ALK launches new growth strategy and 2028 financial ambitions

June 03, 2024

ALK (*ALKB:DC / OMX: ALK B / AKBLF*) today announced that the Board of Directors has adopted a new corporate strategy (Allergy$^+$) and 2028 financial ambitions.

Allergy$^+$ aims to further strengthen ALK's leadership in allergy immunotherapy, establishing a leading position in food allergy and anaphylaxis, as well as pursuing new innovations to address adjacent allergic conditions with high unmet needs.

The strategy targets **average revenue growth of minimum 10%** in local currencies (5-year CAGR) until 2028[1]. The respiratory SLIT-tablet portfolio ('tablets') remains key to growth, as ALK broadens its patient reach and achieves full paediatric coverage.

ALK continues to target an EBIT margin of ~25% in 2025 after which ALK will aim for **annual profitability improvements** in line with revenue growth implying a projected EBIT margin of around 25% until 2028.This will enable ALK to invest in strategic growth initiatives to bolster its long-term growth and profitability trajectory. ALK aspires to self-fund its development, implying that underlying margin improvements above ~25% will be reinvested in commercial activities, R&D, business development or infrastructure. This does not rule out that margins can be higher or lower in the strategy period subject to market conditions and the timing of strategic initiatives.

ALK will maintain an **efficient capital structure** with a financial gearing of maximum 2 x NIBD/EBITDA. ALK will be disciplined about capital allocation to ensure flexibility to deliver on its growth ambitions while also generating attractive shareholder returns. ALK expects to generate increasing free cash flow, and cash will be allocated in the following order of priority: Investments in organic growth, including R&D (projected in the range of 10-15% of revenue p.a. in 2025-28); CAPEX (projected in the range of DKK 400-600 million p.a. in 2025-28 based on current plans); business development and licensing activities; and finally cash distribution to shareholders via dividends and/or share buyback programmes.

CEO Peter Halling says: "*We want to sustain ALK's growth for many years to come and leverage our insights and business platforms to help more people with allergies to a better life.The new strategy prioritises high-potential growth levers – markets, projects and innovations - with the largest potential to generate strong returns and the greatest impact for patients and prescribers*.
We will allocate resources carefully, and we will simplify and reduce complexity across our business to effectively scale up ALK for future growth in revenue and earnings."

Allergy$^+$ builds on ALK's promise of providing life-changing solutions to the millions of people with allergy. The strategy is based on four pillars:

Focus

ALK will prioritise and focus the commercial activities as it works to strengthen its global position in respiratory allergy, primarily through extending the reach of its current tablet portfolio, which adresses 80% of the most important respiratory allergies worldwide. Key initiatives include targeted expansion to new patient groups, investments in high-impact markets, efforts to increase prescription depth and breadth among healthcare professionals and digital mobilisation of eligible patients and prescribers. A significant growth contribution is expected to come from completing ALK's respiratory tablet portfolio and by leveraging the expected full paediatric coverage. Across markets, ALK will also explore collaborations with partners to speed up commercial adoption.

Europe is expected to be ALK's main growth driver towards 2028. To further leverage its strongholds and accelerate momentum, ALK will reallocate resources and increase investments in key European markets to support profitable growth while operations in certain other markets will be reduced until market conditions have improved.

In **North America**, ALK remains focused on growing the prescription-based tablet business by building new sales channels and adding new products in the USA, especially among paediatricians. In **China**, ALK continues to work with the authorities on the regulatory review of the house dust mite tablet, ACARIZAX®. The commercial activities will be adapted to the launch timeline, currently planned for 2025. This launch timeline and additional commercial investments are pending feedback from the authorities on the ongoing review. Current business activities related to ALK's SCIT products are expected to continue as is. In **Japan**, ALK will work closely with its partner, Torii to further broaden patient reach in light of the high prevalence rates of allergy. In **Southeast Asia** and **India**, ALK will continue to support current partners.

Innovate

To help more people with allergy, ALK will innovate and expand the R&D pipeline in a balanced way. ALK will maximise the value of its existing core products and diversify the portfolio into food allergy, anaphylaxis and other adjacent, allergic diseases with a potential to become new 'growth levers'. ALK will also explore business development and licensing opportunities to advance these ambitions.

Key initiatives include **strengthening the evidence** supporting ALK's core products in new patient groups, such as children, and geographies, including the anticipated regulatory approvals of ACARIZAX® in China and India, and GRAZAX® in Japan as well as other life cycle management activities for core products.

In **food allergy,** ALK's objective is to build a portfolio of treatments that addresses the unmet medical need among the ~200 million people worldwide affected, particularly among children. This portfolio will be spearheaded by the peanut SLIT tablet, currently in clinical Phase I/II development for the treatment of peanut allergy. ALK intends to extend the portfolio to target other food allergies and include novel concepts and projects with new modes of actions.

Treatment of acute life-threatening allergic reactions (**anaphylaxis)** remains a priority for ALK. The area is underserved - for instance, in the USA, where around 20 million people are at risk of suffering anaphylactic shocks, but only around 3 million carry an adrenaline autoinjector. ALK plans to develop a portfolio that consists of the already marketed autoinjector Jext®, a next-generation autoinjector (the Genesis project) as well as possible new innovations based on alternative administration forms, potentially in collaboration with partners. Subject to development timelines and regulatory approvals, launches are expected towards the end of the strategy period. Consequently, the collaboration with Windgap Medical will be terminated, which will have no financial impact on ALK.

Building on its scientific leadership and core R&D capabilities within molecular and clinical allergology and immunology, ALK has also initiated innovation efforts targeting selected **adjacent disease areas** with strong scientific and commercial links to the existing product portfolio and channels. These efforts generally focus on allergic inflammatory conditions and mast cell driven pathologies and target diseases in the broader allergy space.

Optimise

To reduce complexity and maintain competitiveness, ALK will further optimise its operations and thereby create a robust foundation for future growth. Key initiatives include continous manufacturing and quality improvements, and expansion of production capacity for tablets to 800 million tablets annually by 2030 within ALK's existing footprint. Furthermore, ALK will optimise the cost base, reduce structural complexities across the value chain, and invest in infrastructure such as digital solutions and AI. Longer-term, ALK will also explore options to optimise the global manufacturing footprint and further prune the product portfolio.

As announced in the Q1 report (2 May 2024), ALK will implement **optimisation and prioritisation initiatives** to free up approximately DKK 250 million in 2025, of which roughly half will be reallocated to strategic investments and half will support ALK's earnings ambitions.

Cultivate

The activities and targets in the new strategy are underpinned by ALK's commitment to cultivate the capabilities of its people and organisation to foster a strong performance culture through high engagement, and conduct business sustainably by improving access to allergy care and reducing the environmental footprint.

Key initiatives include investments in further developing and upskilling employees to ensure that the organisation retains the right capabilities and an agile culture of continuous learning and growth. ALK will conduct business ethically and responsibly while fostering a safe, diverse, and inclusive work environment.

In support of sustainable development, ALK is committed to improving access to allergy care by expanding its reach among people with allergies through training of healthcare professionals and allergy awareness initiatives.

ALK has also set science-based CO_2 targets in line with the Paris Agreement and will reduce emissions (scope 1 and 2) by 42% in 2030 by transitioning towards renewable energy as the primary energy source and implementing general energy efficiency measures, with further reductions coming from ALK's suppliers' commitment to reducing their emissions.

Unchanged outlook for 2024

The financial outlook for 2024 is unchanged compared to the annoucement on 2 May, 2024. ALK expects revenue to grow by 10-13% in local currencies. The EBIT margin is expected at 17-19%.

Capital Markets Day

ALK's leadership team will further elaborate on the strategy at a Capital Markets Day on 4 June 2024 from 13:00 to 17:00 CEST at the company's headquarters in Hørsholm, Denmark. The Capital Markets Day will be webcasted live on www.ir.alk.net/CMD where presentations and recordings will also be available.

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Forward-looking Statements
This announcement contains forward-looking statements, including forecasts of future revenue, operating profit and cash flow as well as expected business-related events. Such statements are naturally subject to risks and uncertainties as various factors, some of which are beyond the control of ALK, may cause actual results and performance to differ materially from the forecasts made in this announcement. Such factors include but are not limited to general economic and business-related conditions, including legal issues, uncertainty relating to demand, pricing, reimbursement rules, regulatory approvals, 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. ALK undertakes no obligation to publicly update or revise forward-looking statements to reflect subsequent events or circumstances after the date made, except as required by law.

About ALK
ALK is a global specialty pharmaceutical company focused on allergy and allergic asthma. It markets allergy immunotherapy treatments and other products and services for people with allergy and allergy doctors. Headquartered in Hørsholm, Denmark, ALK employs around 2,900 people worldwide and is listed on Nasdaq Copenhagen. Find more information at www.alk.net.

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[1] Excluding sizeable effects from M&As or potential divestments.

Attachment

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