Six-month interim report (Q2) 2017 (Unaudited)

Company release No. 21/2017

Performance for the period

(Comparative figures for 2016 are shown in brackets. Revenue growth is measured in local currencies. 2016 comparative figures are affected by last year's market disruptions which boosted ALK's sales and earnings in Europe significantly, particularly in the second quarter. To provide a meaningful benchmark, comparisons to figures from 2015 have also been included in the report wherever relevant.)

During Q2 2017, ALK continued its investment programme focused on building-up the company in North America, securing its European leadership position and upgrading its product supply. ALK has met all its key objectives for H1 2017 and now has H1 total revenue that is 25% higher than 2015, before the market disruptions. ALK will continue to invest in expansion initiatives to deliver its long-term growth plans.

Q2 2017 highlights:

- Performance was in line with expectations: Growth in North America and International markets was, as anticipated, offset by declining revenue in Europe, partly following the disruptions of 2016.
- Total revenue declined to DKK 691 million (773). When comparing this with last year, it is important to note that Q2 2016 included an extraordinary carry-over benefit of European orders worth approximately DKK 100 million which were placed in Q1 2016 but invoiced in Q2 2016.
- European revenue was 29% higher organically than Q2 2015 'pre-market disruption' levels, representing a significant expansion of ALK's size.
- The previously communicated SCIT capacity constraints are estimated to have negatively impacted Q2 sales by DKK 50-60 million.
- Operating profit (EBITDA) was DKK 16 million (159) following planned cost increases to support long-term growth mainly in the USA and in ALK's product supply operations.
- In H1, total revenue amounted to DKK 1,480 million (1,621) and operating profit (EBITDA) was DKK 156 million (436).

Business priorities

- Investments in the North American build-up in support of the tablet portfolio are ongoing and ALK is currently evaluating opportunities to move forward the launches of ACARIZAX® from 2018 to 2017. The US-brand name will be ODACTRA™. Meanwhile, the transfer of US product licences is still being processed by the FDA.
- Investments in retaining market leadership in Europe continue and are showing good progress.
- ACARIZAX® sales continue to grow strongly; development and registration activities are progressing as planned.
- SCIT production output has now been fully restored for all major allergens, and robust inventory levels are expected to be gradually rebuilt during 2018.
- A strategy update will be presented in the autumn.

2017 financial guidance

ALK's financial guidance for full-year revenue and operating profit (EBITDA) is unchanged. The free cash flow guidance has been revised, primarily due to higher tax payments and a slightly higher working capital:

- Full-year revenue is still projected at DKK 2.8-3.0 billion (2016: DKK 3.0 billion) as European markets establish a 'new normal' following last year's disruptions.
- Operating profit (EBITDA) is still expected to be ~DKK 300 million.
- Free cash flow is now expected at minus DKK 600 million or greater (previously: down to approximately minus DKK 500 million).

Hørsholm, 16 August 2017
ALK-Abelló A/S

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Today, ALK is hosting a conference call for analysts and investors at 1.30 p.m. (CEST) at which Management will review the financial results and the outlook. The conference call will be audio cast on http://ir.alk.net/. Participants in the audio cast are kindly requested to call in before 1.25 p.m. (CEST). Danish participants should call in on tel. +45 7022 3500 and international participants should call in on tel. +44 (0) 20 7572 1187 or +1 646 722 4972. Please use the Participant Pin Code: 52826656#. The conference call will also be webcast live on our website, where the related presentation will be made available shortly before the call begins.

FINANCIAL HIGHLIGHTS AND KEY RATIOS FOR THE ALK GROUP

Amounts in DKKm	H1 2017	H1 2016	Q2 2017	Q2 2016	Full year 2016
Income statement					
Revenue	**1,480**	1,621	**691**	773	3,005
Operating profit before depreciation and amortisation (EBITDA)	**156**	436	**16**	159	642
Depreciation, amortisation and impairment	**88**	81	**44**	40	163
Operating profit (EBIT)	**68**	355	**(28)**	119	479
Net financial items	**(15)**	(1)	**(7)**	12	8
Profit before tax (EBT)	**53**	354	**(35)**	131	487
Net profit	**1**	195	**(1)**	72	270
Key figures					
Gross margin – %	**60**	68	**57**	65	67
EBITDA margin – %	**11**	27	**2**	21	21
Earnings per share (EPS) – DKK	**0**	20	**0**	7	28
Earnings per share (DEPS), diluted – DKK	**0**	20	**0**	8	27
Cash flow per share (CFPS) – DKK	**(28)**	28	**(24)**	12	41
Share price/Net asset value	**3.5**	4.2	**3.5**	4.2	3.2
Average number of employees	**2,305**	1,959	**2,351**	2,020	2,010
Balance sheet					
Total assets	**4,584**	4,503	**4,584**	4,503	4,799
Invested capital	**2,779**	2,336	**2,779**	2,336	2,353
Equity	**2,787**	2,842	**2,787**	2,842	2,875
Cash flow and investments					
Cash flow from operating activities	**(281)**	270	**(242)**	110	405
Cash flow from investing activities	**(252)**	(52)	**(85)**	(47)	(204)
- of which investment in tangible and intangible assets	**(158)**	(71)	**(85)**	(47)	(225)
- of which acquisitions of companies and operations	**(94)**	-	**-**	-	-
Free cash flow	**(533)**	218	**(327)**	63	201
Information on shares					
Share capital	**101**	101	**101**	101	101
Shares in thousands of DKK 10 each	**10,128**	10,128	**10,128**	10,128	10,128
Share price, end of period – DKK	**972**	1,169	**972**	1,169	920
Net asset value per share – DKK	**275**	281	**275**	281	284

Definitions: see last page

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INCOME STATEMENT

Q2 2016	%	Q2 2017	%	Amounts in DKKm	H1 2017	%	H1 2016	%
773	*100*	**691**	*100*	Revenue	1,480	*100*	1,621	*100*
267	*35*	**298**	*43*	Cost of sales	598	*40*	513	*32*
506	*65*	**393**	*57*	**Gross profit**	**882**	*60*	1,108	*68*
97	*13*	**97**	*14*	Research and development expenses	195	*13*	197	*12*
282	*36*	**324**	*47*	Sales, marketing and administrative expenses	619	*42*	535	*33*
-	-	**-**	-	Other operating income and expenses	-	-	6	*0*
127	*16*	**(28)**	*(4)*	**Operating profit (EBIT) before special items**	**68**	*5*	382	*24*
(8)	*(1)*	**-**	-	Special items	-	-	(27)	*(2)*
119	*19*	**(28)**	*(4)*	**Operating profit (EBIT)**	**68**	*5*	355	*22*
12	*2*	**(7)**	*(1)*	Net financial items	(15)	*(1)*	(1)	*(0)*
131	*21*	**(35)**	*(5)*	**Profit before tax (EBT)**	**53**	*4*	354	*22*
59	*8*	**(34)**	*(5)*	Tax on profit	52	*4*	159	*10*
72	*9*	**(1)**	*(0)*	**Net profit**	**1**	*0*	195	*12*
167	*22*	**16**	*2*	**Operating profit before depreciation and amortisation (EBITDA) before special items**	**156**	*11*	463	*29*
159	*21*	**16**	*2*	**Operating profit before depreciation and amortisation (EBITDA)**	**156**	*11*	436	*27*

BUSINESS PRIORITIES

The four priorities outlined in the 2016 Annual Report continue to be ALK's main focus in the short-term:

Build-up in North America: ALK is continuing its build-up in North America, the world's largest allergy market with the biggest immediate growth potential. The transfer of the US product licences for the tablet portfolio is still being reviewed by the FDA. Despite this, ALK is currently evaluating opportunities to bring forward the launches of ACARIZAX® (ODACTRA™ in the USA) from 2018 to 2017.

Retain market leadership: Following the market disruptions caused by temporary production issues at a competitor, ALK gained significant market share in Europe in 2016, particularly in France. Since then, ALK has deployed additional resources to lock-in as much of these gains as possible. As markets and demand are progressively stabilised, in Q2 ALK consolidated its overall market leadership in Europe with a revenue that is 29% higher than in 2015. ALK continues to invest in securing this position.

ACARIZAX® roll-out: ALK saw additional progress in the registration processes in Europe and Canada during Q2. Meanwhile, ACARIZAX® sales continue to grow strongly in its initial 10 markets, and pre-launch pricing and reimbursement negotiations are advancing in other markets where ACARIZAX® has been approved. Regulatory reviews are also ongoing in International markets and preparations for a global paediatric development programme are on track, underlining that treatment of paediatric respiratory diseases is a key priority for ALK.

A robust product supply chain: Overall SCIT production output has now been restored for all major allergens. Efforts are now focused on rebuilding inventory levels in order to eliminate back-orders and secure adequate supply for the forthcoming pollen seasons. ALK anticipates that robust inventories will be rebuilt during 2018. This is a prerequisite for reestablishing previous sales levels and customer satisfaction.

Strategy update

As outlined in the 2016 Annual Report (7 February 2017), it is ALK's strategy to transform the company from being largely European focused into a truly global company by growing its core allergy immunotherapy (AIT) business and expanding into new market segments with complementary products and services. Since then, the company has worked intensively on a new corporate strategy that in more detail describes ALK's future role in the allergy market and how it will achieve better and earlier patient engagement, including the expected financial impact of these activities. Finalisation of this new strategy is underway and ALK expects to present an update during the autumn.

Q2 REVENUE BY GEOGRAPHY

(*Comparative figures for 2016 are shown in brackets. Revenue growth rates are stated in local currencies, unless otherwise indicated*)

Revenue in Europe

DKKm	Q2-17	Q2-16	Q2-15
SCIT/SLIT-drops	358	487	318
SLIT-tablets	106	117	59
Others	46	37	35
Revenue	**510**	**641**	***)412**

*) *Excluding the veterinary business, divested in 2015*

Europe

Q2 revenue in Europe decreased by 20% to DKK 510 million (641) with the region accounting for 74% of ALK's total revenue (83).

For context, Q2 2016 revenue was significantly influenced by last year's market disruptions, and included a carry-over effect from orders worth approximately DKK 100 million which were placed in Q1 2016 but invoiced in Q2 2016. Compared to Q2 2015 pre-market disruption figures, ALK revenue in Europe was 29% higher organically.

ALK maintained its position as market leader and sales were slightly ahead of plan in key markets.

Tablet sales grew by double digits in Northern and Central Europe, including Germany, but overall tablet sales declined by 9% versus Q2 2016, despite strong uptake of ACARIZAX®. The decrease is a consequence of the gradual normalisation of markets, since GRAZAX® benefited from being the only readily available grass AIT product in markets affected by supply shortages in Q2 2016. When compared with Q2 2015 pre-disruption levels, GRAZAX® sales were up by 48% and overall tablet sales grew by 82%.

Combined SCIT and SLIT-drops sales decreased by 27% versus Q2 2016. SCIT sales were negatively affected by the temporary reduction of SCIT production capacity, which resulted in fewer patient initiations and back orders for certain products and markets. This particularly affected sales in Germany. The temporary capacity constraints are estimated to have lowered SCIT sales globally by approximately DKK 50-60 million in Q2 2017. SLIT-drops sales declined as market conditions in France normalised. Still, global sales of SLIT-drops exceeded Q2 2015 disruption levels by approximately 40%.

Sales of other products grew by 33%, driven by the adrenaline auto-injector Jext® which continues to recover following improvements to the robustness of its supply chain. Jext® sales almost doubled overall, while diagnostics sales softened.

Market conditions for evidence-based products continued to improve in Germany where guideline updates and regional drug budget controls favouring registered and documented AIT products continue to influence the formulary lists and prescribing habits. However, market access conditions are still challenging in Southern Europe.

H1 revenue in Europe was DKK 1,126 million (1,322).

North America

Q2 revenue in North America grew by 30% to DKK 166 million (126) and the region accounted for 24% (16) of total revenue. The organic growth was 4%.

Tablet revenue in Q2 was DKK 27 million (10), primarily reflecting the switch from only recognising sales royalties from ALK's former partner to recognising the full in-market sales of GRASTEK® and RAGWITEK®.

Sales of bulk allergen extracts to specialists and clinics declined, predominantly due to supply disruptions affecting the Pharmalgen® range (venom AIT).

In 2016, an FDA inspection of ALK's facility producing Pharmalgen® for the US market resulted in an 'Untitled Letter'. The FDA has now informed ALK that the company's response and proposed corrective actions have been reviewed and appear adequate.

Sales of diagnostics and other products grew strongly with the recent acquisitions, Allergy Laboratory of Oklahoma Inc., and Crystal Labs LLC (together: ALOK), contributing as anticipated.

H1 revenue in North America was DKK 318 million (277) of which tablet revenue was DKK 44 million (49).

International markets

Q2 revenue in International markets was DKK 15 million (6), a 155% increase over last year. International markets accounted for 2% of total revenue (less than 1).

Growth was driven by China where ALK has strengthened its organisation to support a newly appointed distribution partner.

H1 revenue in International markets was DKK 36 million (22).

Global revenue by product line

DKKm	Q2-17	Q2-16	Q2-15
SCIT and SLIT-drops	426	561	413
SLIT-tablets	134	128	78
Other products and services	**)131	84	74
Revenue	**691**	**773**	**565**

**) *Includes contribution from the ALOK acquisitions.*

Q2 PIPELINE HIGHLIGHTS

ALK's efforts to develop a full portfolio of SLIT-tablets for adults, adolescents and children suffering from the most common allergies – estimated to affect 90% of respiratory allergy patients worldwide – are on track. In Q2, ALK's own activities as well as those under the partnerships with Torii, Abbott and Seqirus advanced further.

House dust mite (HDM) allergy
In Q2, ALK received approval in 12 countries in **Europe** for the use of ACARIZAX® in the treatment of adolescents aged 12 to 17 with HDM-induced allergic rhinitis. In 2015, ACARIZAX® obtained European approval for use in adults with allergic asthma and allergic rhinitis. ALK's preparations to investigate the safety and efficacy of ACARIZAX® in European children with allergic asthma and allergic rhinitis are also in hand.

In Q2, the New Drug Submission (NDS) for ACARIZAX® was approved by Health **Canada.** The tablet was approved for the treatment of moderate to severe house dust mite-induced allergic rhinitis, with or without conjunctivitis, in adults aged 18 to 65. In February, the tablet, under the brand name ODACTRA™, was also approved in the **USA**. ALK is in close dialogue with the FDA on US development activities to support an expanded approval covering children with allergic asthma.

The authorities in **Japan** are currently reviewing a paediatric registration application submitted by Torii in Q1, based on a trial involving ~400 patients aged 5 to 17. MITICURE™ (the local brand name) is already indicated for patients aged 12 years and older.

In **China**, ALK is continuing to prepare for a local Phase I trial after the authorities approved a local clinical development programme.

Preparations for the registration of ACARIZAX® in **Russia** are advancing based on a successful local clinical trial. This application will target both allergic rhinitis and allergic asthma.

Regulatory reviews are ongoing in **South-East Asia**, where Abbott has filed for allergic rhinitis and allergic asthma indications in seven markets. Meanwhile, an import licence has been issued for Singapore and the product has been launched. Subject to approval, first launches in the remaining markets could take place in early 2018.

To date, ACARIZAX® has been approved by 18 countries. Pricing and reimbursement negotiations have so far resulted in agreements and launches in 10 countries with further negotiations ongoing.

Grass pollen allergy
In Q2, at the European Academy of Allergy and Clinical Immunology's (EAACI) annual congress, ALK presented further analysis of data from the multi-year, pan-European *GRAZAX® Asthma Prevention* (GAP) trial. The analysis shows that the benefits of GRAZAX® in the prevention of asthma symptoms were even more pronounced when treatment was initiated at an earlier age. The analysis was also published in the online edition of the *Journal of Allergy and Clinical Immunology*.

Recently, the authorities in Russia and Australia approved the registration applications submitted by Abbott and Seqirus, respectively. So far, GRAZAX® has obtained marketing authorisations in 27 countries: 21 in the EU, plus Switzerland, Turkey, the USA, Canada, Australia and Russia.

Ragweed pollen allergy
The authorities in **Europe** continue to review the regulatory filing for the ragweed SLIT-tablet, which ALK submitted in Q1. The tablet could be a useful addition to ALK's product portfolio, particularly in Eastern and Southern Europe, where this allergy is most common. Subject to approval, first launches could take place in 2018.

A regulatory review is also ongoing in **Russia**.

Paediatric development is ongoing in **North America**, where RAGWITEK® was approved by the FDA for adult patients in 2014.

Tree pollen allergy
ALK's Phase III clinical trial in **Europe** has been completed. The trial, involving 800 patients from eight countries, examines the tree SLIT-tablet's ability to reduce patients' symptoms from tree pollen when compared to placebo treatment. ALK expects to report top-line results from the trial in H2 2017 and could submit a regulatory filing in 2018.

Japanese cedar pollen allergy
The authorities in **Japan** are reviewing Torii's New Drug Application for the SLIT-tablet against Japanese cedar pollen allergic rhinitis. Subject to approval, the tablet could reach the market in 2017.

Further details on the SLIT-tablet partnerships can be seen on page 9.

FINANCIAL REVIEW OF H1 2017

(*Comparative figures for H1 2016 are shown in brackets. Revenue growth rates are stated in local currencies, unless otherwise indicated*)

Revenue decreased by 9% to DKK 1,480 million (1,621). Organic growth, excluding acquisitions and one-off milestone payments, was -11%. Currencies had no material impact on reported growth.

Cost of sales increased 17% (organically 5% in local currencies) to DKK 598 million (513). Gross profit of DKK 882 million (1,108) yielded a gross margin of 60% (68), reflecting lower revenue, capacity expansion, activities to improve robustness of product supply as well as a changed sales mix.

Capacity costs increased 11% (organically 11% in local currencies) to DKK 814 million (732). R&D expenses were largely unchanged at DKK 195 million (197). Administrative expenses grew by 12% (12% organic increase in local currencies) to DKK 112 million (100), while sales and marketing expenses increased by 17% (organically 17% in local currencies) to DKK 507 million (435). This reflected ALK's accelerated growth investments.

Reported EBITDA (operating profit before depreciation and amortisation) was DKK 156 million (436). There was no material impact on earnings due to exchange rates.

Net financials were a loss of DKK 15 million (loss of 1) and **tax on the profit** totalled DKK 52 million (159). The high effective tax rate is a result of the current geographical distribution of income.

Net profit was DKK 1 million (195).

Cash flow from operating activities was an outflow of DKK 281 million (an inflow of 270). The decrease was primarily caused by lower earnings following ALK's growth investments as well as changes in working capital and higher taxes, partly related to the extraordinarily high profit in 2016.

Cash flow from investment activities was an outflow of DKK 252 million (52) relating to the accelerated build-up of capacity for SLIT-tablet production and instalments related to the ALOK acquisitions. Free cash flow was an outflow of DKK 533 million (an inflow of 218). Cash flow from financing was an outflow of DKK 59 million (49) primarily related to the dividend payment of DKK 5 per share, which was declared at the annual general meeting in March.

At the end of June, ALK held 291,644 of its **own shares** or 2.9% of the share capital versus 2.9% at the end of 2016.

At the end of June, **cash and marketable securities** totalled DKK 242 million versus DKK 840 million at the end of 2016 and DKK 771 million end of June 2016. In addition, ALK has an unused credit facility of more than DKK 400 million.

Equity totalled DKK 2,787 million (2,842) at the end of the period, and the equity ratio was 61% (63).

OUTLOOK FOR 2017

Full-year guidance for revenue and operating profit (EBITDA) is unchanged from the three-month interim report (Q1) 2017 (9 May 2017) whereas guidance for free cash flow has been revised.

European revenue is still expected to decline relative to 2016 (DKK 2,434 million) as markets establish a 'new normal' after the disruptions which contributed strongly to ALK's 2016 sales and earnings. Nevertheless, ALK expects to retain much of its market share gains and anticipates 2017 revenue will be significantly higher than in 2015 (DKK 1,937 million), before the market disruptions emerged. Revenue is assumed to be affected negatively by the temporary reduction in SCIT capacity. However, this negative effect is expected to significantly decrease during the remainder of 2017.

Revenue in North America is still expected to increase (2016: DKK 512 million), driven by diagnostics and other products, including the effect of the ALOK acquisitions, and by the full addition of sales from SLIT-tablets – previously ALK only recognised sales royalties from its former partner.

Revenue in International markets is also still projected to increase (2016: DKK 59 million) as a result of growth in existing markets, primarily China, and expansion into new markets.

No milestone or upfront payments are expected in 2017 (2016: DKK 38 million).

In light of the above, ALK continues to expect revenue of DKK 2.8-3.0 billion (2016: DKK 3.0 billion).

Overall, 2017 will see significant investments and cost increases as ALK seeks to consolidate its market position and advance its long-term growth plans. Particular focus is on the scale-up in North America, additional market shaping and expansion activities in

Europe and International markets, the ongoing launch of ACARIZAX®, as well as extra costs and investments to build capacity and secure the robustness of product supply.

These investments will position ALK to take advantage of an expected new wave of industry consolidation in Europe, largely driven by increased regulatory and quality requirements, and will also allow ALK to exploit the large, untapped market potential in North America.

The guidance for operating profit (EBITDA) is unchanged at ~DKK 300 million (2016: DKK 642 million), reflecting both significantly increased growth investments and a changed sales mix. Potential costs associated with bringing forward the launches of ACARIZAX® in North America are not included in the guidance for EBITDA.

CAPEX is still projected to increase (2016: DKK 204 million) due to accelerated investments in capacity and compliance upgrades and other projects.

Free cash flow is now expected at minus DKK 600 million or greater (previously: down to approximately minus DKK 500 million) following higher tax payments and a slightly higher working capital. Free cash flow is also impacted by the accelerated CAPEX-programme, significant business investments, continued inventory build-up as well as payments related to the ALOK acquisitions.

The outlook is based on current exchange rates.

RISK FACTORS

This interim report contains forward-looking statements, including forecasts of future revenue and operating profit 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 interim report. Without being exhaustive, such factors include, e.g., general economic and business-related conditions, including legal issues, uncertainty relating to demand, pricing, reimbursement rules, partners' plans and forecasts, fluctuations in exchange rates, competitive factors and reliance on suppliers. An additional factor is 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.

2017 Financial calendar

Silent period	13 October 2017
Nine-month interim report (Q3)	10 November 2017

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ALK'S PARTNERSHIPS

Partnership with Torii for Japan
The partnership agreement, established in 2011, grants Torii exclusive rights to develop, register and commercialise ALK's AIT products for allergic rhinitis and asthma in Japan. The agreement covers SLIT-tablets against house dust mite (branded MITICURE™ in Japan) and Japanese cedar pollen allergy, as well as a house dust mite SCIT product and a house dust mite diagnostic product. ALK has received all potential upfront and development milestone payments totalling DKK 450 million (EUR 60 million) from Torii. In addition, ALK is entitled to royalty payments, sales milestones on the products' net sales, as well as payments for product supply and R&D support. Torii incurs all costs of clinical development, registration, marketing and sales of the products. ALK is responsible for production and supply.

Partnership with Abbott for Russia
The partnership with Abbott, established in 2014, covers the supply and marketing of ALK's SLIT-tablets in Russia. Abbott has exclusive rights to distribute and commercialise ALK's SLIT-tablet portfolio covering Russia's most common allergies: grass (GRAZAX®), ragweed, tree and house dust mite (ACARIZAX®), adding the products to its own respiratory range. Abbott and ALK will share the revenue generated by the partnership. Abbott will purchase products from ALK at agreed prices and, in addition, pay royalties on net sales.

Partnership with Abbott for South-East Asia
In January 2016, the partnership with Abbott was expanded to cover seven South-East Asian markets: Hong Kong, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand. In these markets, Abbott has exclusive rights to register and sell ACARIZAX®, which is a strong fit with Abbott's existing ENT and paediatrics portfolio. ALK and Abbott will share the revenue generated in the territories. ALK will be responsible for product supply to Abbott.

Partnership with Seqirus for Australia and New Zealand
The partnership with Seqirus, established in 2015, grants Seqirus exclusive rights to promote and sell ACARIZAX® and GRAZAX® in Australia and New Zealand. ALK received an undisclosed milestone payment upon approval of ACARIZAX® in Australia in 2016. ALK is responsible for product supply and will sell products to Seqirus at an agreed price structure ensuring a split of final in-market revenue generated by Seqirus.

The former partnership for North America
ALK's former partnership with MSD (known as Merck in the USA and Canada) for North America ended in January 2017 when all rights to GRASTEK®, RAGWITEK® and the house dust mite tablet (ACARIZAX® in Europe) were repatriated to ALK. In total, ALK received approximately DKK 700 million in payments under the partnership.

STATEMENT BY MANAGEMENT

The Board of Directors and Board of Management today considered and approved the interim report of ALK-Abelló A/S for the period 1 January to 30 June 2017. The interim report has not been audited or reviewed by the company's independent auditor.

The interim report has been prepared in accordance with IAS 34 'Interim financial reporting' and additional Danish disclosure requirements for the presentation of quarterly interim reports by listed companies.

In our opinion, the interim report gives a true and fair view of the Group's assets, equity and liabilities, financial position, results of operations and cash flow for the period 1 January to 30 June 2017. We further consider that the Management review in the preceding pages gives a true and fair view of the development in the Group's activities and business, the profit for the period and the Group's financial position as a whole, and a description of the most significant risks and uncertainties to which the Group is subject.

Hørsholm, 16 August 2017

Board of Management

Carsten Hellmann
President & CEO

Henrik Jacobi
Executive Vice President
Research & Development

Søren Daniel Niegel
Executive Vice President
Commercial Operations

Flemming Pedersen
CFO & Executive Vice President

Helle Skov
Executive Vice President
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INCOME STATEMENT FOR ¨ INCOME STATEMENT FOR THE ALK GROUP

Q2 2016	**Q2 2017**	Amounts in DKKm	H1 2017	H1 2016
773	691	Revenue	1,480	1,621
267	298	Cost of sales	598	513
506	**393**	**Gross profit**	**882**	1,108
97	97	Research and development expenses	195	197
232	269	Sales and marketing expenses	507	435
50	55	Administrative expenses	112	100
-	-	Other operating income	-	6
127	**(28)**	**Operating profit (EBIT) before special items**	**68**	382
(8)	-	Special items	-	(27)
119	**(28)**	**Operating profit (EBIT)**	**68**	355
12	(7)	Net financial items	(15)	(1)
131	**(35)**	**Profit before tax (EBT)**	**53**	354
59	(34)	Tax on profit	52	159
72	**(1)**	**Net profit**	**1**	195
7	0	Earnings per share (EPS) – DKK	0	20
7	0	Earnings per share (DEPS), diluted – DKK	0	20

STATEMENT OF COMPREH STATEMENT OF COMPREHENSIVE INCOME

Q2 2016	Q2 2017	Amounts in DKKm	H1 2017	H1 2016
72	**(1)**	**Net profit for the period**	**1**	195
		Other comprehensive income		
		Items that will subsequently be reclassified to the income statement, when specific conditions are met:		
5	(52)	Foreign currency translation adjustment of foreign affiliates	(61)	(17)
(1)	8	Tax related to other comprehensive income	8	1
4	**(44)**	**Other comprehensive income**	**(53)**	(16)
76	**(45)**	**Total comprehensive income**	**(52)**	179

CASH FLOW STATEMENT FOR THE ALK GROUP

Amounts in DKKm	H1 2017	H1 2016
Net profit	**1**	195
Adjustments for non-cash items (note 3)	176	249
Changes in working capital	(168)	(84)
Net financial items, paid	(2)	3
Income taxes, paid	(288)	(93)
Cash flow from operating activities	**(281)**	270
Acquisitions of companies and operations (note 4)	(94)	-
Additions, intangible assets	(17)	(20)
Additions, tangible assets	(141)	(51)
Sale of assets	-	19
Cash flow from investing activities	**(252)**	(52)
Free cash flow	**(533)**	218
Dividend paid to shareholders of the parent (net)	(49)	(49)
Sale of treasury shares	3	49
Exercise of share options	(4)	(39)
Repayment of borrowings	(9)	(10)
Cash flow from financing activities	**(59)**	(49)
Net cash flow	**(592)**	169
Cash at 1 January	292	176
Marketable securities at 1 January	548	432
Cash and marketable securities at 1 January	**840**	**608**
Unrealised gain/(loss) on foreign currency and financial assets carried as cash and marketable securities	(6)	(6)
Net cash flow	(592)	169
Cash at 30 June	242	229
Marketable securities at 30 June	-	542
Cash and marketable securities at 30 June	**242**	771

The cash flow statement has been adjusted to the effect that exchange rate adjustments in foreign subsidiaries are not included in the statement. As a result, the individual figures in the cash flow statement cannot be reconciled directly to the income statement and balance sheet.

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BALANCE SHEET - ASSETS FOR THE ALK GROUP

Amounts in DKKm	30 Jun. 2017	31 Dec. 2016	30 Jun. 2016
Non-current assets			
Intangible assets			
Goodwill	497	422	423
Other intangible assets	339	342	334
	836	764	757
Tangible assets			
Land and buildings	752	774	732
Plant and machinery	413	412	393
Other fixtures and equipment	56	52	56
Property, plant and equipment in progress	449	389	358
	1,670	1,627	1,539
Other non-current assets			
Securities and receivables	8	8	8
Deferred tax assets	524	449	362
	532	457	370
Total non-current assets	**3,038**	2,848	2,666
Current assets			
Inventories	792	676	559
Trade receivables	326	295	331
Receivables from affiliates	1	22	30
Income tax receivables	89	26	80
Other receivables	56	66	41
Prepayments	40	26	25
Marketable securities	-	548	542
Cash	242	292	229
Total current assets	**1,546**	1,951	1,837
Total assets	**4,584**	4,799	4,503

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BALANCE SHEET - EQUITY AND LIABILITIES FOR THE ALK GROUP

Amounts in DKKm	30 Jun. 2017	31 Dec. 2016	30 Jun. 2016
Equity			
Share capital	101	101	101
Currency translation adjustment	(39)	22	(3)
Retained earnings	2,725	2,752	2,744
Total equity	**2,787**	2,875	2,842
Liabilities			
Non-current liabilities			
Mortgage debt	301	310	319
Bank loans and financial loans	448	448	-
Pensions and similar liabilities	240	234	206
Other provisions	44	1	5
Deferred tax liabilities	145	124	90
	1,178	1,117	620
Current liabilities			
Mortgage debt	17	17	17
Bank loans and financial loans	-	-	299
Trade payables	122	132	72
Income taxes	20	167	199
Other provisions	38	36	28
Other payables	422	455	426
	619	807	1,041
Total liabilities	**1,797**	1,924	1,661
Total equity and liabilities	**4,584**	4,799	4,503

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EQUITY FOR THE ALK GROUP

Amounts in DKKm	Share capital	Currency translation adjustment	Retained earnings	Total equity
Equity at 1 January 2017	**101**	**22**	**2,752**	**2,875**
Net profit	-	-	1	1
Other comprehensive income	-	(61)	8	(53)
Total comprehensive income	**-**	**(61)**	**9**	**(52)**
Share-based payments	-	-	14	14
Share options settled	-	-	(4)	(4)
Sale of treasury shares	-	-	3	3
Dividend paid	-	-	(51)	(51)
Dividends on treasury shares	-	-	2	2
Other transactions	**-**	**-**	**(36)**	**(36)**
Equity at 30 June 2017	**101**	**(39)**	**2,725**	**2,787**

Equity at 1 January 2016	101	14	2,582	2,697
Net profit	-	-	195	195
Other comprehensive income	-	(17)	1	(16)
Total comprehensive income	-	(17)	196	179
Share-based payments	-	-	4	4
Share options settled	-	-	(38)	(38)
Sale of treasury shares	-	-	49	49
Dividend paid	-	-	(51)	(51)
Dividends on treasury shares	-	-	2	2
Other transactions	-	-	(34)	(34)
Equity at 30 June 2016	101	(3)	2,744	2,842

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NOTES

1 ACCOUNTING POLICIES

The Interim report for first half-year of 2017 has been prepared in accordance with IAS 34 and the additional Danish regulations for the presentation of quarterly interim reports by listed companies. The Interim report for first half-year of 2017 follows the same accounting policies as the annual report for 2016, except for all new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on 1 January 2017. These IFRSs have not had any impact on the Group's interim report.

2 REVENUE

	Europe		North America		International markets		**Total**	
Amounts in DKKm	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016	**H1 2017**	**H1 2016**
SCIT/SLIT-drops	818	996	120	143	27	16	965	1,155
SLIT-tablets	228	257	44	49	2	3	274	309
Other products and services	80	69	154	85	7	3	241	157
Total revenue	**1,126**	1,322	**318**	277	**36**	22	**1,480**	1,621

Sale of goods	1,475	1,569
Royalties	2	4
Milestone and upfront payments	-	34
Services	3	14
Total revenue	**1,480**	1,621

	Europe		North America		International markets		**Total**	
Growth, 6M 2017	Growth local currencies	Growth	Growth local currencies	Growth	Growth local currencies	Growth	**Growth local currencies**	**Growth**
SCIT/SLIT-drops	*-18%*	*-18%*	*-17%*	*-16%*	*75%*	*69%*	**-16%**	**-16%**
SLIT-tablets	*-11%*	*-11%*	*-12%*	*-10%*	*-39%*	*-33%*	**-12%**	**-11%**
Other products and services	*17%*	*16%*	*78%*	*81%*	*190%*	*133%*	**54%**	**54%**
Total revenue	***-15%***	***-15%***	***13%***	***15%***	***69%***	***64%***	***-9%***	***-9%***

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NOTES

2 REVENUE (CONTINUED)

Amounts in DKKm	Europe Q2 2017	Europe Q2 2016	North America Q2 2017	North America Q2 2016	International markets Q2 2017	International markets Q2 2016	Total Q2 2017	Total Q2 2016
SCIT/SLIT-drops	358	487	59	71	9	3	426	561
SLIT-tablets	106	117	27	10	1	1	134	128
Other products and services	46	37	80	45	5	2	131	84
Total revenue	**510**	641	**166**	126	**15**	6	**691**	773

	Q2 2017	Q2 2016
Sale of goods	688	762
Royalties	2	1
Milestone and upfront payments	-	-
Services	1	10
Total revenue	**691**	773

Growth, Q2 2017	Europe Growth local currencies	Europe Growth	North America Growth local currencies	North America Growth	International markets Growth local currencies	International markets Growth	**Total Growth local currencies**	**Total Growth**
SCIT/SLIT-drops	*-27%*	*-26%*	*-18%*	*-17%*	*246%*	*200%*	***-24%***	***-24%***
SLIT-tablets	*-9%*	*-9%*	*161%*	*170%*	*-11%*	*-19%*	***5%***	***5%***
Other products and services	*33%*	*24%*	*78%*	*78%*	*145%*	*150%*	***61%***	***56%***
Total revenue	***-20%***	***-20%***	***30%***	***32%***	***155%***	***150%***	***-10%***	***-11%***

3 ADJUSTMENTS FOR NON-CASH ITEMS

Amounts in DKKm	H1 2017	H1 2016
Tax on profit	52	159
Financial income and expenses	15	1
Share-based payment costs	14	4
Reversal of accounting gain on sale of non-current assets	-	(6)
Depreciation, amortisation and impairment	88	81
Other adjustments	7	10
Total	**176**	249

NOTES

4 ACQUISITION OF ACTIVITIES

On 3 January 2017, the ALK Group acquired the operating assets in Allergy Laboratory of Oklahoma Inc. and Crystal Labs LLC for a total cash consideration of USD 20 million of which USD 6.6 million is a contingent consideration, depending on the meeting of certain requirements by the US Food and Drug Administration's Center for Biologics Evaluation and Research (CBER). The two companies had previously been under the same private ownership and produce allergen extracts and other material used in allergy immunotherapy treatments. Allergy Laboratories of Oklahoma, Inc. and Crystal Laboratory LLC have a combined staff of around 100.

The integration of the activities is ongoing and the allocation of the preliminary values could be subject to change.

CONSOLIDATED FAIR VALUES OF ACQUISITIONS

Amounts in DKKm	
Property, plant and equipment	13
Other non-current assets	-
Inventories	45
Cash and bank debt	-
Liabilities	-
Acquired net assets	58
Intangible assets, incl. goodwill	83
Acquisition cost	141
Contingent considerations and deferred payments	(47)
Acquired cash and bank debt	-
Cash acquisition cost	**94**

The above statement of the fair values of acquisitions are preliminary and are not considered final until 12 months after takeover. The transaction is on a debt and cash free basis.

Recognised revenue related to the acquisition amounts to DKK 65 million YTD 2017. ALK expects the full-year impact on revenue to be around DKK 100 million. In 2017, ALK expects a minor positive effect on earnings.

The transaction costs related to the acquisition amount to approximately DKK 1 million.

Goodwill relates to the expected synergies between the US entities and to ALK gaining control of a critical sourcing supply. Goodwill is tax deductable.

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Definitions

Invested capital	*Intangible assets, tangible assets, inventories and current receivables reduced by liabilities except for mortgage debt, bank loans and financial loans*
Gross-margin – %	*Gross profit x 100 / Revenue*
EBITDA margin – %	*Operating profit before depreciation and amortisation x 100 / Revenue*
Net asset value per share	*Net asset value / Number of shares end of period*
Equity ratio	*Equity / Total assets*
Earnings per share (EPS basic)	*Net profit/(loss) for the period / Average number of outstanding shares*
Earnings per share diluted (EPS diluted)	*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 diluted*
Markets	*Geographical markets (based on customer location):* *o Europe comprises the EU, Norway and Switzerland* *o North America comprises the USA and Canada* *o International Markets comprise Japan, China and all other countries*

Key figures are calculated in accordance with 'Recommendations and Ratios 2015' issued by the Danish Finance Society.

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