulatory commitment to the European Medicines Agency's Paediatric Development Committee, to expand the current adult asthma indication in Europe by gathering equivalent paediatric data. During the pandemic, ALK has observed a significant reduction in the frequency of asthma exacerbations of almost 66% versus pre-pandemic levels among patient cohorts included in the trial. A reduction of asthma exacerbations has also been reported for society in general and is believed to be the result of virus containment measures, such as face masks and social distancing. Due to the low number of asthma exacerbations observed in the

Continues 



Building evidence on AIT in allergy and asthma

ALK's REWEAL programme is designed to supplement the current clinical evidence base for allergy immunotherapy (AIT) by collating 'real-world' patient data from independent sources in multiple countries. In 2021, results from the ALK-sponsored REACT study were published by The Lancet Regional Health – Europe.

REACT gathered data from more than 92,000 patients with both allergic rhinitis and asthma. It showed that AIT treatment was associated with long-term sustained reductions in the use of their existing medication for up to nine years after AIT treatment initiation. Patients with pre-existing asthma who were treated with AIT were also more likely to step down their asthma treatment regimens, while AIT was also associated with a preventative

effect on severe asthma exacerbations over the nine years. Finally, patients treated with AIT had fewer in-patient stays and shorter stays if admitted to hospital.

REACT is just one example of how our understanding of the role of AIT in allergy and asthma has advanced significantly over recent years. In Europe, ALK's ACARIZAX® is already approved for the treatment of both allergic rhinitis and allergic asthma, and the Global Initiative for Asthma, GINA, now recommends sublingual AIT as a treatment option in patients with house dust mite-induced allergic asthma. ALK will continue to invest in generating new data with the aim of building on these successes and expanding the knowledge base still further.

trial, ALK now believes it is unlikely to fulfil its objective of demonstrating an effect on asthma exacerbations, and the company will begin a dialogue with authorities on possible next steps. Since house dust mite-induced allergic asthma is a comorbidity of allergic rhinitis, ALK nevertheless expects to gain full paediatric coverage via the abovementioned Phase III trials in allergic rhinitis. This development is not expected to impact ALK's long-term financial ambitions and ALK remains committed to exploring the full potential of AIT in the treatment of allergic disease.

Elsewhere, the Phase III registration trial in China of the house dust mite tablet in adult allergic rhinitis remains paused due to COVID, and ALK is in discussions with the relevant authorities on possible next steps.






In 2022, ALK's goal is to further grow global tablet sales by approximately 20%, with double-digit growth across its three sales regions.

Progress on increasing **consumer engagement** continued, and Q2 saw the launch of ALK's klarify digital engagement platform in Canada, bringing the total

Continues 

SLIT-tablet portfolio covers five of the most common respiratory allergies

ALK's SLIT-tablet pipeline

		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 markets*	Adults and children – Allergic rhinitis (grass)				2017
	RAGWITEK® North America	Adults and children – Allergic rhinitis (ragweed)				2014/21
	RAGWIZAX® Europe & Int'l markets	Adults and children – Allergic rhinitis (ragweed)				2020
	ACARIZAX® Europe	Adults – Allergic rhinitis and allergic asthma (HDM) Adolescents – Allergic rhinitis (HDM)				2016/17
	ACARIZAX®/ODACTRA® North America	Adults – Allergic rhinitis (HDM)				2017/18
	MITICURE™ Japan**	Adults and children – Allergic rhinitis (HDM)				2015/18
	ACARIZAX® International markets*	Adults – Allergic rhinitis and allergic asthma (HDM)				***
	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™ Japan**	Adults and children – Allergic rhinitis (Japanese cedar)				2018
	ITULAZAX®/ITULATEK™ Europe & Canada	Adults – Allergic rhinitis (tree: birch family)				2019/20
	ITULAZAX®/ITULATEK™ Europe & Canada	Children – Allergic rhinitis (tree: birch family)				

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

number of klarify countries to six. Metrics on the success of this platform remain encouraging and, during 2021, ALK mobilised more than 375,000 consumers worldwide via klarify, including more than 40,000 in the USA, versus targets of 250,000 and 20,000, respectively. ALK will continue this work in 2022 with a focus on converting mobilised consumers into allergy immunotherapy patients, so that this truly becomes an 'end-to-end' journey for people with allergy.

ALK's **'new horizons'** priority covers initiatives with the ability to accelerate the company's long-term growth, including an expanded offering in anaphylaxis and an entry into food allergy treatment. On the first of these, ALK continued to advance two parallel adrenaline auto-injector (AAI) projects – one in-house, and one in partnership with Windgap – with the aim of a submission to the US FDA in 2024. In 2022, these programmes will progress further with the device development and chemistry, manufacturing and controls (CMC) work needed to produce initial batches for use in stability and reliability testing. These steps will generate essential data for the planned regulatory submissions.

Also in 2021, ALK signed an exclusive agreement with the China-based pharmaceutical company, Grandpharma, that will see its existing AAI, Jext®, become the first to be registered and launched in China.

Work on the food allergy treatment initiative progressed well. In Q2, ALK concluded a development and licensing agreement with Catalent for the use of its Zydis™ fast-dissolving tablet technology – the same technology used in ALK's existing respiratory tablet portfolio – for use in future food allergy products. This was followed, in Q4, by the successful completion of a formulation feasibility study confirming the suitability of Zydis™ for use in a peanut allergy product, and supporting ALK's 2022 goal of initiating Phase I development in the first half of the year.

The priority **'optimise for excellence'** covers ALK's product and site strategy programme (PASS), amongst other initiatives. This aims to safeguard ALK's core portfolio of legacy products by ensuring it remains viable in the long-term, which, in part, means upgrading

Continues ▶



An entry into food allergy treatment

Food allergies can be life-threatening, and are often detected in early childhood. They affect around 2.5% of people worldwide and are on the increase. In early 2021, ALK announced its intention to establish a presence in this area, initially covering allergy to peanut, which is one of the most common food allergies, and can last a lifetime.

Since that initial announcement, progress has been both swift and encouraging. ALK's approach is to adapt the fast-dissolving sublingual tablet technology already used in its respiratory tablet portfolio.

In Q2, ALK finalised a development and licensing agreement with Catalent on the

use of this technology in the food allergy programme, and in Q4 completed a feasibility study confirming its suitability for use in the clinical development of a peanut allergy product. This paves the way for the initiation of Phase I clinical development in the first half of 2022, which will draw upon ALK's extensive knowledge and experience from the development of the respiratory tablets. It will also build upon evidence from earlier, clinical proof of concept work, by leading academic researchers, which has demonstrated that peanut sublingual AIT is efficacious, and may provide a safe and practical treatment for people living with peanut allergy.

legacy production processes so that they continue to meet the very latest regulatory standards. A key element in this programme is the simplification of ALK's production setup by reducing the number of different drug substances used for similar products. In October, this work took another important step towards completion when ALK received an EU regulatory approval opening the door to the necessary changes for its SCIT product line ALUTARD SQ®. In 2021, as part of this ongoing work, ALK submitted a total of 1,859 regulatory variations covering 129 products to 40 authorities around the world.

In 2022, ALK's goal is to further progress the PASS programme as well as ensuring there are no quality-related major interruptions to product supply.

People and planet

Underpinning ALK's efforts in each of the four focus areas is a business-wide commitment to people and planet, which addresses ALK's future organisational

agility, employee engagement and retention, and its sustainability agenda.

Through a series of organisational agility initiatives, ALK aims to ensure its future growth ambitions can be delivered by the necessary range and depth of engaged and motivated employees, each of whom benefits from a strong framework and culture of support when it comes to both talent and leadership development. ALK's approach is rooted in its cultural values, which encourage open dialogue, honest feedback, and strong cross-organisational cooperation.

In 2022, ALK's goal is to maintain or improve upon the high engagement score achieved in the previous year. In addition, ALK will continue to take steps to prioritise sustainability within its business model with the aim of improving access to allergy care and addressing environmental impact across the value chain. A more in-depth summary of progress to date on the people and planet platform, as well as future goals, can be found in ALK's sustainability report.



Focus on



Market expansion by activating doctors and patients

Market expansion is a key part of ALK's growth strategy, especially in more mature allergy immunotherapy markets. The tablet portfolio is particularly important here because, in many cases, it brings growth that is additional to sales from the legacy portfolio.

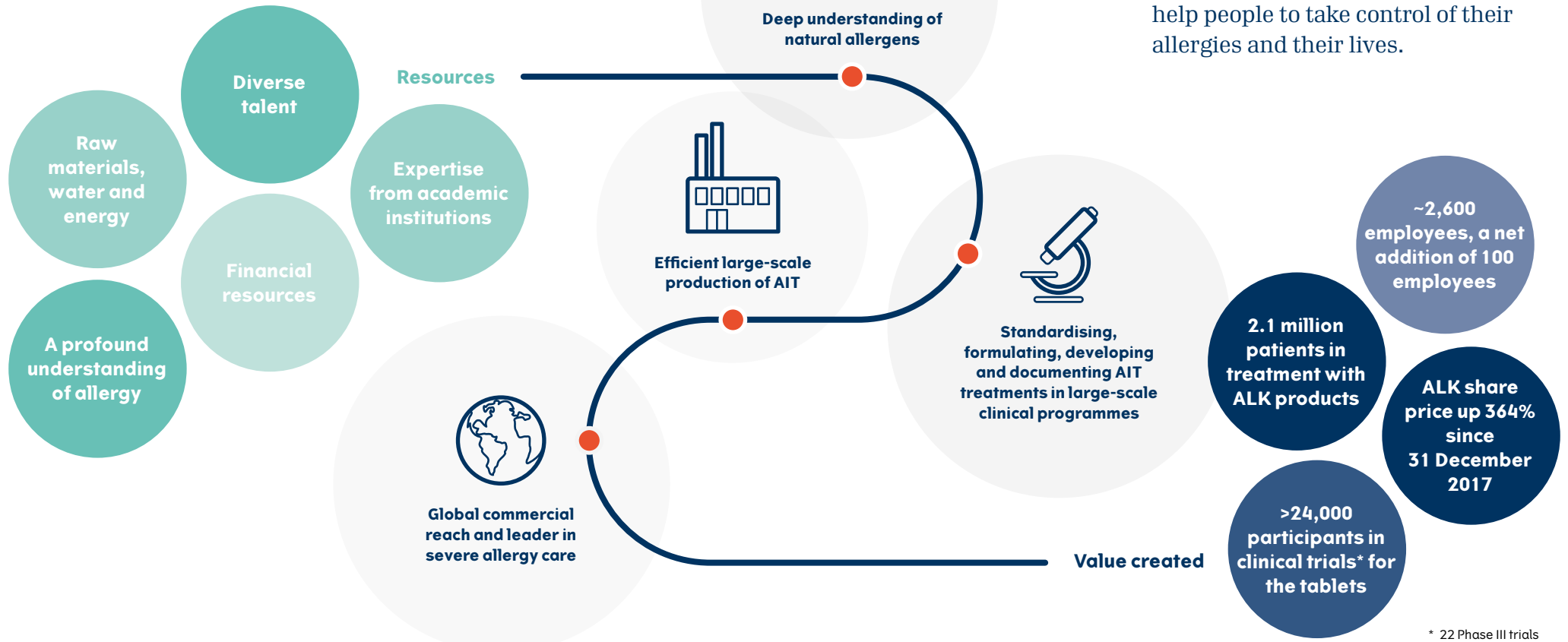
ALK's experience, especially in the Nordic countries, has shown that existing prescribers of the tablets can become powerful advocates for their use, helping to expand the prescriber base among their peers and, in turn, driving increased prescription rates. In addition, the tablets are an attractive proposition to healthcare professionals in specialisms adjacent to allergy, such as paediatrics, ear, nose and throat, and to selected general practitioners.

Further impetus can come from patients themselves, and ALK's digital engagement strategy is designed to motivate new patients to take action on their allergies by connecting them with specialist doctors who can understand their needs, diagnose their condition and prescribe a relevant treatment that can improve their quality of life.

This model – of registering new products, building advocacy and market access, expanding the prescriber base, and mobilising patients – while predominantly applicable to Europe today, has shown increasing success each time ALK has launched a new tablet, from grass, to house dust mite, and most recently, to tree.

ALK's business model

Becoming relevant for more people with allergy



“ As a global allergy solutions company with a century of scientific knowledge and expertise, ALK's business model is designed to help people to take control of their allergies and their lives.

* 22 Phase III trials

Corporate matters

- 32 Governance and ownership
- 40 Risk management
- 42 Board of Directors
- 44 Board of Management

High-performance liquid chromatography (HPLC) is just one of the pharmaceutical-grade analytical processes used to monitor the quality and consistency of ALK's peanut product.

Governance and ownership

Corporate governance

ALK's statutory corporate governance statement for 2021, pursuant to section 107b of the Danish Financial Statements Act, is available at <https://ir.alk.net/financial-reporting/risk-management>

The statement provides a detailed account of ALK's two-tier management

structure, including the Board of Directors' composition, competencies, activities, self-assessment process, and remuneration. The statement also describes key elements of ALK's internal control and risk management systems related to financial reporting processes.

Board composition

At the Annual General Meeting (AGM) in 2021, Anders Hedegaard (Chairman), Lene Skole (Vice Chairman), Lars Holmqvist, Jakob Riis, and Vincent Warnery were all re-elected to the Board of Directors. Furthermore, Gitte Aabo, CEO of GN Hearing, and Bertil Lindmark, Chief

Continues ▶

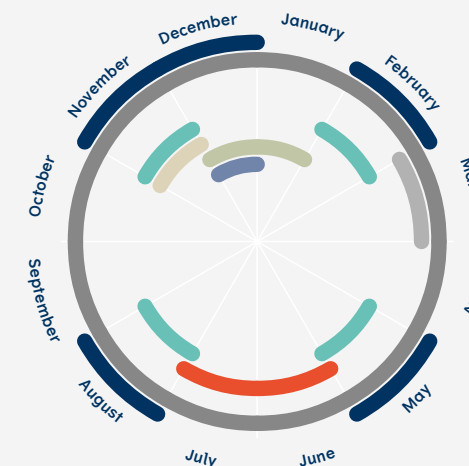
Attendance at meetings

● Attended ● Absent

Name (male/female)	Board meetings	Audit Committee meetings	Remuneration & Nomination Committee meetings	Scientific Committee meetings
Anders Hedegaard (m)	●●●●●●●●	●●●●●	●●●●	●●●
Lene Skole (f)	●●●●●●●●	●●	●●●●	●●●
Gitte Aabo (f)*	●●●●●●	●●●		
Lars Holmqvist (m)	●●●●●●●●		●	
Bertil Lindmark (m)*	●●●●●●			●●●
Jakob Riis (m)	●●●●●●●●	●●●●●		
Vincent Warnery (m)**	●●●●●		●	
Katja Barnkob (f)***	●●●●●●●●			
Nanna Rassov Carlson (f)***	●●●●●●●●			
Johan Smedsrud (m)***	●●●●●●●●			

* elected at the AGM on 18 March 2021 ** stepped down on 5 August 2021 *** employee-elected

Board of Director's annual cycle



- Board meetings
- Monthly reports
- Annual General Meeting
- Strategy work
- Review of financial performance
- Evaluation of collaboration between the Board of Directors and Board of Management
- Organisational performance review and succession planning
- Next year's budget

Medical Officer of Galecto, were elected as new, independent members of the Board.

At the next AGM on 16 March 2022, the Board of Directors will propose the election as a new Board member of Alan Main, previously head of Consumer Healthcare and Executive Committee member at Sanofi. His nomination follows the decision of Vincent Warnery to step down in August 2021 after his appointment as CEO of Beiersdorf.

If the nomination of Alan Main is approved at the AGM, four out of seven shareholder-elected members will again be independent, according to the definitions set by the Danish Committee on Corporate Governance. This reflects the Board's efforts to provide an adequate balance between independent and non-independent members.

No other changes to the Board of Directors will be proposed at the next AGM, as the Board's annual self-evaluation process validated the skills and competencies of the current Board. As such, the Board is considered to have the right competencies

Competency matrix for the Board of Directors

Based on its long-term strategy, ALK has identified the core competencies which must be represented in the Board of Directors for the Board to be able to support the strategy. To assess whether all core competencies are adequately represented, each shareholder-elected member of the Board has been

asked to identify a maximum of four primary competencies they bring to the Board, considering ALK's long-term strategy. They may also have knowledge or experience in areas other than the four primary competencies. The matrix shows the responses to the self-assessment process.

Employee-elected members are not part of the competency self-assessment. For the Chairman and Vice Chairman, two additional competencies, specific to these roles, have been identified.

	Core competencies							Role competencies: Chairman & Vice Chairman		
	Executive experience in a global company	Life science industry	Consumer healthcare / OTC	Financial / Risk	Commercial	Digitalisation	Experience with US market	Research & Development	Experience at CEO level	Board experience from other companies
Anders Hedegaard Chairman	✓	✓			✓		✓		✓	✓
Lene Skole Vice Chairman	✓	✓	✓	✓					✓	✓
Gitte Aabo Member	✓	✓		✓		✓				
Lars Holmqvist Member	✓	✓		✓	✓					
Bertil Lindmark Member	✓	✓						✓		
Jakob Riis Member	✓	✓					✓	✓		

Continues ▶

to support ALK's long-term value creation and strategic progress.

All shareholder-elected Board members are elected for a term of one year. In addition, the Board includes three employee-elected members, all elected for a term of four years. All Board members are presented on pages 42-43 of this annual report, with details of their specific competencies, directorships, and other relevant background information. The Board of Management is presented on page 44. There were no changes to the Board of Management in 2021.

Governance recommendations

The Danish Committee on Corporate Governance has set out a series of recommendations on corporate governance which has been adopted by Nasdaq Copenhagen. ALK's Board of Directors actively applies these recommendations as inspiration for setting up structures, tasks and procedures, and ALK accounts for its compliance with the recommendations in an annual 'comply-or-explain' review.

The most recent update to the Danish Committee on Corporate Governance's

recommendations took place in 2020 and came into effect from 2021. To ensure its continued compliance, ALK has made the following amendments to procedures and policies:

- The election of new independent Board members in 2021-22 to achieve an overweight of independent members on the Board of Directors and its three sub-committees: The Audit Committee, the Remuneration & Nomination Committee, as well as the Scientific Committee.

- New policies were adopted covering stakeholder communications and investor relations.
- New guidelines were introduced to govern the principles and procedures in the event of a proposed takeover.

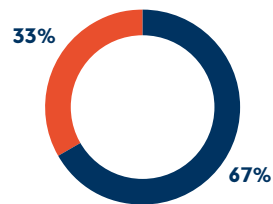
The review of all updated 40 guidelines is available at <https://ir.alk.net/corporate-governance>

Continues ▶

Board of Directors

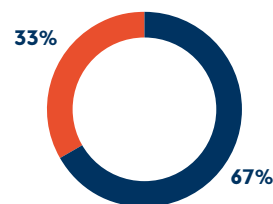
Nationality

■ Danish ■ Other



Gender diversity

■ Male ■ Female



Independence

■ Independent ■ Non-independent



Find out more

ALK's statutory corporate governance statement: <https://ir.alk.net/corporate-governance>

Find out more

The Board of Directors' 'comply or explain' review: <https://ir.alk.net/corporate-governance>

Remuneration

Remuneration for the Board of Directors and the Board of Management is determined in accordance with ALK's remuneration policy as adopted by the AGM. The policy is prepared in accordance with sections 139 and 139a of the Danish Companies Act as well as items 4.1.1-4.1.6 of the latest Danish Corporate Governance Recommendations.

The policy outlines the overall framework for remuneration. The objectives of the policy are to:

- Attract, motivate, and retain qualified members of the Board of Directors and Board of Management.
- Align the remuneration components to the interests of shareholders.
- Contribute to promoting value creation at ALK and support ALK's business strategy.
- Ensure that the remuneration of individual members of the Board of Management reflects the overall performance as well as individual results.

The remuneration policy was approved by the AGM in March 2021.

Summary of remuneration report

Remuneration for the Board of Directors and Board of Management is reported separately in ALK's remuneration report. The report is prepared in accordance with section 139b of the Danish Companies Act.

The report provides an overview of the components in the remuneration for the Board of Directors and Board of Management, including an overview of the actual remuneration in 2021, its development during the past three years, as well as the shareholdings of Board of Directors and Board of Management members.

All remuneration for the Board of Directors and Board of Management followed the principles and framework outlined in ALK's remuneration policy.

Members of the Board of Directors each received a fixed annual fee for serving on the Board, with the Vice Chairman and Chairman receiving double and triple the annual fee, respectively. In addition, members received an additional fee for

Remuneration 2017-21

DKK†	2021	2020	2019	2018	2017
Board of Directors					
Base fees	3,650	3,359	3,245	3,080	3,300
Committee fees	998	885	850	850	850
Total	4,648	4,244	4,095	3,930	4,150
Board of Management					
Base salary	17,276	16,804	15,104	14,229	16,775
Short-term incentives (cash bonus)	11,924	9,906	8,535	7,342	7,835
Sign-on bonus (cash)	-	-	-	686	1,500
Pension incl. social security	1,396	1,345	1,298	1,151	1,584
Other benefits	703	741	803	814	932
Termination benefits	-	-	-	-	2,332
Long-term incentives (grant value)	6,371	6,204	6,863	12,376	13,228
Total	37,670	35,000	32,603	36,598	44,186

serving on the Board's committees. The Board and committee fees remained unchanged from 2020 to 2021. For members serving on the Scientific Committee, a fee was set as outlined in ALK's remuneration policy. Members of the Board are not offered share options, performance shares or other incentives as payment for their work on the Board or committees.

The remuneration of the Board of Management reflects a good year with

strong financial results and solid progress on ALK's strategic agenda. Both the short-term and long-term incentive plans were settled above target, while the base salary for members of the Board of Management was increased by 1.75%, in line with the general increase for ALK employees

Continues ▶

Find out more

The remuneration policy is available at <https://ir.alk.net/corporate-governance>

in Denmark – except for the CFO, who received an increase above the general level to bring his base salary closer to the market level.

The remuneration report for 2021 will be presented for an advisory vote at the AGM on 16 March 2022. The remuneration report is available at <https://ir.alk.net/corporate-governance>

Investor relations objectives

It is ALK's objective to have a diversified shareholder base in terms of geography, investment profile and time horizon that shares the company's vision and supports its long-term strategy. Accordingly, ALK's investor relations (IR) activities aim to support the perception of ALK as an accessible, trustworthy, and professional company that provides relevant, accurate, balanced, and timely information to capital markets in order to enable both a fair valuation and regular trading of its shares.

Growing shareholder base

ALK's share capital is divided into A shares, AA shares and B shares. The A and AA shares are not listed and are predominantly held by the Lundbeck

Foundation, while all B shares are listed on Nasdaq Copenhagen and freely negotiable.

On 31 December 2021, ALK had 20,434 registered shareholders versus 17,697 at the end of 2020. The registered shareholders owned 98% of the share capital (98%).

Two shareholders have reported to ALK that they held 5% or more of the shares on 31 December 2021:

- The Lundbeck Foundation (Denmark): 40.3% incl. A and AA shares
- ATP (Denmark): 5.8%

Major shareholders' and treasury shares

Shareholder	Registered office	No of shares	Interest	Votes
Lundbeck Foundation	Copenhagen, Denmark	920,720 A shares 92,072 AA shares 3,474,827 B shares	40.3%	67.2%
ATP	Hillerød, Denmark	642,314 B shares	5.8%	3.2%
ALK (treasury shares)	Hørsholm, Denmark	148,528 B shares	1.3%	-

Of the largest registered shareholders, the vast majority were institutional investors, particularly from Europe and North America. The international registered ownership was estimated at approximately 31% (23%), representing 52% of the free float of the B share capital, excluding the Lundbeck Foundation's holding and treasury shares.

To meet obligations to deliver shares under management incentive programmes, ALK held 148,528 of its own shares, or 1.3% of the share capital, versus 1.9% at the end of 2020. The holding was reduced during the year following the settlement of share option and performance share programmes. The

Continues 

Core data for the share

Share capital	DKK 111,411,960
Nominal value	10 DKK per share
No of A shares	920,760 units with 10 votes per share
No of AA shares	92,760 units with 10 votes per share
No of B shares	10,128,360 units with 1 vote per share
Stock exchange	Nasdaq Copenhagen
Ticker symbol	ALK B
Indices	X4500 (healthcare), OMXCLCPI (LargeCap) and OMXCPI (all)
ISIN	DK0060027142
Blomberg code	ALKB.DC
Reuters code	ALKB_CO
ADR ticker symbol	AKABY
LEI code	529900SGCREUZCZ7P020

current holding is considered sufficient to cover current obligations under long-term incentive programmes.

The Board of Directors and Board of Management held a total of 12,963 shares at year-end, corresponding to 0.1% of the share capital (0.1%).

Liquidity

The daily trading liquidity during 2021 was largely unchanged and averaged DKK 30 million (31) per day in value.

Return to shareholders

At year-end, the closing price of ALK B shares on Nasdaq Copenhagen was DKK 3,430, up 37% since 31 December 2020. During the same period, the Danish OMXC25 increased by 17% and the Nasdaq Biotechnology Index decreased by 1%.

The total market value of ALK's B shares, excluding treasury shares, was DKK 34 billion at year-end versus DKK 25 billion at the end of 2020. Since end of 2017, shortly after the announcement of ALK's new strategy, share price increases have

yielded an average, annual return of 47% to shareholders.

Dividend and capital structure

The Board of Directors considers that ALK's financial resources, including credit facilities, continue to form a sufficient basis for executing ALK's strategy and to fund investments. At the end of 2021, net interest-bearing debt amounted to DKK 516 million and leverage stood at 1.0 EBITDA (1.6).

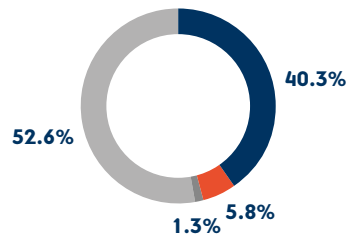
In support of ALK's growth strategy, the Board of Directors is extending its

recommendation that dividend payments be suspended until ALK's profitability further improves. Accordingly, the Board of Directors will propose to the AGM, that no dividends are declared for 2021. The Board of Directors revisits the dividend policy and ALK's capital structure on an ongoing basis.

Up to and including 11 March 2023, the Board of Directors is authorised to increase the share capital by up to DKK 11,141,196 (AA shares with a nominal value of up to DKK 1,012,836, and B shares with a nominal value of up to DKK

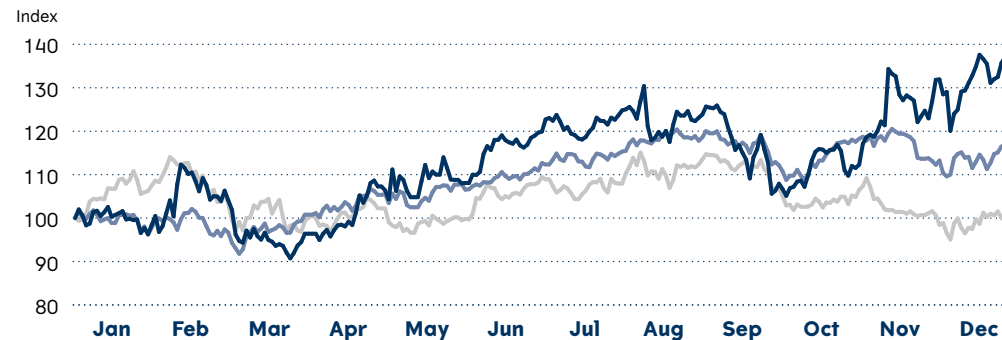
Shareholders as at 31 December 2021

■ The Lundbeck Foundation ■ ATP
■ ALK ■ Other



The ALK share in 2021

■ ALK ■ OMXC25 (indexed) ■ Pharma, biotech and life sciences (NBI-NAS, indexed)



10,128,360). Capital increases may either be at a price below market price with pre-emption rights for existing shareholders, or at market price without pre-emption rights for B shareholders.

The Board of Directors is authorised for the period until 12 March 2024 to let the company acquire own B shares on a regular basis for a nominal value of up to DKK 11,141,196 (equivalent to 10% of the share capital). Such shares may only be acquired for an amount that, together with the treasury shares already held by the company, at no time exceeds a nominal value of 10% of the share capital. The consideration for such shares may not deviate by more than 10% from the official quoted price of the B shares on Nasdaq Copenhagen on the date of acquisition.

Investor relations

According to ALK's IR policy, the IR department is committed to:

- Providing information on strategy, operations, performance, expectations, goals, pipeline, market development, and other matters of importance to the assessment of the share.

- Working to strengthen its dialogue with all financial stakeholders, in accordance with good IR practice and the applicable rules and regulations for companies listed on Nasdaq Copenhagen, by providing equal and sufficient access to potentially price-sensitive information.
- Sharing key feedback from investors and analysts with the Board of Management and Board of Directors; and facilitating the ability of all shareholders to easily exercise their voting rights.

During 2021, besides hosting regular telephone conferences, ALK representatives participated in many individual meetings and briefing calls with analysts and investors. ALK also presented at investor conferences and seminars targeting various audiences. As in-person meetings continued to be limited due to COVID, the engagement with investors and analysts was predominantly virtual.

A total of 26 announcements were published in 2021 (2020: 17), including investor news and reports on transactions by managerial staff. All announcements

Continues 



are available on ALK's main corporate website, together with reports, presentations, recordings of telephone conferences, share price information, analysts' estimates, and related information. Registered shareholders are encouraged to sign up at the InvestorPortal.

Find out more

Visit Investor Relations at <https://ir.alk.net/investors>

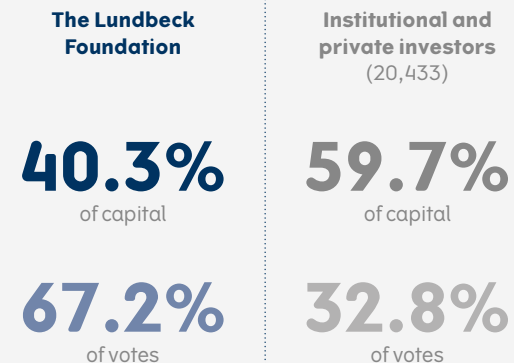
Contact Investor Relations

Per Plotnikof, Head of IR
Tel. +45 4574 7527

Financial calendar for 2022

Annual General Meeting	16 March
Three-month interim report (Q1)	12 May
Six-month interim report (Q2)	11 August
Nine-month interim report (Q3)	10 November

Ownership structure



A + AA shares (The Lundbeck Foundation):	1,012,792
A + AA shares (Other):	44
A + AA shares total:	1,012,836
B-shares (The Lundbeck Foundation):	3,474,827
B-shares (ATP):	642,314
B-shares (Other):	5,862,691
B-shares total:	10,128,360



The Lundbeck Foundation

The Lundbeck Foundation, one of Denmark's largest commercial foundations, is the controlling shareholder of ALK, owning 67% of the votes and 40% of the capital. The Foundation grants a minimum of DKK 500 million each year to public biomedical and health science research with a particular focus on neuroscience. Its business activities encompass majority shareholdings in two other healthcare companies, H. Lundbeck and Falck, an international portfolio of life science venture companies, a portfolio of biotech start-ups based on research from primarily Danish universities, as well as management of securities of around DKK 24 billion.

Risk management




ALK's Board of Management is responsible for the ongoing management of risks throughout the value chain, including risk mapping, the assessment of probabilities and potential consequences, and the introduction of risk-reducing measures.

The Board of Management has established a risk committee to assist it in meeting its overall responsibility for risk management. The Risk Committee comprises representatives from each functional area

relevant to ALK's risk profile. It meets twice a year or more, as required, to perform its tasks. Risks are systematically assessed according to a two-dimensional matrix, rating the impact and probability of each risk. A risk management report with key enterprise risks and recommended mitigation plans is presented to Board of Management before it is submitted to the Board of Directors on an annual basis for their review and approval.

The following is a description of ALK's key enterprise risks, and the main initiatives taken to mitigate these risks. The risk movements compared to the previous year are indicated.

2021 movement

-  The impact of the risk has increased compared to the year before
-  The impact of the risk is stable and has not changed from the year before
-  The impact of the risk has decreased compared to the year before

Commercial risks

Description

The degree of market acceptance for a new product or drug candidate depends on several factors, including the demonstration of clinical efficacy and safety, cost-effectiveness, convenience and ease of administration, potential advantages over alternative treatment methods, competition, and marketing and distribution support. If ALK's new products, primarily tablets, fail to achieve market acceptance, this could have a significant influence on the company's ability to generate revenue. Even if market acceptance of the tablets is successfully achieved, the extent of their acceptance could influence the company's ability to fully deliver on its sales-growth targets for these products. While acceptance of tablets continues to increase in most markets, market acceptance remains a risk for ALK primarily in the USA.


Price pressures mandated by authorities can have a significant impact on the company's earnings capacity. In most of the countries in which ALK operates, prescription drugs are subject to reimbursement from, and price controls by, national authorities and healthcare providers. This often results in significant price differences between individual markets. Exceptionally, governments and national authorities may introduce economic measures that also affect the pricing and reimbursement of medicines, for example, because of the impact of COVID on healthcare budgets or because of a major economic downturn.

Risk mitigation

ALK closely monitors economic, market and regulatory developments as they relate to product pricing, along with the competitive situation and initiatives in all important markets, with the aim of appropriate risk mitigation.

ALK regularly conducts extensive surveys of market conditions and similar factors and commits significant resources to providing information on its products to doctors and patients. Sales growth targets are set with a full understanding of the potential risks involved in successfully marketing any product and these are anticipated and managed so far as is possible. ALK continues its focus on market access strategy, especially in the USA, to make tablets a more attractive alternative for patients.

ALK is strongly committed to evidenced-based medicine, based on strong clinical and health economic evidence as the basis for pricing and reimbursement. ALK actively engages in dialogue with authorities with the aim of securing fair pricing and reimbursement agreements and maintains a strong focus on its market access strategy.

2021 movement: 

Production and quality issues impacting product supply and patient safety

Description

ALK's products are subject to many statutory and regulatory requirements with respect to issues such as safety, efficacy, and production. The products may, in unexpected situations, be associated with allergic reactions of varying extents, durations and severities. Meeting high product quality standards is a prerequisite for the company's ability to supply products and hence its competitive strength, and for the company's earnings and sales.

ALK has concentrated its key in-house production capacity at plants in Denmark, France, Spain and the USA. Although the plants are in areas that have not historically been hit by natural disasters, this geographical spread calls for risk planning to avoid emergencies, such as lack of, or poor access to, raw materials: for instance, pollen.

As ALK works to rationalise its product portfolio, there may be risks associated with the discontinuation of its products. Among others, these may include potential disruption at manufacturing sites during decommissioning work, the loss of sales from products for which no suitable ALK substitute product exists, or the inability to meet sudden spikes in demand for other products due to patients switching from discontinued products. Dependency on third parties for supplying input for key production processes and commercialising the company's products in several markets entails risks that ALK would not be subject to if the company possessed the necessary in-house capabilities.

Risk mitigation

ALK stringently monitors product quality and safety, both in clinical development and in sales and marketing activities. If, despite the high levels of quality and safety, a situation should occur in which it is necessary to recall a product, ALK has procedures in place to ensure that this can be managed swiftly and effectively and in accordance with regulatory requirements. Production and manufacturing processes are subject to periodic and routine inspections by regulatory authorities as a regular part of their monitoring processes to ensure that ALK observes the prescribed requirements and standards.

ALK's production processes and quality standards have been developed and optimised over many years. ALK has invested significantly to increase the robustness and compliance of the legacy business by reducing manufacturing complexity, and all possible steps are taken during portfolio rationalisation work to mitigate any potential impact on other areas of manufacturing or the wider business. ALK conducts risk planning including for the prevention of unwanted events, and preventative inventory management. ALK manages third party dependency risks through contractual stipulations, planning, monitoring, and joint steering committees.

2021 movement: →

Failures or delays in product development

Description

The future success of ALK depends on the company's ability to maintain current products and to successfully identify, develop and market new, innovative drugs, which involves significant risks.

A pharmaceutical drug must be subjected to extensive and lengthy clinical trials to document qualities such as safety and efficacy before it can be approved for marketing. During the development process, the outcomes of these trials are subject to significant risks. Even though substantial resources are invested in the development process, the trials may produce negative results.

Failures or delays in the development process or in obtaining regulatory approvals may have a major impact for the patients not able to benefit from the products, and on the ability of ALK to achieve its long-term goals.

Risk mitigation

ALK and its collaborative partners perform thorough risk assessments of their research and development programmes throughout the development and registration processes with the objective of risk mitigation to optimise the likelihood of the products reaching the market.

ALK's Scientific Committee is responsible for other patient-/product-related innovation activities. The committee advises on matters relating to R&D activities and other patient-/product-related innovation activities, including reviewing R&D programmes and the overall R&D pipeline.

2021 movement: →

Breaches of legal or ethical standards

Description

Non-compliance with applicable regulations, legislation, or ALK's Code of Conduct could negatively impact the company's good reputation which is essential for operating within the pharmaceutical industry.

Patents and other intellectual property rights are important for developing and retaining ALK's competitive strength.

Risk mitigation

ALK strives to act professionally, honestly, and with high integrity throughout the company in relation to stakeholders. ALK's Code of Conduct defines ALK's high standard of ethical behaviour in relation to customers, employees, shareholders, society, suppliers, and partners. Immediate action is taken on substantiated non-compliance. Annually, all employees are asked to sign and confirm their knowledge of the Code of Conduct and to take an online test.

Internal controls and policies are in place to safeguard ALK's intellectual property rights. The risk that ALK might infringe patents or trademark rights held by other companies, as well as the risk that other companies may attempt to infringe the patents and/or trademark rights of ALK are monitored and, if necessary, suitable measures are taken.

2021 movement: →

Severe IT security breaches impacting business continuity

Description

The threat of cyberattacks continues to grow significantly for ALK, as it does for most major companies. Disruption to IT systems, such as severe breaches of data security, may occur across the global value chain, where well-functioning IT systems and infrastructure are critical for the company's ability to operate effectively.

Risk mitigation

ALK continuously manages this risk, among other ways, by having a security strategy in place to prevent intruders from causing damage to systems or gaining access to critical data and systems. Awareness campaigns, access controls, intrusion detection and prevention systems have all been implemented, further initiatives are planned, and systems are regularly upgraded to increase network security.

2021 movement: ↗

Board of Directors



Anders Hedegaard
(1960, Danish)

Rodenstock Group, CEO

Chairman

Board member since 2020²

Member of the Audit Committee

Chairman of the Remuneration & Nomination Committee

Member of the Scientific Committee

Competencies

Specific expertise within management and sales & marketing in international life science and consumer care companies.



Lene Skole¹
(1959, Danish)

The Lundbeck Foundation, CEO and directorships at two other subsidiaries

Vice Chairman

Board member since 2014²

Member of the Remuneration & Nomination Committee

Member of the Scientific Committee

Competencies

Experience in management, financial and economic expertise, experience in strategy and communication in international companies.

Directorships³

Falck A/S, Vice Chairman

H. Lundbeck A/S, Vice Chairman

Tryg Forsikring A/S

Tryg A/S

Ørsted A/S, Vice Chairman



Gitte Aabo
(1967, Danish)

GN Hearing, CEO

Board member since 2021²

Member of the Audit Committee

Competencies

Extensive global leadership experience and deep understanding of international management, finance, IT, and sales & marketing, as well as considerable insights into building digital communities.

Directorships³

Danmarks Nationalbank

HIMPP A/S (Hearing Instrument Manufacturers

Patent Partnership)

UNION therapeutics A/S

The Danish Chamber of Commerce



Lars Holmqvist¹
(1959, Swedish)

Professional board member

Board member since 2015²

Competencies

Experience in management, finance and sales & marketing in international life science companies, including med-tech and pharmaceutical companies.

Directorships³

Biovica International AB, Chairman

H. Lundbeck A/S

The Lundbeck Foundation

Naga UK Topco Limited, UK

Vitrolife AB, Sweden

¹ These board members are not regarded as independent in the sense of the definition contained in the Danish Corporate Governance Recommendations due to their affiliations with the Lundbeck Foundation, which owns 40.3% of ALK's shares.

² Members elected by the Annual General Meeting are up for re-election each year.

³ Directorships do not include those for companies that are privately owned, in whole or in part, by members of the Board of Directors.



Bertil Lindmark
(1955, Swedish)

Galecto A/S, Chief Medical Officer
Board member since 2021²
Chairman of the Scientific Committee

Competencies

More than 30 years' experience of global R&D leadership in pharmaceuticals and biotech. Brings board-level experience from Almirall and Medicon Valley Alliance, and served on the Research Board of AstraZeneca. Has also participated in a range of IPOs, acquisitions and debt-financing activities.



Jakob Riis¹
(1966, Danish)

Falck A/S, President & CEO
Board member since 2013²
Chairman of the Audit Committee

Competencies

Experience in management and sales & marketing in the international healthcare industry.

Directorships³

Danish Board of Business Development,
Chairman



Katja Barnkob
(1969, Danish)

Project Director, Global CMC Development, ALK-Abelló A/S
Board member since 2011
Employee-elected

Competencies

Experience in project management of global drug development projects in the pharmaceutical industry.



Nanna Rasso Carlson
(1976, Danish)

Manager, QA Release, ALK-Abelló A/S
Board member since 2019
Employee-elected

Competencies

Expertise in production and release of ALK's active pharmaceutical ingredients for sublingual immunotherapy products.



Johan Smedsrud
(1972, Danish)

Maintenance Supporter, Process & Production Support, ALK-Abelló A/S
Board member since 2019
Employee-elected

Competencies

Experience in HVAC systems, cleanroom testing, utensil washing and sterilisation for the pharmaceutical industry.

¹ These board members are not regarded as independent in the sense of the definition contained in the Danish Corporate Governance Recommendations due to their affiliations with the Lundbeck Foundation, which owns 40.3% of ALK's shares.

² Members elected by the Annual General Meeting are up for re-election each year.

³ Directorships do not include those for companies that are privately owned, in whole or in part, by members of the Board of Directors.

Board of Management



Carsten Hellmann
(1964)

President & CEO

Competencies

Executive management experience in global healthcare and biopharmaceutical companies.

Directorships¹

Coloplast A/S
Copenhagen Capacity
The Danish Chamber of Commerce



Henrik Jacobi
(1965)

*Executive Vice President,
Research & Development*

Competencies

Experience in management, innovation, and research & development in the pharmaceutical industry.

Henrik Jacobi holds a degree in Medicine from 1993.



Søren Jelert
(1972)

Executive Vice President & CFO

Competencies

Experience in management, financial and economic expertise in the pharmaceutical industry and other sectors.



Søren Niegel
(1971)

*Executive Vice President,
Commercial Operations*

Competencies

Experience in management as well as global production and sales & marketing within the pharmaceutical industry.

¹ Directorships do not include those for companies that are privately owned, in whole or in part, by members of the Board of Management.

Financial statements

Statements

- 46 Statement by Management on the annual report
- 47 Independent Auditor's reports

Consolidated financial statements

- 52 Income statement
- 52 Statement of comprehensive income
- 53 Cash flow statement
- 54 Balance sheet
- 55 Statement of changes in equity
- 56 Notes

Parent company financial statements

- 92 Income statement
- 93 Balance sheet
- 94 Statement of changes in equity
- 95 Notes

The peanut drug substance is processed into a lyophilised tablet as the drug product that is visually inspected for e.g. colour.

Statement by Management on the annual report

The Board of Directors and the Board of Management have today considered and adopted the annual report of ALK-Abelló A/S for the financial year 1 January to 31 December 2021.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. The parent company financial statements have been prepared in accordance with the Danish Financial Statements Act. Management's review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position at 31 December 2021 of the group and the parent company and of the results of the group and parent company operations and

consolidated cash flows for the financial year 1 January to 31 December 2021.

In our opinion, Management's review includes a true and fair account of the development in the operations and financial circumstances of the group and the parent company, of the results for the year and of the financial position of the group and the parent company as well as a description of the most significant risks and elements of uncertainty facing the group and the parent company.

In our opinion, the annual report of ALK-Abelló A/S for the financial year 1 January to 31 December 2021 identified as "ALK-2021-12-31-en.zip" is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the annual report be adopted at the annual general meeting.

Hørsholm, 8 February 2022

Board of Management

Carsten Hellmann
President & CEO

Henrik Jacobi
Executive Vice President,
Research & Development

Søren Jelert
Executive Vice President
& CFO

Søren Daniel Niegel
Executive Vice President,
Commercial Operations

Board of Directors

Anders Hedegaard
Chairman

Lene Skole
Vice Chairman

Gitte Aabo

Katja Barnkob

Nanna Rassov Carlson

Lars Holmqvist

Bertil Lindmark

Jakob Riis

Johan Smedsrud

Independent Auditor's Reports

To the shareholders of ALK-Abelló A/S

Report on the audit of the Financial Statements

Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2021 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2021 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements (pp 51-90) and the Parent Company Financial Statements (pp 91-102) of ALK-Abelló A/S for the financial year 1 January to 31 December 2021 comprise income statement, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies for the Group as well as for the Parent Company and statement of comprehensive income and cash flow statement for the Group.

Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities

under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of ALK-Abelló A/S on 11 March 2020 for the financial year 2020. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of two years including the financial year 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2021. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Valuation of deferred tax assets

A significant part of the recognised deferred tax assets relates to tax losses carried forward in Denmark.

Utilisation of the recognised deferred tax assets is depending on the expected future taxable income within the Danish joint taxation group with the Lundbeck Foundation and its other subsidiaries.

We focused on this area as the amounts involved are material and as the valuation of deferred tax assets is associated with significant accounting estimates and judgements. This includes the estimation uncertainty regarding assessing the future taxable profits of ALK-Abelló A/S and within the Danish joint taxation group.

We refer to note 2.8 in the consolidated financial statements.

How our audit addressed the key audit matter

We assessed the method applied by Management for calculating the deferred tax assets and assessing their valuation.

We tested the calculation of the deferred tax assets prepared by Management and involved our internal tax specialist in assessing the tax calculation to ensure compliance with relevant tax legislation.

We evaluated and challenged the documentation prepared by Management regarding the deferred tax assets, including Management's best estimate of the probability of realising the future taxable profits in Denmark and within the Danish joint taxation group. We furthermore evaluated Management's sensitivity and risk analysis.

We assessed the appropriateness of the related disclosure provided in the consolidated financial statements.

Statement on Management's Review

Management is responsible for Management's Review (pp 1-44 and p 103).

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial

Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate

the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an

opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We

describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of ALK-Abelló A/S for the financial year 1 January to 31 December 2021 with the filename ALK-2021-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained,

and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and

- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of ALK-Abelló A/S for the financial year 1 January to 31 December 2021 with the file name ALK-2021-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 8 February 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

Lars Baungaard

State Authorised Public Accountant
mne23331

Kim Tromholt

State Authorised Public Accountant
mne33251

Consolidated financial statements

Financial statements

Income statement	52
Statement of comprehensive income	52
Cash flow statement	53
Balance sheet	54
Statement of changes in equity	55
Notes	56
Definitions	90

Notes

Section 1

Basis of reporting

1.1	General accounting policies	56
1.2	Significant accounting estimates and judgements	58

Section 2

Results for the year

2.1	Revenue and segment information	59
2.2	Expenses	60
2.3	Depreciation, amortisation and impairment	61
2.4	Staff costs	61
2.5	Fees to the ALK Group's auditors	62
2.6	Other operating items, net	62
2.7	Financial income and expenses	62
2.8	Income taxes and deferred tax	63

Section 3

Operating assets and liabilities

3.1	Intangible assets	66
3.2	Property, plant and equipment	68
3.3	Leases	70
3.4	Inventories	72
3.5	Trade receivables	73
3.6	Prepayments	73
3.7	Pensions and similar liabilities	74
3.8	Provisions	76
3.9	Other payables	76
3.10	Contingent liabilities and commitments	77

Section 4

Capital structure and financing

4.1	Share capital and earnings per share	78
4.2	Financial risks and financial instruments	79

Section 5

Other disclosures

5.1	Share-based payments	84
5.2	Cash flow	87
5.3	Related parties	88
5.4	Events after the reporting period	88
5.5	Approval of financial statements	88
5.6	List of companies in the ALK Group	89

Income statement

Amounts in DKKm	Note	2021	2020
Revenue	2.1	3,916	3,491
Cost of sales	2.2-2.4, 3.4, 5.1	1,520	1,463
Gross profit		2,396	2,028
Research and development expenses	2.2-2.4, 5.1	631	515
Sales and marketing expenses	2.2-2.4, 5.1	1,234	1,125
Administrative expenses	2.2-2.4, 5.1	240	237
Other operating items, net	2.6	1	(1)
Operating profit (EBIT)		292	150
Financial income	2.7	10	5
Financial expenses	2.7	23	54
Profit before tax (EBT)		279	101
Tax on profit/(loss)	2.8	60	76
Net profit		219	25
Earnings per share (EPS)	4.1		
Earnings per share (EPS)		19.96	2.29
Earnings per share (DEPS), diluted		19.82	2.27

Statement of comprehensive income

Amounts in DKKm	Note	2021	2020
Net profit		219	25
<i>Items that will subsequently not be reclassified to the income statement:</i>			
Actuarial gains/(losses) on pension plans	3.7	16	(3)
Tax related to actuarial gains/(losses) on pension plans	2.8	(5)	1
		11	(2)
<i>Items that will subsequently be reclassified to the income statement, when specific conditions are met:</i>			
Foreign currency translation adjustment of foreign affiliates		84	(106)
Tax related to other comprehensive income, that will subsequently be reclassified to the income statement	2.8	(4)	1
		80	(105)
Other comprehensive income/(loss)		91	(107)
Total comprehensive income/(loss)		310	(82)

Cash flow statement

Amounts in DKKm	Note	2021	2020
Net profit		219	25
Adjustments			
Adjustments for non-cash items	5.2	400	462
Changes in working capital	5.2	(28)	(154)
Financial income, received		-	4
Financial expenses, paid		(23)	(22)
Income taxes, paid (net)		(100)	(14)
Cash flow from operating activities		468	301
Investments in intangible assets	3.1	(45)	(26)
Investments in tangible assets	3.2	(218)	(196)
Investments in other financial assets*		(3)	(23)
Cash flow from investing activities		(266)	(245)
Free cash flow		202	56
Sale of treasury shares		31	11
Exercised share options, paid	5.1	(72)	(24)
Proceeds from borrowings	5.2	226	-
Repayment of lease liabilities	5.2	(32)	(30)
Repayment of borrowings	5.2	(464)	(19)
Cash flow from financing activities		(311)	(62)
Net cash flow		(109)	(6)
Cash beginning of year		298	316
Unrealised gain / (loss) on cash held in foreign currency and financial assets carried as cash		5	(12)
Net cash flow		(109)	(6)
Cash year end		194	298

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

Amounts in DKKm	Note	31 Dec. 2021	31 Dec. 2020
Non-current assets			
Intangible assets			
Goodwill	3.1	457	452
Other intangible assets	3.1	165	172
		622	624
Tangible assets			
Land and buildings	3.2-3.3	958	921
Plant and machinery	3.2	451	442
Other fixtures and equipment	3.2-3.3	80	72
Property, plant and equipment in progress	3.2	325	269
		1,814	1,704
Other non-current assets			
Receivables		29	30
Deferred tax assets	2.8	790	697
Income tax receivables		172	168
		991	895
Total non-current assets		3,427	3,223
Current assets			
Inventories	3.4	1,204	1,093
Trade receivables	3.5	583	544
Receivables from group companies	5.3	12	20
Income tax receivables		14	24
Other receivables		82	96
Prepayments	3.6	314	265
Cash		194	298
Total current assets		2,403	2,340
Total assets		5,830	5,563

Balance sheet – Equity and liabilities

Amounts in DKKm	Note	31 Dec. 2021	31 Dec. 2020
Equity			
Share capital	4.1	111	111
Currency translation adjustment		(41)	(125)
Retained earnings		3,410	3,167
Total equity		3,480	3,153
Liabilities			
Non-current liabilities			
Mortgage debt	4.2	222	240
Bank loans	4.2	-	446
Pensions and similar liabilities	3.7	324	345
Lease liabilities	4.2	207	207
Deferred income		42	-
Deferred tax liabilities	2.8	1	-
Income tax payables		169	143
		965	1,381
Current liabilities			
Mortgage debt	4.2	18	18
Bank loans	4.2	226	-
Trade payables		115	74
Lease liabilities	4.2	37	32
Deferred income		4	1
Provisions	3.8	12	3
Income tax payables		23	21
Other payables	3.9	950	880
		1,385	1,029
Total liabilities		2,350	2,410
Total equity and liabilities		5,830	5,563

Statement of changes in equity

Amounts in DKKm	Share capital	Currency translation adjustment	Retained earnings	Total equity
2021				
Equity at 1 January	111	(125)	3,167	3,153
Net profit	-	-	219	219
Other comprehensive income	-	84	7	91
Total comprehensive income	-	84	226	310
Share-based payments	-	-	36	36
Share options settled	-	-	(72)	(72)
Sale of treasury shares	-	-	31	31
Tax related to items recognised directly in equity	-	-	10	10
Other adjustments	-	-	12	12
Other transactions	-	-	17	17
Equity at 31 December	111	(41)	3,410	3,480

Amounts in DKKm	Share capital	Currency translation adjustment	Retained earnings	Total equity
2020				
Equity at 1 January	111	(19)	3,084	3,176
Net profit	-	-	25	25
Other comprehensive income/(loss)	-	(106)	(1)	(107)
Total comprehensive income/(loss)	-	(106)	24	(82)
Share-based payments	-	-	29	29
Share options settled	-	-	(24)	(24)
Sale of treasury shares	-	-	11	11
Tax related to items recognised directly in equity	-	-	43	43
Other transactions	-	-	59	59
Equity at 31 December	111	(125)	3,167	3,153

Section 1 – Basis of reporting

1.1 General accounting policies

The consolidated financial statements for the period 1 January to 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with Danish disclosure requirements for listed companies. Additional Danish disclosure requirements for annual reports are imposed by the Statutory Order on Adoption of IFRS issued under the Danish Financial Statements Act.

The consolidated financial statements are presented in Danish kroner (DKK), which is considered the primary currency of the ALK Group's activities and the functional currency of the parent company.

The consolidated financial statements are presented on a historical cost basis, apart from certain financial instruments, which are measured at fair value.

The general accounting policies described below apply to the consolidated financial statements as a whole. To enhance understanding, specific accounting policies are described in the notes to which they relate. The description of accounting policies in the notes form part of the

overall description of accounting policies.

The accounting policies are unchanged from last year except for the below mentioned impacts of new standards.

New standards effective from 1 January 2021

The ALK Group has implemented all new and amended standards and interpretations (IFRIC) which are effective for the financial year 2021. This has not resulted in any changes to the accounting policies of the ALK Group.

New standards effective on or after 1 January 2022

A number of IFRS standards, amended standards and IFRIC interpretations, which are effective on or after 1 January 2022, have not been implemented. Based on a preliminary assessment it is estimated that these standards and interpretations will have no material impact on the consolidated financial statements.

The consolidated financial statements

The consolidated financial statements comprise the financial statements of ALK-Abelló A/S (the parent company)

and companies (subsidiaries) controlled by the parent company. The parent company is considered to control a subsidiary when it holds, directly or indirectly, more than 50% of the voting rights, or is otherwise able to exercise or actually exercises a controlling influence and has the right to variable returns from the entity.

Basis of consolidation

The consolidated financial statements are prepared based on the financial statements of ALK-Abelló A/S and its subsidiaries. The consolidated financial statements are prepared as a consolidation of items of a uniform nature. The financial statements used for consolidation are prepared in accordance with the ALK Group's accounting policies.

On consolidation, intra-group income and expenses, intra-group balances and dividends, and gains and losses arising on intra-group transactions are eliminated.

Foreign currency translation

On initial recognition, transactions denominated in currencies other than DKK are translated at average exchange rates, which are an approximation of the exchange rates

at the transaction date. Receivables and debt and other monetary items not settled at the balance sheet date are translated at the closing rate.

Exchange rate differences between the exchange rate at the date of the transaction and the exchange rate at the date of payment or the balance sheet date, respectively, are recognised in the income statement under financial items. Tangible assets and intangible assets, inventories and other nonmonetary assets acquired in foreign currency and measured based on historical cost are translated at the exchange rates at the transaction date.

On recognition in the consolidated financial statements of subsidiaries whose financial statements are presented in a functional currency other than DKK, the income statements are translated at average exchange rates for the respective months, unless these deviate materially from the actual exchange rates at the transaction dates. In that case, the actual exchange rates are used. Balance sheet items are translated at the exchange rates at the balance sheet date. Goodwill is considered to belong to the acquired company in question and is translated

at the exchange rate at the balance sheet date.

Exchange rate differences arising on the translation of foreign subsidiaries' opening balance sheet items to the exchange rates at the balance sheet date and on the translation of the income statements from average exchange rates to exchange rates at the balance sheet date are recognised in other comprehensive income.

Foreign exchange rate adjustment of receivables or debt to subsidiaries which are considered part of the parent company's overall investment in the subsidiary in question are also recognised in other comprehensive income in the consolidated financial statements.

Definitions and ratios

The key ratios have been calculated in accordance with generally accepted financial ratios applied by financial analysts. Definitions are shown on page 90.

Reporting under the ESEF regulation

The Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF) (ESEF Regulation) has introduced a single

Section 1 – Basis of reporting

1.1 Accounting policies – continued

electronic reporting format for the annual financial reports of issuers with securities listed on the EU regulated markets.

The ESEF Regulation sets out the following main requirements: (1) Issuers shall draw up and disclose their annual financial reports using the XHTML format; and (2) issuers that draw-up their primary consolidated financial statements in accordance with IFRS as endorsed by the EU shall tag those consolidated financial statements using inline eXtensible Business Reporting Language (iXBRL) and with effect from the 2022 annual report block-tag the notes to the consolidated financial statements.

The combination of the XHTML format with the iXBRL tags makes the annual financial reports both human-readable and machine-readable, thus enhancing accessibility, analysis and comparability of the information included in the annual financial reports.

iXBRL tags shall comply with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation.

As part of the tagging process financial statement line items are marked up to elements in the ESEF taxonomy. If a financial statement line item is not defined in the ESEF taxonomy, an extension to the taxonomy is created. Extensions have to be anchored to elements in the ESEF taxonomy, except for elements corresponding to subtotals.

The annual report 2021 for the ALK Group submitted to the Danish Financial Supervisory Authority (The Officially Appointed Mechanisms) consists of the XHTML document together with some technical files all included in a ZIP file named “ALK-2021-12-31-en.zip”.

Key definitions

XHTML (eXtensible HyperText Markup Language) is a text-based markup language used to structure and mark up content such as text, images, and hyperlinks in documents that are displayed as Web pages in an updated standard Web browser like Chrome, Internet Explorer or Safari.

iXBRL tags (or Inline XBRL tags) are hidden meta-information embedded in the source code of an XHTML document in accordance with the Inline

XBRL 1.1 specification, which enables the conversion of XHTML-formatted information into a machine-readable XBRL data record by appropriate software.

The tagging process is a process where iXBRL tags are applied to financial statement line items, etc.

Taxonomy is an electronic dictionary of business reporting elements used to report business data. A taxonomy element is an element defined in a taxonomy that is used for the machine-readable labeling of information in an XBRL data record.

ESEF data

Name of reporting entity or other means of identification

ALK-Abelló A/S

Domicile of entity

Denmark

Legal form of entity

A/S

Country of incorporation

Denmark

Address of entity's registered office

Bøge Allé 6-8, DK-2970 Hørsholm

Principal place of business

Global

Description of nature of entity's operations and principal activities

ALK is a global allergy solutions company

Name of parent entity

Lundbeck Foundation
(Lundbeckfond Invest A/S)

Name of ultimate parent of group

Lundbeck Foundation
(Lundbeckfond Invest A/S)

Section 1 – Basis of reporting

1.2 Significant accounting estimates and judgements

In the preparation of the consolidated financial statements according to IFRS, Management is required to make certain estimates as many financial statement items cannot be reliably measured, but must be estimated. Such estimates comprise judgements made on the basis of the most recent information available at the reporting date.

It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates

were based or due to supplementary information, additional experience or subsequent events. Similarly, the value of assets and liabilities often depends on future events that are somewhat uncertain. In that connection, it is necessary to set out e.g. a course of events that reflects Management's assessment of the most probable course of events.

Management considers those listed below as the key accounting estimates and related judgements used in

the preparation of the consolidated financial statements.

A description of significant accounting estimates and judgements as well as assumptions applied is included in the relevant notes.

Note	Key accounting estimates and judgements	Estimate/ judgement
2.2 Expenses	Recognition of costs for outsourced clinical trials	Estimate
2.8 Income taxes and deferred tax	Provision for uncertain tax positions and measurement of deferred tax assets	Estimate/ judgement
3.1 Intangible assets	Recoverable amount of goodwill	Estimate
3.4 Inventories	Valuation of inventories and capitalisation of indirect production costs	Estimate

Section 2 – Results for the year

2.1 Revenue and segment information

Amounts in DKKm	Europe		North America		International markets		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
SCIT/SLIT-drops	1,273	1,320	302	275	80	78	1,655	1,673
SLIT-tablets	1,340	1,019	120	85	314	266	1,774	1,370
Other products and services	196	211	261	213	30	24	487	448
Total revenue	2,809	2,550	683	573	424	368	3,916	3,491
Sale of goods							3,835	3,429
Royalties							81	58
Services							-	4
Total revenue							3,916	3,491

Of total revenue, DKK 101 million (2020: DKK 83 million) is derived from Denmark.

The ALK Group's non-current tangible and intangible assets are distributed among the following geographical markets:

Amounts in DKKm	Europe		North America		International markets		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Non-current tangible and intangible assets	1,671	1,629	763	695	2	4	2,436	2,328

Of total non-current tangible and intangible assets, DKK 1,283 million relates to assets in Denmark (2020: DKK 1,257 million).

§ Accounting policies

Segment information

Based on the internal reporting used by the Board of Management to assess the results of operations and allocation of resources, the ALK Group has identified one operating segment 'Allergy treatment', which is in accordance with the way the activities are organised and managed. Even though revenue within the operating segment "Allergy treatment" can be divided by product lines and market, the main part of the activities within production, research and development, sales and marketing and administration are shared by the ALK Group as a whole. The disclosures in the financial statements include a breakdown of revenue by product line and a geographical breakdown of revenue and non-current assets. The geographical information on markets is based on customer and asset location.

Revenue

The primary performance obligation of the ALK Group is the sale and delivery of own-manufactured goods and goods for resale for allergy treatment. Revenue from the sale of goods is recognised in the income statement upon the control of the goods being transferred to the customer, i.e. when goods are delivered. Revenue is recognised by the ALK Group at a point in time.

Section 2 – Results for the year

2.1 Revenue and segment information – continued

The ALK Group's customers have payment terms that reflect the customer type and the market in which sales take place, which typically varies from 0 to 180 days.

Revenue is measured as the fair value of the consideration received or receivable.

Revenue is measured exclusive of VAT, taxes etc. charged on behalf of third parties and less any commissions and discounts in connection with sales.

Furthermore, revenue includes licence income and royalties from outlicensed products as well as up-front payments, milestone payments and services in connection with partnerships. These revenues are recognised in the income statement in accordance with the agreements and when the ALK Group obtains the right to the payments, which is when services have been delivered to the customer or at the point in time the subsequent sales occur.

When combined contracts are entered, the elements of the contracts are identified and assessed separately for accounting purposes.

2.2 Expenses

Accounting policies

Cost of sales

The item comprises cost of sales and production costs incurred in generating the revenue for the year. Costs for raw materials, consumables, goods for resale, production staff and a proportion of production overheads, including maintenance and depreciation, amortisation and impairment of tangible assets and intangible assets used in production as well as operation, administration and management of factories are recognised in cost of sales and production costs. In addition, the costs and write-down to net realisable value of obsolete and slow-moving goods are recognised.

Research and development expenses

The item comprises research and development expenses, including expenses incurred for wages and salaries, amortisation, impairment of capitalised development projects in progress, and other overheads as well as costs relating to research partnerships. Research expenses are recognised in the

2.2 Expenses – continued

income statement when incurred. Due to the long development periods and significant uncertainties in relation to the development of new products, including risks regarding clinical trials and regulatory approvals, it is the assessment that most of the ALK Group's development expenses do not meet the capitalisation criteria in IAS 38, Intangible Assets. Consequently, development expenses are generally recognised in the income statement when incurred. Development expenses relating to individual minor development projects running for short-term periods and subject to limited risk are capitalised under other intangible assets.

Sales and marketing expenses

The item comprises selling and marketing expenses, including salaries and expenses relating to sales staff, advertising and exhibitions, depreciation, amortisation and impairment losses on tangible assets and intangible assets used in the sales and marketing process as well as other indirect costs.

Administrative expenses

The item comprises expenses incurred for management and administration, including expenses for administrative staff and management, office expenses and depreciation, amortisation and impairment losses on tangible assets and intangible assets used in administration.



Significant accounting estimates and judgements

Clinical trials, which are outsourced to Clinical Research Organisations ("CROs"), take several years to complete. As such, Management is required to make estimates based on the progress and costs incurred to-date for the ongoing trials. Estimates are made in determining the amount of costs to be expensed during the period or recognised as prepayments or accruals on the balance sheet.

At 31 December 2021, DKK 179 million is recognised as accrued expenses (2020: DKK 135 million) and DKK 240 million as prepayments in the balance sheet (2020: DKK 218 million). In 2021, clinical trials expenses of DKK 242 million have been recognised in the income statement (2020: DKK 154 million).

Section 2 – Results for the year

2.3 Depreciation, amortisation and impairment

Amounts in DKKm	2021	2020
Depreciation, amortisation and impairment allocation:		
Cost of sales	158	152
Research and development expenses	8	26
Sales and marketing expenses	36	29
Administrative expenses	40	38
Total	242	245

Impairment amounts to DKK 20 million (2020: DKK 38 million), of which DKK 8 million relate to tangible assets (2020: DKK 16 million) and DKK 12 million relate to intangible assets (2020: DKK 22 million).

The impairment of tangible assets is related to impairment of equipment with no recoverable amount after impairment of which DKK 7 million relate to production equipment and DKK 1 million relate to research and development equipment. The impairment is recognised as cost of sales and research and development expenses, respectively.

The impairment of intangible assets is related to impairment of acquired intellectual property rights of DKK 1 million and to impairment of sales and marketing software solution of DKK 11 million with no recoverable amount after impairment. The impairment is recognised as sales and marketing expenses.

2.4 Staff costs

Amounts in DKKm	2021	2020
Wages and salaries	1,425	1,342
Pensions, cf. note 3.7	115	110
Other social security costs, etc.	193	197
Share-based payments, cf. note 5.1	35	28
Total	1,768	1,677
Staff costs are allocated as follows:		
Cost of sales	682	668
Research and development expenses	254	233
Sales and marketing expenses	604	557
Administrative expenses	170	164
Included in the cost of assets	58	55
Total	1,768	1,677
Remuneration to Management:		
Remuneration to Board of Management:*		
Salaries	18	18
Short-term incentive (cash bonus)	12	10
Pensions	1	1
Long-term incentives (share-based) based on expensed accounting value, cf. note 5.1	11	11
Total remuneration to Board of Management	42	40
Remuneration to Board of Directors**	5	4
Total remuneration to Board of Management and Board of Directors	47	44
Employees		
Average number (FTE)	2,492	2,419
Number year end (FTE)	2,537	2,447

* The expensed costs include DKK 5 million (2020: DKK 3 million) related to adjustment in the share options and performance share units expected to vest.

** The total remuneration to the Board of Directors includes remuneration for participation in the Audit Committee DKK 385,000 (2020: DKK 385,000), the Remuneration and Nomination Committee DKK 310,000 (2020: DKK 350,000) and the Scientific Committee DKK 303,000 (2020: DKK 150,000). The remaining remuneration relates to regular Board of Directors activities.

Section 2 – Results for the year

2.5 Fees to the ALK Group's auditors

Amounts in DKKm	2021	2020
Fees to the auditors appointed at the annual general meeting:		
Audit services	3	3
Other opinions	-	-
Tax advisory services	1	-
Other services	-	-
Total	4	3

The fee for non-audit services provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab (Denmark) of DKK 1 million (2020: DKK 0.4 million) relates to tax advisory and other general financial accounting matters.

For information on ALK entities intended to be exempt from local audits of the 2021 accounts, see note 5.6.

2.6 Other operating items, net

In 2021, other operating items, net includes other operating income of DKK 1 million related to numerous minor components.

In 2020, other operating items, net included other operating expenses of DKK 1 million related to sale of production equipment.

§ Accounting policies

Other operating items comprise income and expenses of a secondary nature relative to the principal activities of the ALK Group.

2.7 Financial income and expenses

Amounts in DKKm	2021	2020
Interest income	1	5
Financial income from financial assets measured at amortised cost	1	5
Currency gains, net	9	-
Total financial income	10	5
Interest expenses*	23	30
Financial expenses from financial liabilities measured at amortised cost	23	30
Interest expenses on uncertain tax positions, net	-	4
Currency losses, net	-	20
Total financial expenses	23	54

* Includes interest expenses related to leasing of DKK 7 million (2020: DKK 8 million).

§ Accounting policies

Financial items comprise interest receivable and interest payable, the interest element of lease payments, realised and unrealised gains and losses on securities, cash, liabilities and foreign currency transactions, mortgage amortisation premium/allowance etc. and provisions for uncertain tax positions.

Interest expenses and income related to uncertain tax positions are recognised on the balance sheet as tax liabilities and tax assets respectively upon the receipt of ruling from the tax authorities and correspondingly reflected in the income statement as financial items net.

Interest income and expenses are accrued based on the principal and the effective rate of interest. The effective rate of interest is the discount rate to be used on discounting expected future payments in relation to the financial asset or the financial liability so that their present value corresponds to the carrying amount of the asset or liability, respectively.

Section 2 – Results for the year

2.8 Income taxes and deferred tax

Amounts in DKKm	2021	2020
Tax on profit		
Current income tax	154	117
Adjustment of deferred tax	(97)	(38)
Prior year adjustments, income tax	3	(3)
Tax on profit for the year	60	76
Profit before tax	279	101
Income tax, tax rate of 22% (2020: 22%)	61	22
Effect of deviation of foreign subsidiaries' tax rate relative to Danish tax rate	11	15
Permanent differences	(14)	(2)
Other taxes and adjustments	1	46
Change in valuation of net tax assets	(2)	(2)
Prior year adjustments, income tax	3	(3)
Tax on profit for the year	60	76

Tax related to equity comprises an income of DKK 10 million (2020: income of DKK 43 million) and other comprehensive income comprises an expense of DKK 9 million (2020: income of DKK 2 million).

Section 2 – Results for the year

2.8 Income taxes and deferred tax – continued

Amounts in DKKm	Intangible assets	Tangible assets	Current and other assets	Liabilities	Tax losses carried forward	Total
2021						
Deferred tax						
Carrying amount beginning of year	(7)	(103)	340	135	332	697
Adjustment to prior years' deferred tax	3	1	(4)	-	-	-
Adjustment of receivables from group companies	-	-	-	-	(6)	(6)
Currency adjustments	-	(2)	-	1	1	-
Recognised in the income statement, net	(16)	6	125	(4)	(16)	95
Change in valuation of net tax assets	-	-	-	2	-	2
Recognised in other comprehensive income, net	-	-	-	(5)	(4)	(9)
Recognised in equity, net (share-based payments)	-	-	(23)	-	33	10
Carrying amount year end	(20)	(98)	438	129	340	789
2020						
Deferred tax						
Carrying amount beginning of year	11	(100)	206	117	382	616
Adjustment to prior years' deferred tax	-	(1)	(17)	19	(1)	-
Adjustment of receivables from group companies	-	-	-	-	(2)	(2)
Currency adjustments	1	3	(1)	(2)	(1)	-
Recognised in the income statement, net	(19)	(5)	117	(2)	(55)	36
Change in valuation of net tax assets	-	-	-	2	-	2
Recognised in other comprehensive income, net	-	-	-	1	1	2
Recognised in equity, net (share-based payments)	-	-	35	-	8	43
Carrying amount year end	(7)	(103)	340	135	332	697

Deferred tax consists of deferred tax assets of DKK 790 million (2020: DKK 697 million) and deferred tax liabilities of DKK 1 million (2020: DKK 0).

Unrecognised deferred tax assets comprising tax losses carried forward amount to DKK 14 million and primarily relate to US entities (2020: DKK 16 million). The tax losses have no expiry date.

Section 2 – Results for the year

2.8 Income taxes and deferred tax – continued

Accounting policies

Tax on the profit for the year comprises the year's current tax and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to items recognised in other comprehensive income and directly in equity, respectively, is recognised in other comprehensive income or directly in equity. Exchange rate adjustments of deferred tax are recognised as part of the adjustment of deferred tax for the year.

Current tax payable and receivable is recognised in the balance sheet as the expected tax on the taxable income for the year, adjusted for tax paid on account.

The current tax charge for the year is calculated based on the tax rates and rules enacted at the balance sheet date.

Uncertain tax position is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority (and a future inflow of funds from a tax authority). The uncertain tax positions are measured at the best estimate of the amount expected to become payable (and receivable).

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to the initial recognition of goodwill or the initial recognition of a transaction, apart from business combinations, and where the temporary difference existing at the date of initial recognition affects neither profit/loss for the year nor taxable income.

Deferred tax is calculated based on the planned use of each asset and settlement of each liability, respectively. Deferred tax is measured using the tax rates and tax rules that, based on legislation enacted or in reality enacted at the balance sheet date, are expected to apply in the respective countries when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changed tax rates or rules are recognised in the income statement, in other comprehensive income or in equity, depending on where the deferred tax was originally recognised. Deferred tax related to equity transactions is recognised in equity.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised in the balance sheet at the value at which the asset is expected to be realised, either through a set-off against deferred tax liabilities or as net assets to be offset against future positive taxable income. Deferred tax assets including the tax value of tax losses are recognised if it is probable that it can be utilised against future taxable

income within a foreseeable future. This includes an assessment of the possibilities to utilise tax losses in the joint Danish taxation scheme with the Lundbeck Foundation (Lundbeckfond Invest A/S).

At each balance sheet date, it is reassessed whether it is likely that there will be sufficient future taxable income for the deferred tax asset to be utilised.

The parent company is included in a joint Danish taxation scheme with the Lundbeck Foundation (Lundbeckfond Invest A/S) and its Danish subsidiaries. The tax charge for the year is allocated among the jointly taxed companies in proportion to the taxable incomes of individual companies, taking into account taxes paid.



Significant accounting estimates and judgements

Management is required to make an estimate in the recognition of deferred tax assets. This assessment includes estimates of future taxable income in ALK and other members of the joint Danish taxation scheme with the Lundbeck Foundation. The forecasts for ALK-Abelló A/S with increased positive results (EBT) is based on growth in revenue and earnings driven by SLIT-tablets.

At 31 December 2021, the value of the total net deferred tax asset is DKK 789 million (2020: DKK 697 million). It includes a net deferred tax asset in Denmark related to tax losses carried forward of DKK 328 million (2020: DKK 322 million).

Complying with tax rules, when conducting business globally, can be complex as the interpretation of legislation and case law may change over time or may not always be clear. Management's judgements are applied to assess the possible effect of exposures and the possible outcome of disputes or interpretational uncertainties when transfer pricing disputes with local tax authorities may occur. Dialogue with local tax authorities, tax advisors, business plans and knowledge of the business are key parameters for Management to estimate the tax assets and liabilities.

At 31 December 2021, the ALK Group recognises uncertain tax positions as part of non-current tax and deferred tax. The actual outcome may deviate and depends on the result of litigation and settlements with the relevant local tax authorities.

Section 3 – Operating assets and liabilities

3.1 Intangible assets

Amounts in DKKm	Goodwill	Software	Patents, trademarks and rights	Other	Total
2021					
Cost beginning of year	475	396	231	245	1,347
Currency adjustments	4	1	5	1	11
Additions	-	8	1	36	45
Disposals	-	(17)	(1)	(1)	(19)
Transfer to/from other groups	-	32	-	(32)	-
Cost year end	479	420	236	249	1,384
Amortisation and impairment beginning of year	23	313	214	173	723
Currency adjustments	(1)	-	4	1	4
Amortisation for the year	-	25	7	9	41
Amortisation on disposals	-	(17)	(1)	-	(18)
Impairment for the year, cf. note 2.3	-	11	1	-	12
Amortisation and impairment year end	22	332	225	183	762
Carrying amount year end	457	88	11	66	622

Amounts in DKKm	Goodwill	Software	Patents, trademarks and rights	Other	Total
2020					
Cost beginning of year	483	400	240	251	1,374
Currency adjustments	(8)	(1)	(9)	(2)	(20)
Additions	-	3	-	23	26
Disposals	-	(7)	-	(26)	(33)
Transfer to/from other groups	-	1	-	(1)	-
Cost year end	475	396	231	245	1,347
Amortisation and impairment beginning of year	22	299	208	163	692
Currency adjustments	1	(2)	(7)	(1)	(9)
Amortisation for the year	-	23	13	11	47
Amortisation on disposals	-	(7)	-	(22)	(29)
Impairment for the year, cf. note 2.3	-	-	-	22	22
Amortisation and impairment year end	23	313	214	173	723
Carrying amount year end	452	83	17	72	624

Section 3 – Operating assets and liabilities

3.1 Intangible assets – continued

Goodwill

Goodwill is related to acquisition of companies in previous years and has been subject to an impairment test, which has been submitted to the Audit Committee for subsequent approval by the Board of Directors. The impairment test performed in 2021 revealed no need for impairment of goodwill.

Goodwill has been tested at an aggregated level for ALK as one cash-generating unit. In the calculation of the value in use of the cash-generating unit, future free net cash flow is estimated based on Board of Directors-approved budget (2022) and financial forecasts (2023-2025) in line with the ALK Group's strategy.

The budget and the forecast plans are based on specific future business initiatives for which the risks relating to key parameters have been assessed and recognised in estimated future free cash flows. The key parameters in the calculation of the value in use are revenue, earnings, working capital, capital expenditure, discount rate and the preconditions for the terminal value. Estimates are based on historical data and expectations on future changes in the markets and products. These expectations are based on a number of assumptions including expected product launches, volume forecasts, price information and profitability of both the ALK Group's business as well as geographical expansions.

For financial years after the four year budget and forecast period (2022-2025), the cash flows in the most recent period have been extrapolated adjusted for a growth factor of 1.5% (2020: 1.5%) during the terminal period. The discount rate used is 9% pre-tax and 7% after tax (2020: 10% pre-tax and 7.5% after tax).

The calculated value in use shows that future earnings and cash flows fully support the carrying amount of total net assets, including goodwill.

§ Accounting policies

Goodwill

On initial recognition, goodwill is measured and recognised as the excess of the cost of the acquired company over the fair value of the acquired assets, liabilities and contingent liabilities.

On recognition of goodwill, the goodwill amount is allocated to the ALK Group's cash-generating unit. The ALK Group is considered as one cash-generating unit as the individual companies and business units in the ALK Group cannot be evaluated separately due to the value-adding processes are generated across corporations and entities.

Goodwill is not amortised, but is tested for impairment at least once a year. To the extent that the carrying amount of goodwill exceeds the recoverable amount, goodwill is written down to this lower amount. Impairment of goodwill is not reversed.

Acquired intellectual property rights

Acquired intellectual property rights in the form of patents, brands, licenses, software, customer base and similar rights are measured at cost less accumulated amortisation and impairment.

The cost of software includes costs of instalment and direct salaries.

Intangible assets with determinable useful lives are amortised on a straight-line basis over the expected useful lives of the assets, typically not exceeding 10 years. If the actual useful life is shorter than either the remaining life or the contract period, the asset is amortised over this shorter useful life. The carrying amounts are reviewed at the balance sheet date to determine whether there are any indications of impairment. If such indications are found, the recoverable amount of the asset is calculated to determine any need for an impairment write-down and, if so, the amount of the write-down.

Intangible assets with indeterminable useful lives are not amortised, but are tested for impairment at least once a year. To the extent that the carrying amount of the assets exceeds the recoverable amount, the assets are written down to this lower amount.

See note 3.2 for more information on assessment, recognition and reversal of impairment.

Other intangible assets

Other intangible assets includes individual minor development projects running for short-term periods, including software development projects, which fulfil the requirements in IFRS. The measurement follows the same rules as described above for acquired intellectual property rights.



Significant accounting estimates and judgements

The assessment of whether goodwill is impaired requires a determination of the value in use of the cash-generating unit. The determination of the value in use requires estimates of the expected future cash flow of the cash-generating unit and a reasonable discount rate.

At 31 December 2021, the carrying amount of goodwill is DKK 457 million (2020: DKK 452 million).

Section 3 – Operating assets and liabilities

3.2 Property, plant and equipment

Amounts in DKKm	Land and buildings*	Plant and fixtures and machinery	Other equipment	Property, plant and equipment in progress	Total
2021					
Cost beginning of year	1,493	942	256	360	3,051
Currency adjustments	41	21	2	7	71
Additions	46	18	12	176	252
Disposals	(1)	(25)	(13)	(1)	(40)
Transfer to/from other groups	44	67	15	(126)	-
Cost year end	1,623	1,023	272	416	3,334
Depreciation and impairment beginning of year	572	500	184	91	1,347
Currency adjustments	9	12	2	-	23
Depreciation for the year	85	77	19	-	181
Depreciation of disposals	(1)	(24)	(13)	(1)	(39)
Impairment for the year, cf. note 2.3	-	7	-	1	8
Depreciation and impairment year end	665	572	192	91	1,520
Carrying amount year end	958	451	80	325	1,814
of which financing costs					-
Value of land and buildings subject to mortgages					186

* Land and buildings include buildings on land leased from Scion DTU A/S, Hørsholm in Denmark. The leases are open-ended and the estimated lease terms are 15 years. See also note 3.3.

Amounts in DKKm	Land and buildings*	Plant and fixtures and machinery	Other equipment	Property, plant and equipment in progress	Total
2020					
Cost beginning of year	1,533	807	244	421	3,005
Currency adjustments	(58)	(23)	(4)	(9)	(94)
Additions	15	15	9	167	206
Lease contract modifications	1	-	-	-	1
Disposals	(1)	(34)	(14)	(18)	(67)
Transfer to/from other groups	3	177	21	(201)	-
Cost year end	1,493	942	256	360	3,051
Depreciation and impairment beginning of year	510	482	183	91	1,266
Currency adjustments	(13)	(15)	(3)	-	(31)
Depreciation for the year	76	66	18	-	160
Depreciation of disposals	(1)	(33)	(14)	(16)	(64)
Impairment for the year, cf. note 2.3	-	-	-	16	16
Depreciation and impairment year end	572	500	184	91	1,347
Carrying amount year end	921	442	72	269	1,704
of which financing costs					-
Value of land and buildings subject to mortgages					197

* Land and buildings include buildings on land leased from Scion DTU A/S, Hørsholm in Denmark. The leases are open-ended and the estimated lease terms are 15 years. See also note 3.3.

Section 3 – Operating assets and liabilities

3.2 Property, plant and equipment – continued

§ Accounting policies

Land and buildings, plant and machinery and other fixtures and equipment are measured at cost less accumulated depreciation and impairment. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition and any preparation costs incurred until the date when the asset is available for use.

The depreciation base is cost less the estimated residual value at the end of the useful life. The residual value is determined as the amount the company expects to obtain for the asset less costs of disposal.

The cost of an asset is divided into smaller components that are depreciated separately if such components have different useful lives.

Tangible assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	25-50 years
Plant and machinery	5-10 years
Other fixtures and equipment	5-10 years

Depreciation methods, useful lives and residual values are reassessed once a year.

Impairment

The carrying amounts of tangible assets are reviewed at the balance sheet date to determine whether there are any indications of impairment. If such indications are found, the recoverable amount of the asset is calculated to determine any need for an impairment write-down and, if so, the amount of the write-down.

If the asset does not generate any cash flows independently of other assets, the recoverable amount is calculated for the smallest cash-generating unit that includes the asset.

The recoverable amount is calculated as the higher of the fair value less costs to sell and the value in use of the asset or the cash-generating unit, respectively. In determining the value in use, the estimated future cash flows are discounted to their present value, using a discount rate reflecting current market assessments of the time value of money as well as risks that are specific to the asset or the cash-generating unit and which have not been taken into account in the estimated future cash flows.

If the recoverable amount of the asset or the cash-generating unit is lower than the carrying amount, the carrying amount is written down to the recoverable amount. For the cash-generating unit, the write-down is allocated in such a way that goodwill amounts are written down first, and any remaining need for write-down is allocated to other assets in the unit, although no individual assets are written down to a value lower than their fair value less costs to sell.

Impairment write-downs are recognised in the income statement. If write-downs are subsequently reversed as a result of changes in the assumptions on which the calculation of the recoverable amount is based, the carrying amount of the asset or the cash-generating unit is increased to the adjusted recoverable amount, not, however, exceeding the carrying amount that the asset or cash-generating unit would have had, had the write-down not been made.

Section 3 – Operating assets and liabilities

3.3 Leases

Specification of right-of-use assets:

Amounts in DKKm	Land and buildings*	Other fixtures and equipment	Total
2021			
Cost beginning of year	295	2	297
Currency adjustments	6	-	6
Additions	34	-	34
Cost year end	335	2	337
Depreciation beginning of year	69	1	70
Currency adjustments	2	-	2
Depreciation for the year	38	-	38
Depreciation year end	109	1	110
Carrying amount year end	226	1	227

* Land and buildings include buildings on land leased from Scion DTU A/S, Hørsholm in Denmark. The leases are open-ended and the estimated lease terms are 15 years.

Specification of right-of-use assets:

Amounts in DKKm	Land and buildings*	Other fixtures and equipment	Total
2020			
Cost beginning of year	293	2	295
Currency adjustments	(9)	-	(9)
Additions	10	-	10
Lease contract modifications	1	-	1
Cost year end	295	2	297
Depreciation beginning of year	35	1	36
Currency adjustments	(2)	-	(2)
Depreciation for the year	36	-	36
Depreciation year end	69	1	70
Carrying amount year end	226	1	227

* Land and buildings include buildings on land leased from Scion DTU A/S, Hørsholm in Denmark. The leases are open-ended and the estimated lease terms are 15 years.

Section 3 – Operating assets and liabilities

3.3 Leases – continued

Leases in the income statement

Amounts in DKKm	2021	2020
Expenses from short-term leases	1	1
Expenses from low-value assets (including cars)	19	19
Depreciation of right-of-use assets	38	36
Interest expenses on lease liabilities	7	8
Total	65	64

Cash outflow related to lease agreements was DKK 41 million (2020: DKK 38 million).

§ Accounting policies

Lease liabilities

Lease assets are recognised at the commencement date of the contract if it is or contains a lease. Lease assets are recognised at cost less accumulated depreciation and impairment. Cost is defined as the lease liability adjusted for any lease payments made at or before the commencement date. Lease assets are depreciated on a straight-line basis over the lease term.

On initial recognition, lease liabilities are measured as the present value of future payments. The lease payments contain fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate.

On subsequent recognition, lease liabilities are measured at amortised cost. The difference between the present value and the nominal value of lease payments is recognised in the income statement over the term of the lease as a finance charge.

If the interest rate cannot be determined in the agreement, the lease payments are discounted using the ALK Group's incremental borrowing rate adjusted for the functional currency and length of the lease term. The lease liability is remeasured if or when the future payment or lease term changes.

Short term lease expenses and low value assets are not recognised as part of lease liabilities. They are recognised in the income statement when incurred as an operating expense.

Section 3 – Operating assets and liabilities

3.4 Inventories

Amounts in DKKm	2021	2020
Raw materials	245	209
Work in progress	432	438
Manufactured goods and goods for resale	527	446
Total	1,204	1,093
Amount of write-down of inventories during the year	40	45
Amount of reversal of write-down of inventories during the year*	15	10
Total cost of materials included in cost of sales	396	357
Net carrying amount of inventory not expected to be sold in following year	209	225

* Reversal of provision for slow moving items, sold in 2021.

§ Accounting policies

Inventories are measured at cost determined under the FIFO method or net realisable value where this is lower.

Cost comprises raw materials, goods for resale, and direct payroll costs as well as fixed and variable production overheads. Variable production overheads comprise indirect materials and payroll costs and are allocated based on predetermined costs of the goods actually produced. Fixed production overheads comprise maintenance of and depreciation on the machines, factory buildings and equipment used in the manufacturing process as well as the cost of factory management and administration. Fixed production overheads are allocated based on the normal capacity of the production plant.

The net realisable value of inventories is calculated as the expected selling price less completion costs and costs incurred in making the sale.

A minor part of ALK's raw materials inventory contains biological assets from agricultural activities. Due to missing market on which a fair value can be established these products are not valued.

Significant accounting estimates and judgements

The valuation of inventories includes Management's assessment of the saleability of the finished goods, and the quality of raw materials to be used in the production process. If the expected sales price less any completion costs and costs to execute sales (net realisable value) of inventories is lower than the carrying amount, the inventories are written down to net realisable value. When assessing salability and net realisable value, Management uses estimates for future sales and related costs.

End of 2021, the write-down of inventories to net realisable value amounted to DKK 97 million (2020: DKK 70 million).

Further, work in progress and manufactured goods and goods for resale are measured at cost including indirect production costs. The indirect production costs are measured using a standard cost method. This is reviewed regularly to ensure reliable measurement of employee costs, capacity utilisation, cost drivers and other relevant factors. When including the indirect production costs for capitalisation, Management makes estimates about cost of production, standard cost variances, cost drivers and capacity utilisation. Changes in these parameters may have a significant impact on the gross margin and the overall valuation of work in progress and manufactured goods and goods for resale.

End of 2021, the indirect production costs capitalised under inventories amounted to DKK 406 million (2020: DKK 377 million).

Section 3 – Operating assets and liabilities

3.5 Trade receivables

Amounts in DKKm	Days past due				Total
	Not due	<180 days	180-360	>360 days	
2021					
Average expected credit loss rate	1%	6%	20%	50%	
Trade receivables (gross)	519	68	5	2	594
Loss allowance	5	4	1	1	11
Trade receivables (net)	514	64	4	1	583
Loss allowance:					
Balance beginning of year					15
Change in allowances during the year					(1)
Realised losses during the year					(3)
Loss allowance, year end					11
2020					
Average expected credit loss rate	1%	8%	14%	50%	
Trade receivables (gross)	475	71	7	6	559
Loss allowance	5	6	1	3	15
Trade receivables (net)	470	65	6	3	544
Loss allowance:					
Balance beginning of year					12
Change in allowances during the year					6
Realised losses during the year					(3)
Loss allowance, year end					15

§ Accounting policies

On initial recognition, receivables are measured at fair value, subsequently at amortised cost.

Expected credit losses are measured based on historical data adjusted by forward-looking information. Forward-looking information includes assessment of the probability of default as well as consideration of various external sources of actual and economic information that is reasonable and supportable without undue cost or effort.

ALK recognises expected credit losses that result from default events possible within the whole asset life. Risk related to trade receivables is managed in ALK locally by entities, based on an individual assessment. Loss allowance for doubtful trade receivables is also based on an individual assessment of the receivables. ALK has not implemented a global provision matrix due to different characteristics related to receivables across the ALK Group. Loss allowance are calculated based on variables, e.g. probability-weighted amount (based on historical realised losses), the time value of money, additional supportable information, including an individual assessment of each customer/customer group.

An impairment gain or loss is recognised in the income statement.

Receivables are written down when information indicates severe financial difficulties and that there is no reasonable expectation of recovery. Financial assets written off may still be subject to enforcement activities. Any recoveries made are recognised in the income statement.

3.6 Prepayments

Amounts in DKKm	2021	2020
Clinical trials, cf. note 2.2	240	218
Other	74	47
Total	314	265

§ Accounting policies

Prepayments are recognised as an asset and comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Section 3 – Operating assets and liabilities

3.7 Pensions and similar liabilities

The ALK Group has entered into defined contribution plans as well as defined benefit plans.

In defined contribution plans, the ALK Group is obliged to pay a certain contribution to a pension fund or the like but bears no risks regarding the future development in interest, inflation, mortality, disability rates etc. regarding the amount to be paid to the employee.

The ALK Group sponsors defined benefit plans for qualifying employees of its subsidiaries in Germany, France and Switzerland. The defined benefit plans guarantee employees a certain level of pension benefits for life. The pension is based on seniority and salary at the time of retirement. The ALK Group bears the risks regarding the future development in interest, inflation, mortality, disability rates etc. regarding the amount to be paid to the employee.

Amounts in DKKm	2021	2020
Costs related to defined contribution plans	91	86
Costs related to defined benefit plans	24	24
Total	115	110
Present value of funded pension obligations	25	20
Fair value of plan assets	(17)	(13)
Funded pension obligations, net	8	7
Present value of unfunded pension obligations	246	268
Pension obligations	254	275
Anniversary liabilities	11	12
Other liabilities*	59	58
Pension obligations and similar liabilities, year end	324	345

* Other liabilities include liability related to the transition period for the Danish Holiday Act of DKK 59 million (2020: DKK 58 million).

Plan assets consist of assets placed in pension companies. Assets are placed in investments classified as other assets than shares, bonds and property by the pension companies, and are not measured at quoted prices.

The weighted average duration of the pension obligations is 19.24 years (2020: 19.64 years).

Amounts in DKKm	2021	2020
The principal assumptions used for the actuarial valuations		
Discount rate range of 0.4% - 1.1% (weighted average rate)	1.0%	0.7%
Expected future rate of salary increase range of 1% - 2.5% (weighted average rate)	2.4%	2.4%
Assumed life expectations on retirement age for current pensioners (years based on weighted average)*:		
Males	21.1	21.1
Females	24.4	24.8
Assumed life expectations on retirement age for current employees (future pensioners) (years based on weighted average)*:		
Males	22.4	22.3
Females	26.3	26.2
Sensitivity analysis:		
Significant actuarial assumptions for determining the defined benefit obligation		
Discount rate, effect in case of increase in range of 0.25% - 1%**	(42)	(43)
Discount rate, effect in case of decrease in range of 0.25% - 1%**	50	56
Salary, effect in case of 0.25% - 0.5% increase**	4	5
Salary, effect in case of 0.25% - 0.5% decrease**	(4)	(5)
Life expectancy, effect in case of increase by 1 year*	11	12
Life expectancy, effect in case of decrease by 1 year*	(11)	(12)
Movements in the present value of the defined benefit obligation in the current year		
Opening defined benefit obligation	20	20
Current service costs	2	2
Actuarial (gains) / losses arising from experience adjustments	-	(1)
Benefits paid	2	(1)
Currency translation adjustment	1	-
Closing defined benefit obligation	25	20

* Based on national statistics for mortality.

**Based on actuarial reports with different rates.

Section 3 – Operating assets and liabilities

3.7 Pensions and similar liabilities – continued

Amounts in DKKm	2021	2020
Movements in the fair value of the plan assets in the current year		
Opening fair value of plan assets	13	13
Contribution from plan participants	2	1
Benefits paid	2	(1)
Closing fair value of plan assets (fully invested in insurance contracts)	17	13
Movements in present value of unfunded pension obligations in the current year		
Opening present value of unfunded pension obligations	268	257
Other adjustments	(12)	-
Current service costs	7	8
Interest costs	2	2
Actuarial (gains)/losses from changes in financial assumptions	(15)	7
Actuarial (gains)/losses arising from experience adjustments	(1)	(1)
Actuarial (gains)/losses arising from demographic adjustments	-	(2)
Benefits paid	(3)	(3)
Closing present value of unfunded pension obligations	246	268
Amount recognised as staff expenses in the income statement		
Current service costs	10	10
Net interest expense	2	2
Total	12	12
Amount recognised in comprehensive income in respect of defined benefit plans		
Actuarial (gains)/losses	(16)	3
Total	(16)	3

The expected contribution for 2022 for the defined benefit plans is DKK 12 million (2021: DKK 12 million).

The most recent actuarial valuations of the defined benefit liability were carried out by external independent actuary agents at 31 December 2021.

§ Accounting policies

The ALK Group has entered into pension agreements and similar agreements with some of the ALK Group's employees.

In respect of defined contribution plans, the ALK Group pays in fixed contributions to independent pension funds etc. The contributions are recognised in the income statement during the period in which the employee renders the related service. Payments due are recognised as a liability in the balance sheet.

In respect of defined benefit plans, the ALK Group is required to pay an agreed benefit in connection with the retirement of the employees covered by the plan, e.g. in the form of a fixed amount or a percentage of the salary at retirement.

For defined benefit plans, an annual actuarial assessment is made of the net present value of future benefits to which the employees have earned the right through their past service for the ALK Group and which will have to be paid under the plan. The Projected Unit Credit Method is applied to determine net present value.

The net present value is calculated based on assumptions of the future development of salary, interest, inflation, mortality and disability rates.

The net present value of pension liabilities is recognised in the balance sheet, after deduction of the fair value of any assets attached to the plan, as either plan assets or pension liabilities, depending on whether the net amount is an asset or a liability, as described below.

If the assumptions made with respect to discount factor, inflation, mortality and disability are changed, or if there is a discrepancy between the expected and realised return on plan assets, actuarial gains or losses occur. These gains and losses concerning previous financial years are recognised in other comprehensive income.

Section 3 – Operating assets and liabilities

3.8 Provisions

Amounts in DKKm	Restructuring programs*	Other provisions**	Total
2021			
Provisions beginning of year	-	3	3
Provisions made during the year	10	-	10
Used during the year	-	(1)	(1)
Provisions, year end	10	2	12
Provisions are recognised as follows:			
Current liabilities	10	2	12
Provisions, year end	10	2	12
2020			
Provisions beginning of year	19	4	23
Used during the year	(19)	(1)	(20)
Provisions, year end	-	3	3
Provisions are recognised as follows:			
Current liabilities	-	3	3
Provisions, year end	-	3	3

* Provision made during 2021 for restructuring programs of DKK 10 million relates to restructuring of ALK's Spanish entity ALK-Abelló S.A. Provision for restructuring programs of DKK 19 million used during 2020 related to restructuring of ALK's Italian entity ALK-Abelló S.p.A (DKK 16 million) and restructuring of production in Denmark (DKK 3 million).

** Other provisions include a provision for sales in Italy of DKK 2 million (2020: DKK 3 million).

§ Accounting policies

Provisions are recognised when, as a consequence of a past event during the financial year or previous years, the ALK Group has a legal or constructive obligation, and it is likely that settlement of the obligation will require an outflow of the ALK Group's financial resources. Provisions are measured as the best estimate of the costs required to settle the obligations at the balance sheet date. Provisions with an expected term of more than a year after the balance sheet date are measured at present value.

3.9 Other payables

Amounts in DKKm	2021	2020
Rebates and commissions	294	243
Salaries, holiday payments etc.	239	242
Clinical trials, cf. note 2.2	179	135
VAT and other taxes	85	109
Other	153	151
Total	950	880

§ Accounting policies

Other payables are recognised as a current liability and comprise costs due in the subsequent financial year. Other payables are measured at amortised cost.

Section 3 – Operating assets and liabilities

3.10 Contingent liabilities and commitments

Contingent liabilities

In the ordinary course of business, the ALK Group is involved in certain claims, disputes etc. In the opinion of Management, settlement or continuation of pending claims and other disputes will have no material impact on the ALK Group's financial position.

The ALK Group operates in a wide variety of jurisdictions, in some of which the tax law is subject to varying interpretations and potentially inconsistent enforcement. As a result, there can be practical uncertainties in applying tax legislation to the ALK Group's activities. Whilst the ALK Group considers that it operates in accordance with applicable tax law, there are potential tax exposures in respect of its operations, the impact of which cannot be reliably estimated, but could be material.

Joint taxation scheme

ALK-Abelló A/S is included in a joint Danish taxation scheme with the Lundbeck Foundation (Lundbeckfond Invest A/S) and its Danish subsidiaries. The Danish companies are joint and several liable for the joint taxation liability. The joint taxation liability covers income taxes and withholding taxes on dividends, royalties and interest. The joint taxation liability is capped at an amount equal to the share of the capital of the company directly or indirectly owned by the ultimate parent company. The total tax obligation under the joint Danish taxation scheme is shown in the financial statements of the Lundbeck Foundation (Lundbeckfond Invest A/S).

Commitments

Land and buildings provided as security vis-à-vis for mortgage debt amount to DKK 186 million (2020: DKK 197 million) out of mortgage debt of DKK 240 million (2020: DKK 258 million).

Change of control

The ALK Group's credit facilities are subject to standard change of control clauses according to which the lender has the right to cancel the commitment and demand repayment of outstandings.

Section 4 – Capital structure and financing

4.1 Share capital and earnings per share

	2021		2020	
	Units	Nominal value (DKKm)	Units	Nominal value (DKKm)
Share capital				
The share capital consists of:				
A shares (nominal value of DKK 10)	920,760	9	920,760	9
AA shares (nominal value of DKK 10)	92,076	1	92,076	1
B shares (nominal value of DKK 10)	10,128,360	101	10,128,360	101
Total	11,141,196	111	11,141,196	111

Each A and AA share carries 10 votes, whereas each B share carries 1 vote. AA shares no longer held by individuals or legal entities other than the Lundbeck Foundation (Lundbeckfond Invest A/S) or companies which are group affiliated with the Lundbeck Foundation, cf. the definition of groups in section 6 of the Danish Companies Act, or in the event that a company which holds AA shares is no longer group affiliated with the Lundbeck Foundation, such AA shares shall be transferred to the B share capital.

According to a resolution passed by the parent company at the annual general meeting, the parent company is allowed to purchase treasury shares, up to 10% of the share capital. The parent company has purchased treasury shares in connection with the issuance of share-based incentive plans. All shares are paid in.

	2021	2020
Treasury shares		
Treasury shares beginning of year (B-shares), units	212,873	240,694
Sale of treasury shares, units	(64,345)	(27,821)
Treasury shares year end (B-shares), units	148,528	212,873
Proportion of share capital year end	1.3%	1.9%
Nominal value year end	1.5	2.1
Market value year end	509	532
Earnings per share		
The calculation of earnings per share is based on the following:		
Net profit (DKKm)	219	25
Number in units:		
Average number of issued shares	11,141,196	11,141,196
Average number of treasury shares	(171,509)	(225,139)
Average number of shares used for calculation of earnings per share	10,969,687	10,916,057
Average dilutive effect of outstanding share options	79,810	78,328
Average number of shares used for calculation of diluted earnings per share	11,049,497	10,994,385
Earnings per share (EPS) (DKK)	19.96	2.29
Earnings per share, diluted (DEPS) (DKK)	19.82	2.27

§ Accounting policies

Acquisition and sales sums arising on the purchase and sale of treasury shares and dividends on treasury shares are recognised directly in retained earnings under equity.

Section 4 – Capital structure and financing

4.2 Financial risks and financial instruments

Financial risk management policy

As a result of operations, investments and financing, the ALK Group is exposed to exchange and interest rate changes. ALK-Abelló A/S manages the ALK Group's financial risks centrally and coordinates the ALK Group's cash management, including the raising of capital and investment of excess cash. The ALK Group complies with a policy, approved by the Board of Directors, to maintain a low risk profile, ensuring that the ALK Group is only exposed to foreign exchange rate risk, liquidity risk, interest rate risk, and credit risk in connection with its commercial activities.

Capital structure

The ALK Group manages its capital to ensure that all entities will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The capital structure of the ALK Group consists of net debt and equity. The dividend policy of the ALK Group is to distribute maximum possible dividend to ALK-Abelló A/S.

The ALK Group's Risk Committee reviews the capital structure annually. As a part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

Foreign exchange rate risk

Foreign exchange rate risk arises due to imbalances between revenue and expenses in each individual currency. Foreign exchange rate exposure relating to future transactions and assets and liabilities is evaluated and hedged through matching of payments received and paid in the same currency. This serves to limit the impact on the financial results of any exchange rate fluctuations. The exchange rate exposure relating to net investments in foreign subsidiaries is not hedged by forward exchange contracts. In case it is evaluated to be relevant, the ALK Group hedges significant exchange rate exposures regarding future sales and purchase of goods in the coming six months in accordance with the ALK Group's policy.

The general objective of the ALK Group's foreign exchange risk management is to limit and delay any adverse impact of exchange rate fluctuations on earnings and cash flows and thus increase the predictability of the financial results. The most significant financial risk relates to exchange rate

fluctuations. The greatest exposure is to USD and in 2021, 15% (2020: 15%) of the revenue was denominated in USD. The sales are not deemed to be exposed to EUR due to Denmark's participation in the European Exchange Rate Mechanism.

The ALK Group is exposed to exchange rate risks when intercompany balances and net assets of foreign subsidiaries are translated into DKK. In accordance with the ALK Group's accounting policies, such currency translation adjustments are recognised in the income statement and in other comprehensive income, respectively.

No exchange rate hedge contracts were open at 31 December 2021 or 31 December 2020.

Sensitivity to a 10% increase in USD exchange rate

The table below shows the estimated effect of a 10% increase in the USD exchange rate on revenue, EBITDA and equity levels, respectively. A decrease in the exchange rates will have a corresponding adverse effect. In the sensitivity analysis, data for revenue and EBITDA are based on current short-term expectations and data for equity are based on actual equity at 31 December 2021.

Amounts in DKKm	Revenue	EBITDA	Equity
31 December 2021			
USD	approx. +65	approx. 0	approx. +110
31 December 2020			
USD	approx. +60	approx. 0	approx. +90

Section 4 – Capital structure and financing

4.2 Financial risks and financial instruments – continued

Net positions

Amounts in DKKm	Cash Receivables	Liabilities	Amount hedged	Net position	
31 December 2021					
DKK	(9)	69	(957)	-	(897)
USD	67	123	(176)	-	14
EUR	75	342	(1,093)	-	(676)
GBP	4	12	(21)	-	(5)
SEK	3	39	(19)	-	23
Other	54	135	(84)	-	105
Total	194	720	(2,350)	-	(1,436)
31 December 2020					
DKK	18	124	(936)	-	(794)
USD	65	88	(144)	-	9
EUR	150	345	(1,243)	-	(748)
GBP	5	20	(16)	-	9
SEK	7	28	(14)	-	21
Other	53	109	(57)	-	105
Total	298	714	(2,410)	-	(1,398)

Liquidity risk

In connection with the ALK Group's ongoing financing of operations, including refinancing, efforts are made to ensure adequate and flexible liquidity. This is guaranteed by placing free funds in credit-worthy, liquid, interest bearing instruments of relatively short durations in accordance with the ALK Group's policy.

The liquidity risk is considered to be minimal due to the ALK Group's current capital structure.

Liquidity exposure

Amounts in DKKm	Carrying amount	Total cash flow*	Revaluation/payment date		
			Within 1 year	From 1-5 years	After 5 years
31 December 2021					
Mortgage debt and bank loans	466	472	245	76	151
Trade payables	115	115	115	-	-
Lease liabilities	244	269	43	134	92
Other financial liabilities	973	973	973	-	-
Financial liabilities	1,798	1,829	1,376	210	243
31 December 2020					
Mortgage debt and bank loans	704	746	29	535	182
Trade payables	74	74	74	-	-
Lease liabilities	239	270	38	126	106
Other financial liabilities	901	901	901	-	-
Financial liabilities	1,918	1,991	1,042	661	288

* Total cash flow includes interests.

Section 4 – Capital structure and financing

4.2 Financial risks and financial instruments – continued

Interest rate risk

The ALK Group does not hedge its interest rate exposure, as this is not considered to be financially viable.

Concerning the ALK Group's financial assets and financial liabilities, the earlier of the contractual revaluation and redemption date is applied. Effective interest rates are stated on the basis of the current level of interest rates on the balance sheet date.

Interest rate exposure

Amounts in DKKm	Carrying amount	Currency	Expiry date	Fixed/ floating interest rate	Effective interest rate
31 December 2021					
Cash	194	Various		Floating	(1.09)-(0.10)
Interestbearing assets	194				
Mortgage debt	240	DKK	2035	Floating	0.2
Lease liabilities	244	Various	2022-2033	Fixed	2.0
Bank loans	226	EUR	2022	Fixed	0.4-0.5
Interestbearing liabilities	710				
31 December 2020					
Cash	298	Various		Floating	(1.40)-(0.05)
Interestbearing assets	298				
Mortgage debt	258	DKK	2035	Floating	0.2
Lease liabilities	239	Various	2021-2033	Fixed	2.0
Bank loans	446	EUR	2022	Fixed	1.8
Interestbearing liabilities	943				

An increase in the interest rate of 1 percentage point on mortgage debt and bank loans would decrease net profit and equity by approximately DKK 4 million (2020: decrease of DKK 5 million). An increase in the interest of 1 percentage point on cash would increase net profit and equity by approximately DKK 2 million (2020: increase of DKK 3 million).

Credit risk

The ALK Group's primary credit exposure is related to trade receivables and cash. The ALK Group has no major exposure relating to one single customer or business partner. According to the ALK Group's policy for assuming credit exposure, all customers and business partners are credit rated regularly. Trade receivables are monitored at the local level and are distributed across a number of markets and customers. Therefore, the credit risk is considered to be low. For more information, see note 3.5.

Embedded derivative financial instruments

The ALK Group has made a systematic review of contracts that might contain terms that would make the contract or parts thereof a derivative financial instrument. The review did not lead to recognition of derivative financial instruments relating to the contracts.

Section 4 – Capital structure and financing

4.2 Financial risks and financial instruments – continued

Categories of financial instruments

Amounts in DKKm		2021	2020
Financial assets			
Financial assets measured at amortised cost			
	Impairment method		
Receivables from group companies	12m ECL	12	20
Receivables	12m ECL	29	30
Trade receivables	Lifetime ECL (simplified approach)	583	544
Other receivables	12m ECL	82	96
Cash		194	298
Total		900	988
Financial liabilities			
Financial liabilities measured at amortised cost			
Mortgage debt		240	258
Bank loans		226	446
Lease liabilities		244	239
Trade payables		115	74
Other payables		950	880
Total		1,775	1,897

Measurement and fair value hierarchy

Amounts in DKKm	Fair value	Revaluation/payment date		
		Within 1 year	From 1-5 years	After 5 years
31 December 2021				
Mortgage debt	243	18	73	152
Bank loans	226	226	-	-
Total	469	244	73	152
31 December 2020				
Mortgage debt	263	18	73	172
Bank loans	446	-	446	-
Total	709	18	519	172

All financial assets and liabilities are measured at cost or amortised cost. The carrying amounts for these approximate fair value.

Fair value for mortgage debt is measured by level 1 input (quoted prices in active markets) from the fair value hierarchy and fair value for bank loans is measured by level 2 input (inputs other than quoted markets that are observable) from the fair value hierarchy.

No financial derivatives were used in 2021 or 2020.

Financial resources

In 2021, the ALK Group extended its financial resources with a DKK 1,500 million credit facility which runs until the end of 2024. By the end of 2021, DKK 223 million was drawn.

Section 4 – Capital structure and financing

4.2 Financial risks and financial instruments – continued

§ Accounting policies

Financial assets

On initial recognition, investments and other financial assets are measured at cost, corresponding to fair value. They are subsequently measured at fair value either through the income statement or through comprehensive income.

Financial liabilities

Other financial liabilities, including bank loans and trade and other payables, are on initial recognition measured at fair value. The liabilities are subsequently measured at amortised cost.

Debt

Trade payables, other payables, including sales discounts and rebates as well as debt to public authorities etc., are measured at amortised cost.

Mortgage debt

Mortgage debt is recognised on the raising of a loan at cost, equalling fair value of the proceeds received, and net of transaction costs incurred. Subsequently, mortgage debt is measured at amortised cost.

Section 5 – Other disclosures

5.1 Share-based payments

The ALK Group has established long-term equity-based incentive plans linked to the creation of shareholder value and the fulfilment of strategic goals. The plans are established for the members of Board of Management and other key employees, reward long-term value creation and align to interests of the shareholders.

The incentive plans consist of share options and performance share units that are considered sufficiently covered by treasury shares.

Ordinary incentive plans

The share options entitle the holder to acquire one existing B share of DKK 10 nominal value in the company per share option and the performance share units entitle the holder to receive one existing B share per performance share unit free of charge.

The vesting period for both share options and performance share units is three years after grant. Vesting is conditional upon certain targets being met and upon the participant not having resigned. Target achievement is met upon fulfilment of strategic key performance indicators. In case performance is below the threshold there will be no units vesting, and if above target, a multiplier is applied that can increase the vesting by up to 100%.

The exercise of share options is possible in the trading windows following the release of annual and interim reports conditional upon the share option holder not having resigned at the time of exercise. For performance share units, the final transfer of ownership takes place at vesting three years after the grant.

Special incentive plan 2018

ALK's special incentive plan was a one-time scheme designed to implement ALK's growth strategy and consisted of both share options and performance share units with a vesting period of three years.

The special incentive plan was adopted at the annual general meeting in March 2018 and vested in March 2021. The grant value of the plan did not exceed 50% of the Executive's 2018 annual base salary

on the grant date. The plan was conditional upon strategic key performance indicators being attained. Based on the financial results for 2020, the KPI achievements exceeded their targets increasing the granted number of performance shares and share options by 100%. However, the overall payout of the plan on the vesting date for the performance shares and on the exercise date for the share options can never exceed a total value of 300% of the recipient's 2018 annual base salary.

Expensed in the income statement:

Amounts in DKKm	2021	2020
Cost for the year regarding share-based payments is recognised as follows:		
Cost of sales	5	3
Research and development expenses	7	6
Sales and marketing expenses	11	9
Administrative expenses	12	10
Financial expenses	1	1
Total	36	29

In 2021, the total cost of share-based payments included a financial expense of DKK 1 million due to the exercise and cash settlement of share options (2020: DKK 1 million). The total cost included DKK 11 million related to adjustment in the share options and performance share units expected to vest (2020: DKK 5 million).

Section 5 – Other disclosures

5.1 Share-based payments – continued

Specification of outstanding share options and performance share units:

	Share options				Performance share units		
	Board of Management units	Other key employees units	Total units	Weighted average exercise price DKK	Board of Management units	Other key employees units	Total units
2021							
Outstanding at 1 January	89,758	59,338	149,096	972	13,444	35,426	48,870
Additions	29,811	25,494	55,305	1,129	6,250	10,799	17,049
Exercised/settled	(55,279)	(46,323)	(101,602)	844	(13,183)	(20,316)	(33,499)
Expired	0	(100)	(100)	795	0	0	0
Outstanding at 31 December	64,290	38,409	102,699	1,187	6,511	25,909	32,420
Total number of vested share options			49,247				
Average remaining life at year end (years)			2.1				
Exercise prices at year end (DKK)			802-2,320				
2020							
Outstanding at 1 January	98,263	62,293	160,556	904	13,569	36,257	49,826
Additions	13,253	12,130	25,383	1,332	3,024	12,528	15,552
Exercised/settled	(21,758)	(15,085)	(36,843)	954	(3,149)	(12,774)	(15,923)
Cancellations	-	-	-	-	-	(585)	(585)
Outstanding at 31 December	89,758	59,338	149,096	972	13,444	35,426	48,870
Total number of vested share options			32,467				
Average remaining life at year end (years)			2.6				
Exercise prices at year end (DKK)			783-1,372				

The Board of Directors decided for one trading window in 2021 to settle share options by cash and a total of 66,986 share options were exercised and total cash payments amounted to DKK 62 million. For three trading windows the Board of Directors decided to settle share options by shares and a total of 34,616 share options were exercised.

The Board of Directors decided for two trading windows in 2020 to settle share options by cash and a total of 24,945 share options were exercised and total cash payments amounted to DKK 24 million. For two trading windows the Board of Directors decided to settle share options by shares and a total of 11,898 share options were exercised.

Section 5 – Other disclosures

5.1 Share-based payments – continued

Outstanding share options and performance share units have the following characteristics:

Plan	Share options				Performance share units	
	Units	Average exercise price DKK	Vested as per	Exercise period (years)	Units	Vested as per
2016 Plan	3,660	1,113	1 Mar 2019	4		
2018 Plan	5,789	802	1 Mar 2021	2		
2018 Plan – special plan*	39,798	802	1 Mar 2021	2		
2019 Plan	23,738	1,141	1 Mar 2022	2	13,241	1 Mar 2022
2020 Plan	18,677	1,460	1 Mar 2023	2	11,314	1 Mar 2023
2021 Plan	11,037	2,439	1 Mar 2024	2	7,865	1 Mar 2024
Outstanding at 31 December	102,699				32,420	

* The payout upon exercise of the outstanding options cannot exceed DKK 18 million according to the conditions of the plan.

Fair value of share options and performance share units granted:

Share options

Fair value at grant date is measured in accordance with the Black & Scholes model for valuation of share options, using the following assumptions:

	2021 Plan	2020 Plan
Average share price (DKK)	2,320	1,372
Expected exercise price (DKK)	2,498	1,477
Expected volatility rate, based on the historical volatility	36% p.a.	34% p.a.
Expected option life	4 years	4 years
Expected dividend per share	-	-
Risk-free interest rate	-0.49% p.a.	-0.01% p.a.
Calculated fair value of granted share options (DKK)	576	328

Performance share units

Performance share units have been granted at DKK 2,320 per share (2020: DKK 1,372 per share).

§ Accounting policies

Share-based incentive plans (equity-settled share-based payments), which comprise share options and performance share units, are measured at the grant date at fair value and recognised in the income statement under the respective functions over the vesting period and offset in equity.

The fair value of share options is determined using the Black & Scholes model. The exercise price is equivalent to the average market price of the share for the five trading days immediately preceding the date of grant and is increased by 2.5% p.a. and reduced by dividends paid. The fair value of performance share units is determined using the average share price (closing) five days after annual general meeting.

The ALK Group settles the equity-settled share-based incentive plans in shares. However, the share option agreement entitles the ALK Group to demand cash settlement of the options. The ALK Group recognises share options, in case of cash settlement, as other liabilities and adjusts to fair value as from the time when the ALK Group has an obligation to settle in cash. The ALK Group recognises subsequent adjustment to fair value in the income statement under financial income or financial expenses.

Section 5 – Other disclosures

5.2 Cash flow

Adjustment for non-cash items

Amounts in DKKm	2021	2020
Tax on profit	60	76
Financial income and expenses	13	49
Share-based payments	36	29
Depreciation, amortisation and impairment	242	245
Other adjustments*	49	63
Total	400	462

* Other adjustments include non-cash transactions related to the divestment of ALK's part-share of a formulation production line for tablets to production partner Catalent of DKK 33 million (2020: DKK 37 million). In 2020, other adjustments further included provision for transition period for the Danish Holiday Act of DKK 39 million.

Changes in working capital

Amounts in DKKm	2021	2020
Change in inventories	(84)	(69)
Change in receivables and prepayments	(5)	(159)
Change in short-term payables	61	74
Total	(28)	(154)

Reconciliation of liabilities arising from financing activities

Amounts in DKKm	2021	2020
Liabilities from financing activities at 1 January	943	990
Proceeds from borrowings	226	-
Repayment of borrowings	(464)	(19)
New leases	34	11
Installments of lease liabilities	(32)	(30)
Exchange rate adjustments	3	(9)
Total	710	943

Financial reserves

Amounts in DKKm	2021	2020
Cash	194	298
Undrawn facilities	1,277	600
Total	1,471	898

In 2021 the ALK Group extended its financial resources with a DKK 1,500 million credit facility which runs until the end of 2024. By the end of 2021, DKK 223 million was drawn.

§ Accounting policies

Cash flow

The cash flow statement of the ALK Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as cash at the beginning and at the end of the financial year.

The cash effect of acquisitions and divestments is shown separately under cash flows from investing activities. In the cash flow statement, cash flows concerning acquired companies are recognised from the date of acquisition, while cash flows concerning divested companies are recognised until the date of divestment.

Cash flows from operating activities are stated as net profit, adjusted for non-cash operating items and changes in working capital, less the income tax paid and plus net financial items.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of companies and financial assets as well as purchase, development, improvement and sale of intangible and tangible assets.

Cash flows from financing activities comprise changes to the parent company's share capital and related costs as well as the raising and repayment of loans, instalments on interest-bearing debt, lease liabilities, purchase of treasury shares, and settlement of share options and payment of dividends.

Section 5 – Other disclosures

5.2 Cash flow – continued

Cash flows in currencies other than the functional currency are recognised in the cash flow statement using average exchange rates for the individual months if these are a reasonable approximation of the actual exchange rates at the transaction dates. If this is not the case, the actual exchange rates for the specific days in questions are used.

Cash comprise cash subject to an insignificant risk of changes in value less any overdraft facilities that are an integral part of the ALK Group's cash management.

5.3 Related parties

Related party exercising control

ALK-Abelló A/S is controlled by the Lundbeck Foundation (Lundbeckfond Invest A/S) domiciled in Copenhagen, Denmark, which holds 67.2% of the total number of votes in ALK Abelló A/S. The remaining shares are widely held. ALK-Abelló A/S is parent company, and ultimate parent for the ALK Group is the Lundbeck Foundation (Lundbeckfond Invest A/S, incorporated in Denmark).

Other related parties comprise ALK's Board of Management and Board of Directors, companies in which the majority shareholder exercises control, and such companies' subsidiaries, in this case H. Lundbeck A/S and Falck A/S and their subsidiaries.

Transactions and balances

Transactions and balances with the parent company's majority shareholder:

- ALK-Abelló A/S received DKK 26 million (2020: DKK 121 million) concerning outstanding company tax from the Lundbeck Foundation (Lundbeckfond Invest A/S). The company tax relates to ALK-Abelló A/S, ALK-Abelló Nordic A/S, and ALK e-com A/S.
- Receivables from group companies to ALK-Abelló A/S relate to outstanding company tax of DKK 12 million (2020: DKK 20 million) covering ALK-Abelló A/S, ALK-Abelló Nordic A/S, and ALK e-com A/S.

Transactions with key management personnel consist of remuneration and exercise of share options, see notes 2.4 and 5.1 of the consolidated financial statements.

No other transactions have taken place during the year with Board of Directors, Board of Management, major shareholders or other related parties.

5.4 Events after the reporting period

No events have occurred after the reporting period, that influence the evaluation of the consolidated financial statements.

5.5 Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 8 February 2022.

Section 5 – Other disclosures

5.6 List of companies in the ALK Group

Activity

- Production
- Sales & Distribution
- Research & Development
- Services

Entity	Country	Percentage of shares owned	Activity
Parent company			
ALK-Abelló A/S	Denmark	100%	● ● ● ●
Subsidiaries by geographical area			
Europe			
ALK-Abelló Allergie-Service GmbH	Austria	100%	●
ALK-Abelló Nordic A/S	Denmark	100%	●
ALK-Abelló Nordic A/S (branch)	Finland	100%	●
ALK-Abelló Nordic A/S (branch)	Norway	100%	●
ALK-Abelló Nordic A/S (branch)	Sweden	100%	●
ALK e-com A/S	Denmark	100%	● ● ● ●
ALK S.A.S.	France	100%	● ● ● ●
ALK-Abelló Arzneimittel GmbH	Germany	100%	●
ALK-Abelló B.V.*	Netherlands	100%	●
ALK-Abelló Sp. z o.o.	Poland	100%	●
ALK Slovakia s.r.o.	Slovakia	100%	●
ALK Slovakia s.r.o. – od šteňny zavod (branch)	Czech Republic	100%	●
ALK-Abelló S.A.	Spain	100%	● ● ● ●
ALK-Abelló S.p.A.	Italy	100%	●
ALK AG (In liquidation)	Switzerland	100%	●
ALK-Abelló AG	Switzerland	100%	●
ALK-Abelló Ltd.	United Kingdom	100%	●

* Exemption for local audit of the 2021 accounts under the ruling of the Article 2:403 of the Dutch Civil Code is intended – Btw-nr. NL005302766B01



Entity	Country	Percentage of shares owned	Activity
North America			
ALK-Abelló Pharmaceuticals, Inc.	Canada	100%	●
ALK-Abelló, Inc.	USA	100%	● ● ● ●
OKC Allergy Supplies Inc.	USA	100%	●
ALK-Abelló, Source Materials, Inc.	USA	100%	● ● ● ●
OKC Crystal Laboratory Inc.	USA	100%	●
International markets			
ALK-Abelló A/S (branch)	China	100%	●
ALK (Shanghai) Medical Technology Company Limited (Dormant)	China	100%	●
ALK ilaç ve Alerji Ürünleri Ticaret	Turkey	100%	●

Definitions

Term	Definitions
Gross margin – %	Gross profit x 100 / Revenue
EBITDA margin – %	EBITDA x 100 / Revenue
Net asset value per share	Net asset value / Number of shares end of period
Invested capital	Intangible assets, tangible assets, inventories and current receivables reduced by liabilities except for mortgage debt and bank loans
Return on equity (ROE) – %	Net profit/(loss) for the period x 100 / Average equity
Pay-out ratio – %	Proposed dividend x 100 / Net profit/(loss) for the year
Earnings/ (loss) per share (EPS)	Net profit/(loss) for the period / Average number of outstanding shares
Earnings/ (loss) per share diluted (DEPS)	Net profit/(loss) for the period / Average number of outstanding shares diluted
Cash flow per share (CFPS)	Cash flow from operating activities / Average number of outstanding shares
ROIC incl. goodwill – %	Operating profit x 100 / Average invested capital incl. goodwill
Price earnings ratio (PE)	Share price / Earnings per share
Markets	Geographical markets (based on customer location): <ul style="list-style-type: none"> • Europe comprises the EU, UK, Norway and Switzerland • North America comprises the USA and Canada • International markets comprise Japan, China and all other countries

The definitions are aligned with generally accepted financial ratios applied by financial analysts.
The definitions are part of the Management's review.

Alternative Performance Measures

Amounts in DKKm	2021	2020
EBITDA reconciliation to net profit		
Net profit	219	25
Tax on profit/(loss)	60	76
Financial income	(10)	(5)
Financial expenses	23	54
Depreciation, amortisation and impairment	242	245
EBITDA	534	395
Net asset value		
Equity	3,480	3,153
Net asset value	3,480	3,153
Invested capital reconciliation		
Intangible assets	622	624
Tangible assets	1,814	1,704
Inventories	1,204	1,093
Trade receivables	583	544
Receivables from group companies	12	20
Income tax receivables	14	24
Other receivables	82	96
Prepayments	314	265
Pensions and similar liabilities	(324)	(345)
Lease liabilities (non-current)	(207)	(207)
Deferred income (non-current)	(42)	-
Trade payables	(115)	(74)
Lease liabilities (current)	(37)	(32)
Deferred income (current)	(4)	(1)
Provisions (current)	(12)	(3)
Income tax payables (current)	(23)	(21)
Other payables	(950)	(880)
Invested capital	2,931	2,807

Parent company financial statements

Financial statements

Income statement	92
Balance sheet	93
Statement of changes in equity	94
Notes	95

Notes

1	Accounting policies	95	12	Mortgage debt and bank loans	100
2	Revenue and segment information	96	13	Pensions and similar liabilities	101
3	Staff costs	96	14	Lease liabilities	101
4	Special items	97	15	Income tax payables to group companies	101
5	Financial income and expenses	97	16	Contingent liabilities and commitments	101
6	Income taxes	97	17	Related parties	101
7	Intangible assets	98	18	Fees to ALK-Abelló A/S' auditors	102
8	Property, plant and equipment	98	19	Proposed appropriation of net profit	102
9	Deferred tax	99	20	Events after the reporting period	102
10	Investments in subsidiaries	100			
11	Inventories	100			

Income statement

Amounts in DKKm	Note	2021	2020
Revenue	2	2,296	2,015
Cost of sales	3,4	1,029	1,011
Gross profit		1,267	1,004
Research and development expenses	3,4	577	508
Sales and marketing expenses	3,4	248	195
Administrative expenses	3,18	113	101
Other operating items, net		-	(2)
Operating profit (EBIT)		329	198
Income from investments in subsidiaries	10	15	831
Financial income	5	22	14
Financial expenses	5	23	49
Profit before tax (EBT)		343	994
Tax on profit / (loss)	6	30	105
Net profit	19	313	889

Balance sheet – Assets

Amounts in DKKm	Note	31 Dec. 2021	31 Dec. 2020
Non-current assets			
Intangible assets			
Intangible assets	7	127	119
		127	119
Tangible assets			
Land and buildings	8	312	324
Plant and machinery	8	244	263
Other fixtures and equipment	8	47	35
Property, plant and equipment in progress	8	194	151
		797	773
Other non-current assets			
Investments in subsidiaries	10	1,058	1,062
Receivables from group companies		1,987	998
Receivables		23	27
Deferred tax assets	9	298	326
Income tax receivables		122	109
		3,488	2,522
Total non-current assets			
		4,412	3,414
Current assets			
Inventories	11	420	361
Trade receivables		53	80
Receivables from group companies		338	770
Other receivables		56	71
Prepayments		271	233
		1,138	1,515
Cash		42	162
Total current assets			
		1,180	1,677
Total assets			
		5,592	5,091

Balance sheet – Equity and liabilities

Amounts in DKKm	Note	31 Dec. 2021	31 Dec. 2020
Equity			
Share capital		111	111
Retained earnings		3,090	2,771
Capitalised development costs		3	4
Total equity			
		3,204	2,886
Liabilities			
Mortgage debt	12	222	240
Bank loans	12	-	446
Pensions and similar liabilities	13	58	57
Lease liabilities	14	120	121
Deferred income		42	-
Income tax payables to group companies	15	115	111
Non-current liabilities			
		557	975
Mortgage debt	12	18	18
Bank loans	12	223	-
Trade payables		57	31
Payables to group companies		1,154	841
Lease liabilities	14	10	8
Deferred income		2	-
Other payables		367	332
Current liabilities			
		1,831	1,230
Total liabilities			
		2,388	2,205
Total equity and liabilities			
		5,592	5,091

Statement of changes in equity

Amounts in DKKm	Share capital	Retained earnings	Reserve for capitalised development costs	Proposed dividend	Total equity
2021					
Equity at 1 January	111	2,771	4	-	2,886
Appropriated from net profit	-	313	-	-	313
Share-based payments	-	36	-	-	36
Share options settled	-	(72)	-	-	(72)
Sale of treasury shares	-	31	-	-	31
Transfer to/ (from) legal reserves	-	1	(1)	-	-
Tax related to items recognised directly in equity	-	10	-	-	10
Other transactions	-	319	(1)	-	318
Equity at 31 December	111	3,090	3	-	3,204

See note 4.1 in the consolidated financial statements for information on treasury shares.

Notes

1 Accounting policies

General

The financial statements of the parent company ALK-Abelló A/S for the period 1 January to 31 December 2021 have been prepared in accordance with the Danish Financial Statements Act for large reporting class D enterprises.

The financial statements are presented in Danish kroner (DKK), which is also the functional currency of the company.

The accounting policies are unchanged from last year.

The parent company's accounting policies for recognition and measurement are in accordance with the ALK Group's accounting policies with the following exceptions:

Income statement

Results of investments in subsidiaries

Dividends from investments in subsidiaries are recognised in the parent company's financial statements when the right to the dividend finally vests, typically at the date of the

company's approval in general meeting of the dividend of the company in question less any write-downs at the investments.

Balance sheet

Acquisition of activities from subsidiaries

Acquisition of activities from subsidiaries is accounted for using the purchase method. On initial recognition, goodwill is measured and recognised as the excess of the consideration transferred exceeding the fair value of the net assets acquired at the acquisition date.

Goodwill

Goodwill is measured at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over the expected useful life, estimated at 10 years. This estimate was made on the basis of estimated useful lives of the assets acquired.

Investments in subsidiaries

Investments in subsidiaries are measured at cost.

Where the recoverable amount of the investments is lower than cost, the investments are written down to this lower value.

In addition, cost is written down to the extent that dividends distributed exceed the accumulated earnings in the company since the acquisition date. In the event of indications of impairment, an impairment test is performed of investments in subsidiaries.

Capitalisation of development costs

A reserve for capitalisation of development costs less deferred tax is recognised in the statement of equity. The reserve contains development costs, less amortisation/impairment losses, and less deferred tax, capitalised since 1 January 2016.

Other accounting information

Cash flow statement

As allowed under section 86 (4) of the Danish Financial Statements Act, no cash flow statement is presented, as this is included in the consolidated cash flow statement.

Notes

2 Revenue and segment information

Amounts in DKKm	2021	2020
Sale of goods	2,215	1,953
Royalties	81	58
Services	-	4
Total revenue	2,296	2,015
Europe	1,969	1,735
International markets	327	280
Total revenue	2,296	2,015

3 Staff costs

Amounts in DKKm	2021	2020
Wages and salaries	654	609
Pensions	59	57
Other social security costs, etc.	12	22
Share-based payments	24	20
Total	749	708
Staff costs are allocated as follows:		
Cost of sales	295	300
Research and development expenses	219	198
Sales and marketing expenses	94	77
Administrative expenses	96	89
Included in the cost of assets	45	44
Total	749	708
Remuneration to Board of Management and Board of Directors:		
See note 2.4 and 5.1 in the consolidated financial statements		
Employees		
Average number (FTE)	913	855
Number year end (FTE)	954	873

Notes

4 Special items

Special items include impairment of assets of DKK 9 million (2020: DKK 24 million) of which DKK 2 million is related to intangible assets (2020: DKK 22 million) and DKK 7 million is related to tangible assets (2020: DKK 2 million). Further, special items include impairment of investments in subsidiaries of DKK 4 million (2020: DKK 0).

The impairment of intangible assets of DKK 2 million is related to impairment of software. In the income statement, the impairment of intangible assets is recognised as sales and marketing expenses. The impairment of tangible assets of DKK 7 million is related to impairment of plant and machinery. In the income statement, the impairment of tangible assets is recognised with DKK 6 million as cost of sales and DKK 1 million as research and development expenses. The impairment of investments in subsidiaries includes DKK 4 million impairment of ALK Abelló A/S' investment in its subsidiary in Turkey.

In 2020, the impairment of intangible assets included DKK 13 million relating to impairment of acquired intellectual property rights and DKK 9 million relating to impairment of software projects in progress. In the income statement, the impairment of intangible assets was recognised with DKK 19 million in research and development expenses and DKK 3 million as cost of sales. The impairment of tangible assets included DKK 2 million related to impairment of production equipment in progress. In the income statement, the impairment of tangible assets was recognised as cost of sales.

For the assets where ALK estimates that there is a recoverable amount, such amount was determined based on the fair value less cost to sell or the value in use of the respective asset.

5 Financial income and expenses

Amounts in DKKm	2021	2020
Interest on receivables from group companies	12	10
Other interest income	4	4
Currency gain, net	6	-
Total financial income	22	14
Other interest expenses*	23	29
Currency loss, net	-	20
Total financial expenses	23	49

* In 2021, other interest expenses include net interest related to uncertain tax positions of DKK 3 million (2020: income of DKK 7 million) and DKK 3 million related to lease interest expenses (2020: expense of DKK 3 million).

6 Income taxes

Amounts in DKKm	2021	2020
Current income tax	(11)	28
Adjustment of deferred tax	41	79
Prior year adjustments, income tax	3	(2)
Prior year adjustments, deferred tax	(3)	-
Total	30	105
Profit before tax	343	994
Income tax, tax rate of 22%	75	219
Non-taxable income	(22)	(199)
Non-deductible expenses	9	9
Prior year adjustments, income tax	3	(2)
Prior year adjustments, deferred tax	(3)	-
Other taxes and adjustments	(32)	78
Tax on profit for the year	30	105

Notes

7 Intangible assets

Amounts in DKKm	Goodwill	Patents, trademarks and rights	Development cost*	Software	Assets in progress	2021	2020
Cost beginning of year	867	69	14	280	40	1,270	1,267
Additions	-	-	9	7	27	43	25
Disposals	-	-	-	(2)	(9)	(11)	(22)
Transfer to/from other groups	-	-	-	23	(23)	-	-
Cost year end	867	69	23	308	35	1,302	1,270
Amortisation and impairment beginning of year	867	67	7	210	-	1,151	1,130
Amortisation for the year	-	1	2	21	-	24	21
Amortisation on disposals	-	-	-	(2)	-	(2)	(22)
Impairment for the year	-	-	-	2	-	2	22
Amortisation and impairment year end	867	68	9	231	-	1,175	1,151
Carrying amount year end	-	1	14	77	35	127	119

* The capitalised development cost relates to development of medical device products where the individual minor development projects are running for short-term periods and are subject to limited risk. The development projects are generating economic benefits in the form of sale of goods. At 31 December 2021, the capitalised development cost relates to the historical development of the adrenaline auto-injector Jext® for the European market. Additions of DKK 9 million relate to development projects in progress.

8 Property, plant and equipment

Amounts in DKKm	Land and buildings	Plant and fixtures and machinery	Other equipment	Property, plant and equipment in progress	2021	2020
Cost beginning of year	611	526	42	236	1,415	1,326
Additions	11	12	9	71	103	122
Disposals	(1)	(18)	-	-	(19)	(33)
Transfer to/from other groups	1	16	11	(28)	-	-
Cost year end	622	536	62	279	1,499	1,415
Depreciation and impairment beginning of year	287	263	7	85	642	614
Depreciation for the year	24	40	8	-	72	57
Depreciation of disposals	(1)	(18)	-	-	(19)	(31)
Impairment for the year	-	7	-	-	7	2
Depreciation and impairment year end	310	292	15	85	702	642
Carrying amount year end	312	244	47	194	797	773
of which assets held under leases*	125	-	-	-	125	127
Value of land and buildings subject to mortgages	186	-	-	-	186	197

* Land and buildings in Denmark include buildings on land leased from Scion DTU A/S, Hørsholm. The leases are open-ended and the estimated lease terms are 15 years.

Notes

9 Deferred tax

Amounts in DKKm	Intangible assets	Tangible assets	Current and other assets	Liabilities	Tax losses carried forward	Total
2021						
Carrying amount beginning of year	(3)	(65)	60	30	304	326
Adjustment to prior years	3	-	-	-	-	3
Recognised in the income statement, net	(17)	1	(13)	10	(22)	(41)
Recognised in equity, net (share-based payments)	-	-	(23)	-	33	10
Carrying amount year end	(17)	(64)	24	40	315	298
2020						
Carrying amount beginning of year	16	(59)	17	31	351	356
Adjustment of receivables from group companies	-	-	-	-	6	6
Recognised in the income statement, net	(19)	(6)	8	(1)	(61)	(79)
Recognised in equity, net (share-based payments)	-	-	35	-	8	43
Carrying amount year end	(3)	(65)	60	30	304	326

ALK-Abelló A/S is included in a joint Danish taxation scheme with the Lundbeck Foundation (Lundbeckfond Invest A/S) and its Danish subsidiaries.

ALK-Abelló A/S recognises deferred tax assets including the tax value of tax losses if it is probable that it can be utilised against future taxable income within a foreseeable future. This includes an assessment of the possibilities to utilise tax losses in the joint Danish taxation scheme with the Lundbeck Foundation (Lundbeckfond Invest A/S).

Notes

10 Investments in subsidiaries

Amounts in DKKm	2021	2020
Cost beginning of year	1,470	1,466
Capital contribution in subsidiaries during the year	-	4
Cost year end	1,470	1,470
Write-down beginning of year	408	408
Write-down during the year, cf. note 4	4	-
Write-down year end	412	408
Carrying amount year end	1,058	1,062

In the income statement, income from investments in subsidiaries amounting to DKK 15 million (2020: DKK 831 million) is net amount of DKK 19 million dividends received (2020: DKK 831 million) and DKK 4 million write-down of investments in subsidiaries (2020: DKK 0).

For an overview of all subsidiaries see note 5.6 in the consolidated financial statements.

11 Inventories

Amounts in DKKm	2021	2020
Raw materials	102	75
Work in progress	284	255
Manufactured goods and goods for resale	34	31
Total	420	361
Amount of write-down of inventories during the year	13	4
Amount of reversal of write-down of inventories during the year	8	2

12 Mortgage debt and bank loans

Amounts in DKKm	2021	2020
Debt to mortgage credit institutions secured by real property		
Mortgage debt is due as follows:		
Within 1 year	18	18
From 1-5 years	73	72
After 5 years	149	168
Total	240	258
Bank loans		
Bank loans are due as follows:		
Within 1 year	223	-
From 1-5 years	-	446
After 5 years	-	-
Total	223	446

Notes

13 Pensions and similar liabilities

Amounts in DKKm	2021	2020
Pensions and similar liabilities expire as follows:*		
Within 1 year	-	1
From 1-5 years	3	2
After 5 years	55	55
Total	58	58

* Pensions and similar liabilities relate to the provision for transition period for the Danish Holiday Act.

14 Lease liabilities

Amounts in DKKm	2021	2020
Lease liabilities expire as follows:		
Within 1 year	10	8
From 1-5 years	41	35
After 5 years	79	86
Total	130	129

15 Income tax payables to group companies

Non-current income tax payables to group companies of DKK 115 million (2020: DKK 111 million) is expected to expire between 1 to 5 years.

16 Contingent liabilities and commitments

In December 2021, ALK-Abelló A/S issued a hold-harmless letter to ALK -Abelló Arzneimittel GmbH regarding costs under the ongoing tax audits in Germany (unlimited guarantee). The hold-harmless letter replaces the letter issued in December 2020.

In January 2022, ALK-Abelló A/S issued a letter of financial support to ALK e-com A/S. The Letter affirms Financial support for ALK e-com A/S for a period of at least 12 months from the date of approval of the 31 December 2021 financial statements.

Provisions recognised as debt to affiliates have been made to cover such exposures and the mentioned possible uncertainties are in addition to what is already provided for.

For more information on contingent liabilities and commitments, see note 3.10 in the consolidated financial statements.

17 Related parties

ALK-Abelló A/S is included in the consolidated financial statements of the Lundbeck Foundation (Lundbeckfond Invest A/S, incorporated in Denmark).

ALK-Abelló A/S has had transactions with subsidiaries during 2021. All subsidiaries are owned 100%. The transactions are eliminated in the consolidated financial statements.

Transactions with the majority shareholder are disclosed in note 5.3 in the consolidated financial statements. Apart from remuneration, no other transactions have taken place during the year with Board of Directors, Board of Management, major shareholders or other related parties.

Remuneration etc. to Board of Directors and Board of Management

For information on remuneration and exercise of share options for the ALK Group's Board of Directors and Board of Management, see note 2.4 and 5.1 in the consolidated financial statements.

Notes

18 Fees to ALK-Abelló A/S' auditors

Amounts in DKKm	2021	2020
Fees to the auditors appointed at the annual general meeting:		
Audit services	2	2
Tax advisory services	1	-
Other services	-	-
Total	3	2

19 Proposed appropriation of net profit

Amounts in DKKm	2021	2020
Proposed dividend	-	-
Retained earnings	313	889
Net profit	313	889

20 Events after the reporting period

No events have occurred after the reporting period, that influence the evaluation of the parent company financial statements.

Financial highlights and key ratios by quarter for the ALK Group* (unaudited)

Amounts in DKKm	2021	Q4 unaudited	Q3 unaudited	Q2 unaudited	Q1 unaudited
Income statement					
Revenue	3,916	1,099	928	868	1,021
Cost of sales	1,520	398	369	362	391
Research and development expenses	631	179	147	172	133
Sales and marketing expenses	1,234	372	294	291	277
Administrative expenses	240	71	63	52	54
Other operating items, net	1	-	-	1	-
Operating profit (EBIT)	292	79	55	(8)	166
Net financial items	(13)	(5)	(1)	(13)	6
Profit before tax (EBT)	279	74	54	(21)	172
Net profit	219	76	37	(21)	127
EBITDA	534	136	124	48	226
Average number of employees (FTE)	2,492	2,525	2,502	2,481	2,459
Revenue					
(Growth in revenue in local currency %)					
Europe	2,809 (10)	795 (7)	640 (15)	621 (14)	753 (5)
- SCIT/SLIT-drops	1,273 (-4)	366 (-7)	293 (4)	267 (3)	347 (-11)
- SLIT-tablets	1,340 (31)	400 (31)	278 (32)	302 (27)	360 (34)
- Other products and services	196 (-8)	29 (-33)	69 (5)	52 (12)	46 (-19)
North America	683 (23)	193 (20)	169 (23)	161 (33)	160 (16)
- SCIT/SLIT-drops	302 (14)	86 (11)	74 (11)	71 (34)	71 (4)
- SLIT-tablets	120 (42)	33 (40)	29 (67)	31 (59)	27 (12)
- Other products and services	261 (27)	74 (24)	66 (26)	59 (22)	62 (37)
International markets	424 (15)	111 (6)	119 (51)	86 (-15)	108 (29)
- SCIT/SLIT-drops	80 (1)	31 (153)	21 (7)	13 (-48)	15 (-29)
- SLIT-tablets	314 (18)	76 (-11)	91 (69)	68 (-1)	79 (35)
- Other products and services	30 (27)	4 (-28)	7 (22)	5 (-38)	14 (200)
Total revenue	3,916 (12)	1,099 (9)	928 (20)	868 (13)	1,021 (9)
- SCIT/SLIT-drops	1,655 (-1)	483 (0)	388 (5)	351 (4)	433 (-10)
- SLIT-tablets	1,774 (29)	509 (23)	398 (41)	401 (23)	466 (32)
- Other products and services	487 (10)	107 (-2)	142 (15)	116 (13)	122 (15)

Amounts in DKKm	2021	Q4 unaudited	Q3 unaudited	Q2 unaudited	Q1 unaudited
Balance sheet					
Total assets	5,830	5,830	5,718	5,575	5,785
Invested capital	2,931	2,931	2,908	2,803	2,859
Equity	3,480	3,480	3,314	3,249	3,323
Cash flow and investments					
Depreciation, amortisation and impairment	242	57	69	56	60
Cash flow from operating activities	468	158	99	84	127
Cash flow from investing activities	(266)	(105)	(78)	(42)	(41)
- of which investment in intangible assets	(45)	(23)	(11)	(4)	(7)
- of which investment in tangible assets	(218)	(82)	(67)	(38)	(31)
Free cash flow	202	53	21	42	86
Information on shares					
Dividend	-	-	-	-	-
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 period - DKK	3,430	3,430	2,698	2,992	2,410
Net asset value per share - DKK	312	312	297	292	298
Key figures					
Gross margin - %	61	64	60	58	62
EBITDA margin - %	14	12	13	6	22
Earnings per share (EPS) - DKK	20.0	6.9	3.4	(1.9)	11.6
Earnings per share diluted (DEPS) - DKK	19.8	6.9	3.4	(1.9)	11.5
Cash flow per share (CFPS) - DKK	42.7	14.4	9.0	7.7	11.6
Share price/Net asset value	11.0	11.0	9.1	10.3	8.1

* Management's review comprises this page as well as pages 1-44 and Financial highlights and key ratios for the ALK Group on page 13.

Definitions: see page 90.



ALK-Abelló A/S

Bøge Allé 6-8

DK-2970 Hørsholm, Denmark

CVR no. 63 71 79 16

Tel. +45 45 74 75 76

www.alk.net

