

Three-month interim report (Q1) 2018 (Unaudited)

Company release No. 9/2018

Performance for the period

Financial results in Q1 were better than expected and as a result, ALK has improved its full-year financial outlook. Q1 saw good progress with ALK's four strategic priorities which were announced in December 2017. These aim to transform ALK into a broader-based allergy company while also driving strong tablet sales growth.

Q1 2018 highlights:

- ▶ Total revenue was DKK 752 million (789) with strong tablet growth somewhat mitigating the planned lower sales from other products. Exchange rate developments reduced reported revenue by ~DKK 25 million.
- ▶ Global tablet sales grew by 22% to DKK 168 million (140), driven by ACARIZAX® and GRAZAX® sales in Europe.
- ▶ Global SCIT/SLIT-drops sales were down 7% in local currencies and 9% in reported currencies to DKK 490 million (539). The decline was largely attributable to planned portfolio rationalisation measures and the ongoing effect of the previous manufacturing capacity constraints as announced in the strategy plan.
- ▶ Operating profit (EBITDA) was DKK 92 million (140) and was ahead of expectations. Earnings benefited from higher than expected revenue and the faster than expected capture of operational efficiencies and savings.
- ▶ Free cash flow was an outflow of DKK 75 million (outflow of 206) and was also better than anticipated.
- ▶ At the end of Q1, cash and marketable securities stood at DKK 619 million. In addition, ALK extended its financial resources with a DKK 600 million credit facility which runs until the end of 2022.

Progress on the four strategic priorities

1. The ODACTRA™ roll-out in the USA is progressing as planned, although actual sales levels are still modest in this early phase of the introduction.
2. ACARIZAX® had a strong launch in France, and approval for use in children was obtained in Japan, where the product is marketed as MITICURE™.
3. Patient engagement and consumer care activities are progressing well and a key pilot project in Germany – called klarify.me – has been launched as a first step towards expanding ALK's overall presence in allergy.
4. The drive to improve operational efficiency is delivering results. In product supply, improvements to quality, delivery and production efficiency are being introduced alongside work to trim the portfolio. As these efforts take effect and robustness also improves, inventories are set to return to normal during 2018.

2018 financial outlook

Full-year outlook has slightly improved compared with the 2017 Annual Report, which was released on 6 February 2018:

- ▶ Full-year revenue is now projected to be more than DKK 2.7 billion (previously approximately DKK 2.7 billion).
- ▶ Operating profit (EBITDA) is now expected at around DKK 0 (previously minus DKK 50 million), mainly reflecting improved operational efficiencies and the better than expected performance in Q1. The earnings outlook still reflects significant business investments associated with the transformation of ALK in accordance with the new growth strategy.
- ▶ Free cash flow is now expected at minus DKK 600 million or better (previously approximately minus DKK 600 million).

Hørsholm, 4 May 2018

ALK-Abelló A/S

For further information, contact:

Investor Relations: Per Plotnikof, tel. +45 4574 7527, mobile +45 2261 2525

Media: Jeppe Ilkjær, tel. +45 7877 4532, mobile +45 3050 2014

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 for 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: 10896542#. 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	3M 2018	3M 2017	Full year 2017
Income statement			
Revenue	752	789	2,910
Operating profit before depreciation (EBITDA)	92	140	253
Operating profit (EBIT)	47	96	(80)
Net financial items	(21)	(8)	(42)
Profit before tax (EBT)	26	88	(122)
Net profit	24	2	(158)
Average number of employees (FTE)	2,296	2,239	2,213
Balance sheet			
Total assets	4,922	4,823	4,958
Invested capital	2,904	2,493	2,864
Equity	3,287	2,823	3,290
Cash flow and investments			
Depreciations, amortisation and impairment	45	44	333
Cash flow from operating activities	(38)	(39)	(387)
Cash flow from investing activities	(37)	(167)	(358)
- of which investment in tangible and intangible assets	(30)	(73)	(267)
- of which acquisitions of companies and operations	(7)	(94)	(94)
Free cash flow	(75)	(206)	(745)
Information on shares			
Share capital	111	101	111
Shares in thousands of DKK 10 each	11,141	10,128	11,141
Share price, end of period – DKK	757	1,006	740
Net asset value per share – DKK	295	279	295
Key figures			
Gross margin – %	59	62	56
EBITDA margin – %	12	18	8.7
Equity ratio - %	67	59	66
Earnings per share (EPS)	2.2	0	(15.9)
Earnings per share (DEPS), diluted	2.2	0	(15.9)
Share price/Net asset value	2.6	3.6	2.5

INCOME STATEMENT

Amounts in DKKm	3M 2018	%	3M 2017	%
Revenue	752	100	789	100
Cost of sales	312	41	300	38
Gross profit	440	59	489	62
Research and development expenses	82	11	98	12
Sales, marketing and administrative expenses	311	41	295	37
Operating profit (EBIT)	47	6	96	12
Net financial items	(21)	(3)	(8)	(1)
Profit before tax (EBT)	26	3	88	11
Tax on profit	2	-	86	11
Net profit	24	3	2	-
Operating profit before depreciation and amortisation (EBITDA)	92	12	140	18

UPDATE ON BUSINESS PRIORITIES

In Q1 2018, ALK made good early progress with the four focus areas of the new growth strategy, which was launched in December 2017:

1. Succeed in North America

After November and January launches in Canada and the USA, respectively, the roll-out of ACARIZAX® (ODACTRA™ in the USA) was intensified in Q1 with particular focus on building the number of prescribers and securing easy access to the treatment for patients. Using ACARIZAX®/ODACTRA™ as the spearhead, ALK's ultimate aim is to partner with allergy specialists to establish a scalable business model for the SLIT-tablets. The key selling point of tablets in this early introduction phase is that they constitute an opportunity for doctors to retain some of the two-thirds of patients who refuse SCIT treatment, because the tablets have a faster onset of action than SCIT, are more convenient, easier to take and do not have the fear-factor often associated with the needles used in SCIT treatment.

The roll-out is progressing as planned, with sales expected to grow as the year progresses. Initially, ALK is targeting close to 2,000 healthcare professionals in the USA and 150 in Canada. At the end of Q1, the number of active ACARIZAX®/ODACTRA™ prescribers is estimated at around 110 in Canada, representing 75% of ALK's targeted prescribers, and approximately 400 in the USA, which is around 20% of those targeted, underlining the fact that Canada is adopting SLIT-tablets at a faster rate than the USA. While the number of prescribing doctors is ahead of plan, the number of prescriptions per doctor is behind in the USA, but is expected to increase over the

coming quarters. Sales force tactics and promotional activities are being refined and intensified, and particular attention will now be focused on the product's early adopters with a view to driving additional prescriptions for their patients, as well as the continued roll-out of the peer-to-peer medical speaker programmes.

At the end of Q1, it is estimated that 1,200-1,300 patients in the USA and around the same number in Canada have initiated treatment with ACARIZAX®/ODACTRA™, reflecting the expected modest uptake in the USA of this new treatment and the need to continue working to remove structural barriers in markets which are currently dominated by SCIT treatment. ALK continues to project that around 5,000 patients will be initiated onto ACARIZAX®/ODACTRA™ in the USA during 2018, along with a similar number in Canada.

Work to improve patients' access and adherence to tablet treatment continues to be a key priority. Recently, a well-respected integrated healthcare provider with over 5 million lives under coverage accepted ODACTRA™ onto its formulary listing. This is just one example of how insurance coverage has improved over recent months. So far, around 55% of AIT-eligible patients in the USA have unrestricted access to reimbursement via commercial insurance schemes, with a similar level of coverage seen in Canada. At the same time, a lot of work has gone into making sure that national coverage is translated into local product availability, and ALK's patient support programmes are also making good progress in smoothing the path for patients to start treatment quickly and gain reimbursement from their health plan providers.

2. Complete the tablet portfolio for all relevant ages

Q1 saw progress for ALK's efforts to globalise a portfolio of SLIT-tablets for all relevant ages, covering the five most common respiratory allergies: house dust mite, grass, tree, ragweed and Japanese cedar.

In late February, ACARIZAX® was launched in France, Europe's largest house dust mite allergy market. At the end of Q1, ALK estimates that ~2,500 patients have initiated treatment in France, which is the best initial uptake in any market so far. The product was also introduced in Spain where activities targeting allergists and pulmonologists started in April. Meanwhile, the roll-out continued in the Netherlands, Canada and for ODACTRA™ in the USA, following recent launches.

In February, Torii gained approval from authorities in Japan to expand the use of MITICURE™ (the local brand name for ACARIZAX®) to include children.

To pave the way for a global approval of ACARIZAX® for children with allergic rhinitis and allergic asthma, ALK began patient recruitment in Europe for a pivotal paediatric asthma trial, while the US part of this trial awaits final FDA approval of the study protocol.

ACARIZAX®/ODACTRA™ is now available in 16 markets with further launches and approvals to follow. Sales grew by high double digits during Q1.

Pricing and reimbursement for the SLIT-tablet against Japanese cedar pollen allergy has been agreed in Japan and Torii's launch will follow shortly. Branded CEDARCURE™, the tablet is approved for both adult and paediatric use.

ALK plans to submit a regulatory filing for the SLIT-tablet against tree pollen allergy in Europe soon, followed by a filing in Canada. The filing will be based on an ALK clinical development programme that demonstrated a treatment effect that was among the most significant ever seen in AIT studies.

3. Digital patient engagement systems and adjacent business

ALK has started launching initiatives to drive digital patient engagement with the ultimate aim of supporting people with allergy much earlier in their disease and which create value from expanding ALK's presence across the allergy segment.

In Germany, ALK's new consumer care division recently launched a beta version of its first e-commerce platform, which offers a range of allergy-related products directly to consumers. The platform initially targets the established audience of close to 2 million German users of the web site, allergie-check.de. The online platform, which is named klarify.me, will eventually offer information and carefully selected allergy solutions. A full launch in

Germany will take place in the middle of 2018, once a meaningful portfolio has been screened and sourced. Other markets will follow later.

In line with its efforts to expand into relevant adjacent products and systems, ALK has entered into a partnership with China's Rellergen Biotech Inc., which grants ALK exclusive rights to market a new allergen diagnosis technology to more than 190 hospitals across China. The hospital-based technology represents a major advance in a market where the diagnosis and treatment infrastructure is under-developed. Enhancing diagnosis capabilities in this way will benefit sales of ALK's existing AIT products as well as the future launch of ACARIZAX®.

4. Optimise and reallocate resources

Extensive work to improve robustness, scalability and quality within product supply continued in Q1 along with efforts to reduce capacity costs.

Upgrades to the Vendeuil facility in France continued as agreed with the Health Authority (ANSM) (cf. Company announcement 25/2017). As of the end of April, all corrective actions are progressing as planned.

SCIT production output in Denmark is also normalising and robust inventory levels are gradually being restored. The absence of buffer stocks for certain products affected delivery times for some products and markets in previous quarters, thus lowering SCIT sales.

Product supply and inventories of SCIT and SLIT-drops are expected to return to normal during 2018.

In response to tightening regulations across Europe, and in line with ALK's strategy of focusing on registered products and of reducing manufacturing complexity in the legacy business (SCIT and SLIT-drops), the planned, portfolio rationalisation programme, is well underway. This will see the portfolio focused on fewer products, with discontinued products replaced with standardised, registered products, wherever possible. The leaner portfolio will help pave the way for the significant improvements to quality, delivery and production efficiency that was also introduced as part of the new strategy.

Q1 SALES AND MARKET TRENDS

(Comparative figures for 2017 are shown in brackets. Growth rates are stated in local currencies, unless otherwise indicated)

Revenue by geography

DKKm	Q1-2018	Share of revenue	Q1-2017	Share of revenue
Europe	601	80%	616	78%
North America	131	17%	152	19%
Intl. markets	20	3%	21	3%
Revenue	752	100%	789	100%

Europe

European revenue decreased by 2% to DKK 601 million (616). However, overall sales were ahead of expectations. Strong growth in tablet sales was offset by a decline in SCIT and SLIT-drops sales.

SLIT-tablet sales grew by 26%, thanks to ACARIZAX® and GRAZAX® which both saw high growth in a number of markets, including Germany, France, Benelux and the Nordic region.

Combined SCIT and SLIT-drops sales decreased by 10%, largely as a consequence of product rationalisations and capacity constraints.

Sales of other products were largely unchanged with double-digit growth in sales of the adrenaline auto-injector Jext®.

Market conditions were generally stable with no significant changes to pricing and reimbursement conditions for AIT products in Q1. In France, the independent public scientific committee, Haute Autorité de Santé (HAS), has proposed to the Ministry of Health that the reimbursement scheme for AIT should be updated and harmonised, with special consideration given to patients who are already on treatment. ALK does not yet know how the ministry will respond to this recommendation. It is currently unlikely to affect the market to any great extent in 2018 and until the ministry reaches a decision, the longer term implications remain unclear.

North America

Revenue in North America declined by 2% in local currencies to DKK 131 million (152). Currencies affected reported revenue negatively with 12 percentage points.

The decline in SLIT-tablet sales was impacted by stockpiling at wholesalers during Q4 2017, ahead of the launches of ACARIZAX®/ODACTRA™ as well as the release into the market of the final GRASTEK® and RAGWITEK® stock from ALK's previous partner.

Sales of SCIT bulk allergen extracts to specialists and clinics grew by 14% while sales of diagnostics and other products fell by 12%. This is attributable to comparison with a spike in sales during Q1 2017 after ALK acquired ALOK and resolved an ongoing issue

with the FDA. As a result, a large number of back orders were fulfilled during Q1 of last year.

International markets

Revenue in International markets was DKK 20 million (21). The 2% increase in local currencies reflected increasing contributions from Japan as well as quarterly fluctuations in the largest market, China. The new Middle East markets contributed positively.

Global revenue by product line

DKKm	Q1-2018	Share of revenue	Q1-2017	Share of revenue
SCIT and SLIT-drops	490	65%	539	68%
SLIT-tablets	168	22%	140	18%
Other products and services	94	13%	110	14%
Revenue	752	100%	789	100%

Q1 FINANCIAL REVIEW

(Comparative figures for 2017 are shown in brackets. Revenue growth rates are stated in local currencies, unless otherwise indicated)

Revenue decreased by 5% in reported currencies to DKK 752 million (789). Exchange rate fluctuations negatively impacted revenues by ~DKK 25 million. Growth in local currencies of minus 2% was slightly ahead of expectations.

Cost of sales increased 8% in local currencies to DKK 312 million (300). Gross profit of DKK 440 million (489) yielded a gross margin of 59% (62), reflecting Q1 sales, changes in the product mix, as well as increased costs for compliance and efforts to build robustness in product supply.

Capacity costs increased 3% in local currencies, however, exchange rates caused the reported costs to be unchanged at DKK 393 million (393). R&D expenses and administrative expenses decreased, while sales and marketing expenses increased by 13% in local currencies reflecting the build-up in the USA, efforts to support ACARIZAX®/ODACTRA™ launches, as well as the cost of developing the digital patient engagement platforms.

Reported EBITDA (operating profit before depreciation and amortisation) of DKK 92 million (140) was better than expected, and reflects the revenue development, the faster capture of operational efficiencies and savings as well as the phasing of sales and marketing activities. Exchange rates did not materially affect operating profits.

Net financials were a loss of DKK 21 million (loss of 8) mainly related to unrealised losses on inter-company loans. **Tax on the profit** totalled DKK 2 million (86), corresponding to an effective tax rate of 5% (98%).

Net profit was DKK 24 million (2).

Cash flow from operating activities was an outflow of DKK 38 million (39) reflecting better than expected earnings and a planned increase in working capital.

Cash flow from investment activities was an outflow of DKK 37 million (167) mainly relating to the build-up of capacity for SLIT-tablet production and upgrades to legacy production. Free cash flow was an outflow of DKK 75 million (206) while cash flow from financing was an outflow of DKK 15 million (57) mainly related to the cash settlement of incentive programs.

At the end of March, ALK held 278,103 of its **own shares** or 2.5% of the share capital versus 2.6% at the end of 2017 and 2.9% at the end of March 2017.

At the end of March, **cash and marketable securities** totalled DKK 619 million, versus DKK 711 million at the end of 2017 and DKK 577 million at the end of March 2017. In addition, ALK extended its financial resources with a DKK 600 million credit facility which runs until the end of 2022, hence replacing its previous facilities.

At the end of March, **equity** totalled DKK 3,287 million (3,290 at the end of 2017), and the equity ratio was 67% (66).

OUTLOOK FOR 2018

Full-year guidance has slightly improved compared with the 2017 Annual Report (released on 6 February 2018):

Total revenue from ALK's existing business is now expected to be more than DKK 2.7 billion (previously approximately DKK 2.7 billion). Exchange rates fluctuations are still projected to negatively affect reported revenue with DKK 50-75 million versus 2017.

Revenue in Europe is still expected to decline due to three factors: product discontinuations, the impact of continued constraints in SCIT and SLIT-drops production, as well as expected pressure on the pricing and reimbursement of legacy products in Southern Europe. However, continued strong growth from tablet sales is expected to partly mitigate these factors.

Outside Europe, revenue in North America is expected to grow, driven by bulk allergen extracts and SLIT-

tablets, among others. Growth is also anticipated in International markets.

Earnings and free cash flow are significantly impacted by business investments associated with the transformation of ALK in line with the new strategy. Earnings (EBITDA) are now anticipated at around DKK 0 (previously minus DKK 50 million), mainly reflecting improved operational efficiencies and the better than expected financial performance in Q1.

Free cash flow is now expected at minus DKK 600 million or better due to subdued earnings following the investments in North America, working capital requirements – including inventory build-up and CAPEX investments in capacity expansions and production upgrades.

The outlook does not include any revenue from acquisitions, new partnerships or adjacent products and services, nor does it include any sizeable payments related to future in-licensing or M&A activity. The outlook is based on current exchange rates.

RISK FACTORS

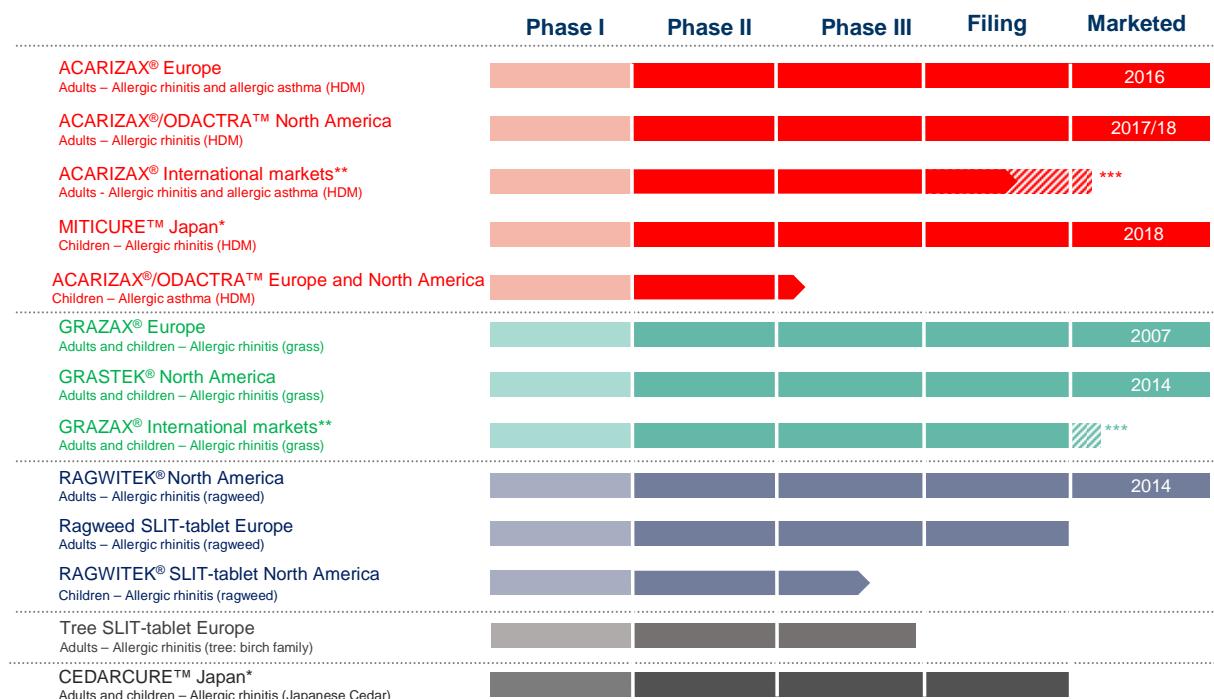
This interim report contains forward-looking statements, including forecasts of future revenue, operating profit and cash flow as well as expected business-related events. Such statements are naturally subject to risks and uncertainties as various factors, some of which are beyond the control of ALK,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

2018 Financial calendar

Silent period	18 July
Six-month interim report (Q2)	15 August
Silent period	12 October
Nine-month interim report (Q3)	9 November

R&D PIPELINE STATUS

ALK aims to globalise a portfolio of SLIT-tablets for all relevant ages, covering the five most common respiratory allergies: house dust mite, grass, tree, ragweed and Japanese cedar.



*) Licensed to Torii for Japan

**) Licensed Abbott for Russia and South-East Asia and Seqirus for Australia/New Zealand

*** Already marketed in selected markets

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 31 March 2018. The interim report has not been audited or reviewed by the company's independent auditor.

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

In our opinion, the interim report gives a true and fair view of the ALK Group's assets, equity and liabilities, financial position, results of operations and cash flow for the period 1 January to 31 March 2018. We further consider that the Management review in the preceding pages gives a true and fair view of the development in the ALK Group's activities and business, the profit for the period and the ALK Group's financial position as a whole, and a description of the most significant risks and uncertainties to which the ALK Group is subject.

Hørsholm, 4 May 2018

Board of Management

Carsten Hellmann
President & CEO

Henrik Jacobi
Executive Vice President
Research & Development

Søren Jelert
CFO & Executive Vice President

Søren Daniel Niegel
Executive Vice President
Operations

Board of Directors

Steen Riisgaard
Chairman

Lene Skole
Vice Chairman

Lars Holmqvist

Andreas Slyngborg Holst

Jacob Kastrup

Gonzalo De Miquel

Jakob Riis

Katja Barnkob

INCOME STATEMENT FOR THE ALK GROUP

Amounts in DKKm	3M 2018	3M 2017
Revenue	752	789
Cost of sales	312	300
Gross profit	440	489
Research and development expenses	82	98
Sales and marketing expenses	260	238
<u>Administrative expenses</u>	51	57
Operating profit (EBIT)	47	96
Net financial items	(21)	(8)
Profit before tax (EBT)	26	88
Tax on profit	2	86
Net profit	24	2
Earnings per share (EPS)		
Earnings per share (EPS)	2.2	0
Earnings per share (DEPS), diluted	2.2	0

STATEMENT OF COMPREHENSIVE INCOME

Amounts in DKKm	3M 2018	3M 2017
Net profit	24	2
Other comprehensive income		
<i>Items that will subsequently be reclassified to the income statement, when specific conditions are met:</i>		
Foreign currency translation adjustment of foreign affiliates	(22)	(9)
Tax related to other comprehensive income, that will subsequently be reclassified to the income statement	3	
Total	(19)	(9)
Total comprehensive income/(loss)	5	(7)

CASH FLOW STATEMENT FOR THE ALK GROUP

Amounts in DKKm	3M 2018	3M 2017
Net profit	24	2
Adjustments for non-cash items (note 3)	64	149
Changes in working capital	(63)	(129)
Net financial items, paid	(2)	1
Income taxes, paid	(61)	(62)
Cash flow from operating activities	(38)	(39)
Acquisitions of companies and operations (note 4)	(7)	(94)
Additions, intangible assets	(4)	(3)
Additions, tangible assets	(26)	(70)
Cash flow from investing activities	(37)	(167)
Free cash flow	(75)	(206)
Dividend paid to shareholders of the parent	-	(49)
Exercise of share options and settlement of Restricted Stock Units	(11)	(4)
Repayment of borrowings	(4)	(4)
Cash flow from financing activities	(15)	(57)
Net cash flow	(90)	(263)
Cash at beginning of year	162	292
Marketable securities beginning of year	549	548
Cash and marketable securities beginning of year	711	840
Unrealised gains/(losses) on cash held in foreign currency and financial assets carried as cash and marketable securities	(2)	-
Net cash flow	(90)	(263)
Cash end of period	171	127
Marketable securities end of period	448	450
Cash and marketable securities end of period	619	577

The consolidated statement of cash flow is compiled using the indirect method. As a result, the individual figures in the cash flow statement cannot be reconciled directly to the income statement and the balance sheet.

BALANCE SHEET - ASSETS FOR THE ALK GROUP

Amounts in DKKm	31 Mar 2018	31 Dec 2017
Non-current assets		
Intangible assets		
Goodwill	459	461
Other intangible assets	281	291
	740	752
Tangible assets		
Land and buildings	741	750
Plant and machinery	384	378
Other fixtures and equipment	52	53
Property, plant and equipment in progress	376	397
	1,553	1,578
Other non-current assets		
Securities and receivables	8	7
Deferred tax assets	510	466
	518	473
Total non-current assets	2,811	2,803
Current assets		
Inventories	872	875
Trade receivables	371	326
Receivables from affiliates	25	25
Income tax receivables	102	65
Other receivables	48	73
Prepayments	74	80
Marketable securities	448	549
Cash	171	162
Total current assets	2,111	2,155
Total assets	4,922	4,958

BALANCE SHEET - EQUITY AND LIABILITIES FOR THE ALK GROUP

Amounts in DKKm	31 Mar 2018	31 Dec 2017
Equity		
Share capital	111	111
Currency translation adjustment	(109)	(87)
Retained earnings	3,285	3,266
Total equity	3,287	3,290
Liabilities		
Non-current liabilities		
Mortgage debt	289	293
Bank loans and financial loans	448	448
Pensions and similar liabilities	222	220
Other provisions	4	20
Deferred tax liabilities	25	21
	988	1,002
Current liabilities		
Mortgage debt	17	17
Trade payables	78	121
Income taxes	20	6
Other provisions	38	39
Other payables	494	483
	647	666
Total liabilities	1,635	1,668
Total equity and liabilities	4,922	4,958

EQUITY FOR THE ALK GROUP

Amounts in DKKm	Share capital	Currency translation adjustment	Retained earnings	Total equity
Equity at 1 January 2018	111	(87)	3,266	3,290
Net profit	-	-	24	24
Other comprehensive income/(loss)	-	(22)	3	(19)
Total comprehensive income/(loss)	-	(22)	27	5
Share-based payments	-	-	3	3
Share options and Restricted Stock Units settled	-	-	(11)	(11)
Other transactions	-	-	(8)	(8)
Equity at 31 March 2018	111	(109)	3,285	3,287
Equity at 1 January 2017	101	22	2,752	2,875
Net profit	-	-	2	2
Other comprehensive income/(loss)	-	(9)	-	(9)
Total comprehensive income/(loss)	-	(9)	2	(7)
Share-based payments	-	-	8	8
Share options settled	-	-	(4)	(4)
Dividend paid	-	-	(51)	(51)
Dividends on treasury shares	-	-	2	2
Other transactions	-	-	(45)	(45)
Equity at 31 March 2017	101	13	2,709	2,823

1 ACCOUNTING POLICIES

This non-audited interim report for first three months of 2018 has been prepared in accordance with IAS 34 and the additional Danish regulations for the presentation of quarterly interim reports by listed companies. The Interim report for the period 1 January to 31 March 2018 follows the same accounting policies as the Annual Report for 2017, 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 2018.

IFRS 15 Revenue from Contracts with Customers is effective from 1 January 2017. The ALK Group meets the requirements in the standard and concludes that the standard has limited impact on revenue recognition and measurement.

IFRS 9 Financial instruments is effective from 1 January 2017. The ALK Group found the influence from the standard as insignificant in relation to classifications and measurements for financial instruments and provision for doubtful trade receivables. For the interim reporting, the ALK Group is not affected by the requirements for hedge accounting, since no hedging has been applied in the period.

2 REVENUE

Amounts in DKKm	Europe		North America		International markets		Total	
	3M 2018	3M 2017	3M 2018	3M 2017	3M 2018	3M 2017	3M 2018	3M 2017
SCIT/SLIT-drops	414	460	61	61	15	18	490	539
SLIT-tablets	153	122	13	17	2	1	168	140
Other products and services	34	34	57	74	3	2	94	110
Total revenue	601	616	131	152	20	21	752	789
Sale of goods							748	787
Royalties							2	-
Services							2	2
Total revenue							752	789

Growth, 3M 2018	Europe		North America		International markets		Total	
	Growth local currencies	Growth	Growth local currencies	Growth	Growth local currencies	Growth	Growth local currencies	Growth
SCIT/SLIT-drops	-10%	-10%	14%	0%	-11%	-17%	-7%	-9%
SLIT-tablets	26%	25%	-18%	-24%	168%	100%	22%	20%
Other products and services	-1%	0%	-12%	-23%	41%	50%	-7%	-15%
Total revenue	-2%	-2%	-2%	-14%	2%	-5%	-2%	-5%

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

NOTES

3 ADJUSTMENTS FOR NON-CASH ITEMS

Amounts in DKKm	3M 2018	3M 2017
Tax on profit	2	86
Financial income and expenses	21	8
Share-based payment costs	3	8
Depreciation, amortisation and impairment	45	44
Other adjustments	(7)	3
Total	64	149

4 ACQUISITION OF ACTIVITIES

At 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 (DKK 40 million) is a contingent consideration, depending on meeting certain requirements from the US Food and Drug Administration's Center for Biologics Evaluation and Research (CBER). The contingent consideration is limited to DKK 40 million and is expected to be fully paid. In the first three months of 2018, the ALK Group paid DKK 7 million in contingent consideration.