

Three-month interim report (Q1) 2019 (Unaudited)

Company release No. 10/2019

Strong sales growth in Q1

In Q1, ALK had organic growth of 14% and continued to deliver on its growth strategy, which saw accelerated growth in tablet sales of 52% and further stabilisation of its legacy AIT business. Other products also performed well and growth was broad-based across all sales regions.

Q1 2019 highlights

- ▶ Total revenue was up 14% in local currencies at DKK 867 million (752). Currencies positively affected growth by 1 percentage point and reported growth in DKK was therefore 15%.
- ▶ SLIT-tablets sales were up 52% to DKK 256 million (168). SCIT/SLIT-drops stabilised and sales were therefore unchanged at DKK 495 million (490) while other products grew 18% to DKK 116 million (94).
- ▶ Growth in all regions: Europe up 8%, North America up 11% and International markets up 198%.
- ▶ Operating profit (EBITDA) was DKK 133 million (92), equivalent to an EBITDA-margin of 15%.
- ▶ Free cash flow for the quarter was negative at DKK 17 million (minus 75).

Progress on the four strategic priorities

- ▶ Commercialisation of the tablet portfolio gained further momentum as ALK continued to take advantage of market expansion and the general transition towards standardised, registered products, particularly in Europe and Japan. ALK continues to make investments in support of the tablet portfolio. Clinical development is progressing, and the European regulatory review of the tree SLIT-tablet is ongoing.
- ▶ Long-term efforts to develop the SLIT-tablet opportunity in North America continue and are gradually delivering a growing acceptance among key prescribers along with improved prescription depth.
- ▶ Patient engagement and Consumer Care division activities are making positive progress in the test markets of UK and Germany. Patient engagement tools (e.g. klara) are gaining popularity and are proving effective, and work continues to identify further adjacent opportunities through business development work.
- ▶ Efficiency programmes continue to show results, and the portfolio and site strategy is progressing as planned.

2019 financial outlook

Full-year outlook has slightly improved compared with that stated in the annual report, which was released on 7 February 2019, and is now tracking towards the higher end of the original guidance range. The outlook for free cash flow has been refined.

- ▶ Full-year revenue is projected to be DKK 3,100-3,300 million (2018: DKK 2.9 billion).
- ▶ Operating profit (EBITDA) is expected at DKK 100-200 million (2018: DKK 136 million).
- ▶ ALK will continue its investment programme to support the strategic transformation of the company.
- ▶ Free cash flow is now expected at DKK minus 400 million or better (previously: approximately DKK minus 400) (2018: minus DKK 294 million).

Hørsholm, 9 May 2019

ALK-Abelló A/S

Comparative figures for 2018 are shown in brackets. Growth rates are stated in local currencies, unless otherwise indicated

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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 <https://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 3544 5577 and international participants should call in on tel. +44 333 300 0804 or +1 631 913 1422. Please use the Participant Pin Code: 23089148#. 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 2019	3M 2018	Full year 2018
Income statement			
Revenue	867	752	2,915
Operating profit before depreciation (EBITDA)	133	92	136
Operating profit/(loss) (EBIT)	76	47	(96)
Net financial items	(2)	(21)	(7)
Profit/(loss) before tax (EBT)	74	26	(103)
Net profit/(loss)	89	24	(170)
Average number of employees (FTE)	2,379	2,296	2,341
Balance sheet			
Total assets	5,233	4,922	4,865
Invested capital	3,290	2,904	2,968
Equity	3,296	3,287	3,179
Cash flow and investments			
Depreciations, amortisation and impairment	57	45	232
Cash flow from operating activities	30	(38)	(95)
Cash flow from investing activities	(47)	(37)	(199)
- of which investment in tangible and intangible assets	(30)	(30)	(178)
- of which acquisitions of companies and operations	(17)	(7)	(21)
Free cash flow	(17)	(75)	(294)
Information on shares			
Share capital	111	111	111
Shares in thousands of DKK 10 each	11,141	11,141	11,141
Share price, end of period – DKK	1,100	757	960
Net asset value per share – DKK	296	295	285
Key figures			
Gross margin – %	61	59	56
EBITDA margin – %	15	12	4.7
Equity ratio – %	63	67	65
Earnings/(loss) per share (EPS)	8.3	2.2	(15.6)
Earnings/(loss) per share (DEPS), diluted	8.2	2.2	(15.6)
Share price/Net asset value	3.7	2.6	3.4

INCOME STATEMENT

Amounts in DKKm	3M		3M	
	2019	%	2018	%
Revenue	867	100	752	100
Cost of sales	335	39	312	41
Gross profit	532	61	440	59
Research and development expenses	99	11	82	11
Sales, marketing and administrative expenses	357	41	311	41
Operating profit (EBIT)	76	9	47	6
Net financial items	(2)	(0)	(21)	(3)
Profit before tax (EBT)	74	9	26	3
Tax on profit	(15)	0	2	0
Net profit	89	10	24	3
Operating profit before depreciation and amortisation (EBITDA)	133	15	92	12

UPDATE ON BUSINESS PRIORITIES

In Q1, ALK continued to progress its growth strategy which, over a three-year period, will transform ALK into a broader-based allergy company, while also driving strong SLIT-tablet sales growth. There are four pillars to the growth strategy:

1. Succeed in North America

ALK made progress towards each of the objectives for 2019 and is on target to achieve $\geq 10\%$ overall sales growth, as the region delivered 11% growth in Q1.

Work continues to drive the growth of SLIT-tablets in North America. During Q1, uptake increased steadily as efforts focused on the key factors for success: mobilising patients, increasing prescription volumes among current prescribers (depth) while growing the number of new prescribers (breadth), and enhancing sales force effectiveness.

In late 2018, ALK initiated its first 'direct-to-consumer' advertising campaign in the USA, in line with its goal of encouraging more people with allergies to consult an allergist about their condition. The online campaign increased awareness and patient traffic in the 25 targeted markets, encouraging more than 50,000 new patients to visit over 800 allergy specialists.

In early 2018, the majority of allergy specialists seemed hesitant about prescribing SLIT-tablets whereas, by early 2019, those resistant to prescribing them had significantly reduced, likely because of the opportunity to increase the number of patients using their clinics. During Q1, prescription depth improved

among targeted prescribers so that ALK considers it is on course to double the number of prescribers who meet internal benchmarks for satisfactory prescription depth. Meanwhile, the overall number of doctors prescribing the tablets is steadily growing.

Internal metrics show a correlation between increased prescriber acceptance and the ability of the field force to fully address any reluctance to prescribe SLIT-tablets. As a result, ALK is constantly refining and upgrading its field force composition and skills in order to improve effectiveness across the region and to ensure that successful tactics are captured and replicated across other sales territories.

In Canada, ALK is seeing increasing acceptance and sales growth for SLIT-tablets and the majority of allergy specialists are now regular prescribers.

Patients' access to reimbursement from managed care providers is generally satisfactory in North America. In the USA, 74% of AIT eligible patients with commercial insurance have access to reimbursement for ODACTRA™ while the equivalent level in Canada exceeds 90%.

As a result of this progress, the North American tablets franchise is already making a modest financial contribution to ALK's short-term growth, confirming the commercial potential in these markets. ALK will continue efforts to increase acceptance and sales of the tablets with a view to increasing their contribution to overall growth and so they can play an important role in improving ALK's long-term financial performance.

2. Complete and commercialise the tablet portfolio for all relevant ages

In Q1, ALK saw 52% growth in global tablet sales, providing further evidence of AIT market expansion and the underlying structural shift in favour of documented, registered products such as the SLIT-tablets portfolio, most notably in Europe and Japan.

ALK has been working to support this market transformation for many years in order to give more patients with severe allergies better access to convenient and effective AIT treatments. Further progress will involve expanding current levels of acceptance among allergy specialists into other prescriber groups that are dealing with allergy symptoms today, and expanding the reach of ALK's SLIT-tablets portfolio to cover new markets and segments. It will also mean better supporting patients early in their disease journey, and mobilising them to create a 'pull effect' by asking doctors about available treatment options.

The 2019 priorities for the SLIT-tablet portfolio are to: secure approval for the tree tablet in Europe, submit the tree tablet file in Canada, undertake paediatric and adolescent clinical trials for ACARIZAX®/ ODACTRA™ in Europe and North America, and initiate a pivotal clinical trial for ACARIZAX® in China. Progress continues on each of these objectives.

3. Patient engagement and adjacent business

ALK's activities in patient engagement and consumer care continue to progress positively. The aim is to support people with allergy much earlier in their disease journey by engaging with, informing, and mobilising them.

These activities are primarily web-based, and are currently focused on two launch markets: Germany and the UK. In Q1, ALK began piloting sales of allergy-related products via selected leading pharmacy chains in both markets. The in-pharmacy range comprises drug-free allergy relief products which augment ALK's broadening presence within the allergy segment. These products are carrying ALK's consumer care klarify.me brand.

Supported by a range of marketing materials, this move is designed to establish an additional touchpoint with consumers, and to further build brand awareness for ALK.

The 2019 objectives, as stated in ALK's 2018 annual report, are to achieve 20 million klarify.me messages seen, more than 100,000 downloads of mobile app klara, to facilitate 85,000 allergy tests and 45,000 searches for an allergy doctor, and to leverage increased patient engagement to support the

forthcoming launch of the tree SLIT-tablet – subject to regulatory approval.

Overall klarify.me is showing very promising results, and in the first quarter, ALK estimates that 23 million klarify.me messages were seen. Meanwhile, there were 27,000 klara downloads, 50,000 allergy tests, and 19,000 searches for an allergist.

4. Optimise and reallocate

During Q1, ALK continued to advance its wide-ranging efficiency programme designed to ensure the company is 'fit for growth'.

A key aspect of this is the ongoing rationalisation of the product portfolio, with older, less competitive products being phased out in favour of documented registered products. Another element is the implementation of a new site strategy, which promotes specialisation at ALK's production facilities, enhancing quality, effectiveness and scalability. These activities are expected to lead to a long-term improvement in gross profit.

As a result of these efforts, robustness in manufacturing operations continues to improve.

Q1 SALES AND MARKET TRENDS

(Comparative figures for 2018 are shown in brackets. Growth rates are stated in local currencies, unless otherwise indicated)

Revenue by geography

DKKm	Q1-2019	Growth (l.c.)	Share of revenue	Q1-2018
Europe	650	8%	75%	601
North America	156	11%	18%	131
Intl. markets	61	198%	7%	20
Revenue	867	14%	100%	752

Europe

European revenue increased by 8% to DKK 650 million (601) which was slightly ahead of expectations.

Strong sales growth from the SLIT-tablets portfolio and Jext® was counteracted by a decline in combined sales of SCIT and SLIT-drops, which nevertheless further stabilised on the back of gradually recovering SCIT sales.

SLIT-tablet sales were up 34% due to strong performances by ACARIZAX® and GRAZAX®. Tablets saw double-digit growth in almost all European markets, as ALK continued to take advantage of the market transition in favour of evidence-based, registered products. In light of this transition, combined SCIT and SLIT-drops sales decreased by 3%.

In France, the market continued to normalise following the distortions caused by manufacturing issues in

recent years. In addition, the strong uptake of ACARIZAX[®] likely had an effect on SLIT-drops sales. Despite these developments, ALK retains its market leadership in France, not least due to ACARIZAX[®] which continued to grow its share among new house dust mite AIT patients.

In Germany, overall sales continued their gradual recovery following supply constraints in previous years and the phase-out of old products. Tablet sales continued to perform strongly and SCIT sales grew for the first time in 11 quarters. ALK continues to pursue initiatives to increase the number of patients who benefit from documented, registered products with the aim of supporting the ongoing market transformation.

Sales of other products increased by 24% in light of strong 46% growth from the adrenaline auto-injector Jext[®], which has experienced a spike in demand in recent quarters due to supply issues in the AAI market. Global growth of Jext[®] was 58%.

Market conditions were largely stable and there were no notable changes to the pricing and reimbursement of AIT products in Q1.

North America

Revenue in North America grew by 11% to DKK 156 million (131) with growth across all product segments.

SLIT-tablet sales were up 50% to DKK 20 million (13), while sales of SCIT bulk allergen extracts to specialists and clinics grew by 8% to DKK 70 million (61). Sales of diagnostics and other products grew by 7%.

International markets

Revenue in International markets was up 198% at DKK 61 million (20). The growth was largely due to continued strong development in tablet sales in Japan but also reflected product shipments to China as well as increased sales of Jext[®] in selected markets.

Global revenue by product line

DKKm	Q1-2019	Growth (l.c.)	Share of revenue	Q1-2018
SCIT and SLIT-drops	495	0%	57%	490
SLIT-tablets	256	52%	30%	168
Other products and services	116	18%	13%	94
Revenue	867	14%	100%	752

Q1 FINANCIAL REVIEW

(Comparative figures for 2018 are shown in brackets. Revenue growth rates are stated in local currencies, unless otherwise indicated)

Q1 revenue increased by 15% in reported currencies to DKK 867 million (752). Exchange rate fluctuations positively impacted revenue by 1 percentage point. Growth in local currencies of +14% was slightly ahead of expectations.

Cost of sales increased 5% in local currencies to DKK 335 million (312). Gross profit of DKK 532 million (440) yielded a gross margin of 61% (59%), reflecting increased sales, especially from SLIT-tablets, but also costs associated with compliance and efforts to secure robustness in product supply.

Capacity costs increased 14% in local currencies to DKK 456 million (393), largely due to a planned 20% increase in R&D expenses, while sales and marketing expenses increased by 11% in local currencies, reflecting the activities in the USA, efforts to support ACARIZAX[®] launches, as well as the cost of developing digital patient engagement platforms. Administrative expenses increased largely as a consequence of a strengthening of selected support functions and certain one-off items.

EBITDA (operating profit before depreciation and amortisation) of DKK 133 million (92) was better than expected, reflecting the revenue development, operational efficiencies and savings. Exchange rates did not materially affect operating profits.

Net financials were a loss of DKK 2 million (loss of 21) mainly related to net interest expenses. **Tax on the profit** totalled DKK minus 15 million (2) and **net profit** was DKK 89 million (24).

Cash flow from operating activities was an inflow of DKK 30 million (outflow of 38) mainly driven by profit for the period, partly offset by planned changes in working capital.

Cash flow from investment activities was an outflow of DKK 47 million (outflow of 37) mainly relating to upgrades to the legacy production and the build-up of capacity for SLIT-tablet production. **Free cash flow** was an outflow of DKK 17 million (outflow of 75) which was better than expected. **Cash flow from financing activities** was an outflow of DKK 5 million (outflow of 15).

At the end of March, ALK held 253,844 of its **own shares** or 2.3% of the share capital, versus 2.4% at the end of 2018, and 2.5% at the end of March 2018.

At the end of March, **cash and marketable securities** totalled DKK 375 million, versus DKK 396 million at the end of 2018, and DKK 619 million at the end of

March 2018. In addition, ALK has an unused credit facility of DKK 600 million which runs until the end of 2022.

Equity totalled DKK 3,296 million (3,287) at the end of the period, and the equity ratio was 63% (67%).

OUTLOOK FOR 2019

For 2019, ALK continues to expect broad-based growth across its sales regions and product segments. The better than expected results in previous quarters and the creation of a more robust business platform allows ALK to accelerate its investments to transform the company. As a result, earnings (EBITDA) and free cash flow will continue overall to be subdued.

The full-year outlook has slightly improved compared with the annual report, which was released on 7 February 2019, and is now tracking towards the higher end of the guidance range. The outlook for free cash flow has been refined:

- ▶ Full-year revenue is projected to be DKK 3,100-3,300 million (2018: DKK 2.9 billion).
- ▶ Operating profit (EBITDA) is expected at DKK 100-200 million (2018: DKK 136 million).
- ▶ Free cash flow is now expected at DKK minus 400 million or better (previously: approximately DKK minus 400) (2018: minus DKK 294 million).

The mid-point of the revenue guidance still assumes that sales in Europe will grow in single digits, driven by strong growth in tablet sales and increasing SCIT-sales. By contrast, European topline growth is still expected to be negatively impacted by portfolio rationalisations and lower SLIT-drops sales. Meanwhile, revenue in North America is expected to increase by double digits with growth from all product categories. Revenue in International markets is projected to grow in high double digits on increased tablet income from Japan and geographic expansion.

The profit guidance still assumes that the gross margin will increase incrementally, while capacity costs will be impacted by a significant increase in R&D costs in support of the global paediatric clinical development of ACARIZAX® for children with allergic asthma and allergic rhinitis. ALK is also planning to conduct a separate allergic rhinitis trial in adolescents and a trial to pave the way for a launch of ACARIZAX® in China. Sales and marketing costs are still expected to increase modestly to support the launch of the tree

SLIT-tablet in Europe, the continued commercialisation of SLIT-tablets in the USA, international expansion and patient engagement activities. Administrative expenses are still expected to show a small increase.

The free cash flow guidance assumes, in addition to the subdued earnings, continued investment in support of strategic growth and reflects the timing of certain end-of-2018 payments. CAPEX is still projected at DKK 200-250 million with investments focused on streamlining the manufacturing footprint and further specialisation at ALK's production facilities in line with the 2018 site strategy. CAPEX investments will also be channelled into technology upgrades as well as capacity expansion.

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.

Financial calendar

Silent period	16 July 2019
Six-month report (Q2) 2019	13 August 2019
Silent period	10 October 2019
Nine-month report (Q3) 2019	7 November 2019

R&D PIPELINE STATUS

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



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 2019. 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 2019. 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, 9 May 2019

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
Commercial Operations

Board of Directors

Steen Riisgaard
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Lene Skole
Vice Chairman

Katja Barnkob

Nanna Rassov Carlson

Lars Holmqvist

Gonzalo De Miquel

Jakob Riis

Johan Smedsrud

Vincent Warnery

INCOME STATEMENT FOR THE ALK GROUP

Amounts in DKKm	3M 2019	3M 2018
Revenue	867	752
Cost of sales	335	312
Gross profit	532	440
Research and development expenses	99	82
Sales and marketing expenses	296	260
Administrative expenses	61	51
Operating profit (EBIT)	76	47
Net financial items	(2)	(21)
Profit before tax (EBT)	74	26
Tax on profit	(15)	2
Net profit	89	24
Earnings per share (EPS)		
Earnings per share (EPS)	8.3	2.2
Earnings per share (DEPS), diluted	8.2	2.2

STATEMENT OF COMPREHENSIVE INCOME

Amounts in DKKm	3M 2019	3M 2018
Net profit	89	24
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	18	(22)
Tax related to other comprehensive income, that will subsequently be reclassified to the income statement	(2)	3
Total	16	(19)
Total comprehensive income	105	5

CASH FLOW STATEMENT FOR THE ALK GROUP

Amounts in DKKm	3M 2019	3M 2018
Net profit	89	24
Adjustments for non-cash items (note 3)	53	64
Changes in working capital	(102)	(63)
Net financial items, paid	(5)	(2)
Income taxes, paid	(5)	(61)
Cash flow from operating activities	30	(38)
Acquisitions of companies and operations*	(17)	(7)
Additions, intangible assets	(3)	(4)
Additions, tangible assets	(27)	(26)
Cash flow from investing activities	(47)	(37)
Free cash flow	(17)	(75)
Sale of treasury shares	3	-
Exercise of share options and settlement of Restricted Stock Units	-	(11)
Repayment of lease liabilities (note 1)	(4)	-
Repayment of borrowings	(4)	(4)
Cash flow from financing activities	(5)	(15)
Net cash flow	(22)	(90)
Cash at beginning of year	296	162
Marketable securities beginning of year	100	549
Cash and marketable securities beginning of year	396	711
Unrealised gains/(losses) on cash held in foreign currency and financial assets carried as cash and marketable securities	1	(2)
Net cash flow	(22)	(90)
Cash end of period	275	171
Marketable securities end of period	100	448
Cash and marketable securities end of period	375	619

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.

* Relates to the acquired assets in Allergy Laboratory of Oklahoma Inc. And Crystal Labs LLC in 2017.

BALANCE SHEET - ASSETS FOR THE ALK GROUP

Amounts in DKKm	31 Mar 2019	31 Mar 2018	31 Dec 2018
Non-current assets			
Intangible assets			
Goodwill	467	459	465
Other intangible assets	250	281	260
	717	740	725
Tangible assets			
Land and buildings (note 1)	1,080	741	878
Plant and machinery	375	384	382
Other fixtures and equipment (note 1)	53	52	52
Property, plant and equipment in progress	287	376	272
	1,795	1,553	1,584
Other non-current assets			
Securities and receivables	9	8	9
Deferred tax assets	568	510	548
	577	518	557
Total non-current assets	3,089	2,811	2,866
Current assets			
Inventories	1,023	872	993
Trade receivables	437	371	328
Receivables from affiliates	28	25	28
Income tax receivables	96	102	58
Other receivables	88	48	113
Prepayments	97	74	83
Marketable securities	100	448	100
Cash	275	171	296
	2,144	2,111	1,999
Total current assets	2,144	2,111	1,999
Total assets	5,233	4,922	4,865

BALANCE SHEET - EQUITY AND LIABILITIES FOR THE ALK GROUP

Amounts in DKKm	31 Mar 2019	31 Mar 2018	31 Dec 2018
Equity			
Share capital	111	111	111
Currency translation adjustment	(24)	(109)	(42)
Retained earnings	3,209	3,285	3,110
Total equity	3,296	3,287	3,179
Liabilities			
Non-current liabilities			
Mortgage debt	271	289	276
Bank loans and financial loans	448	448	449
Pensions and similar liabilities	229	222	227
Lease liabilities (note 1)	188	-	-
Other provisions	2	4	2
Deferred tax liabilities	6	25	6
	1,144	988	960
Current liabilities			
Mortgage debt	17	17	17
Trade payables	85	78	135
Income taxes	49	20	9
Lease liabilities (note 1)	22	-	-
Other provisions	9	38	26
Other payables	611	494	539
	793	647	726
Total liabilities	1,937	1,635	1,686
Total equity and liabilities	5,233	4,922	4,865

EQUITY FOR THE ALK GROUP

Amounts in DKKm	Share capital	Currency translation adjustment	Retained earnings	Total equity
Equity at 1 January 2019	111	(42)	3,110	3,179
Net profit	-	-	89	89
Other comprehensive income/(loss)	-	18	(2)	16
Total comprehensive income	-	18	87	105
Share-based payments	-	-	9	9
Sale of treasury shares	-	-	3	3
Other transactions	-	-	12	12
Equity at 31 March 2019	111	(24)	3,209	3,296
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

NOTES

1 ACCOUNTING POLICIES

This non-audited interim report for first three months of 2019 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 first three months of 2019 follows the same accounting policies as the annual report for 2018, except for new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on 1 January 2019.

IFRS 16 Leases is effective from 1 January 2019. ALK transitioned to IFRS 16 in accordance with the Modified retrospective method. As a result, the prior-year figures were not adjusted. ALK has applied the lease recognition exceptions for short term lease contracts and low-value leases. Car leases are treated as low-value agreements reported in OPEX since Balance Sheet and EBITDA impact of these leases is considered immaterial. Newly recognised lease liabilities have been measured at present value of the remaining lease payments at 1 January 2019, discounted using incremental borrowing rate. Right-of-use assets have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

Due to implementation of this standard, right-of-use assets and lease liabilities have been recognised in the Balance Sheet, both equal to DKK 213 million. Right-of-use assets have been included in "Land & Building" with DKK 212 million and in "Other fixtures and equipment" with DKK 1 million. The implementation of IFRS 16 has a DKK 9 million positive impact on EBITDA in the first three months of 2019.

2 REVENUE AND SEGMENT INFORMATION

Amounts in DKKm	Europe		North America		International markets		Total	
	3M 2019	3M 2018	3M 2019	3M 2018	3M 2019	3M 2018	3M 2019	3M 2018
SCIT/SLIT-drops	404	414	70	61	21	15	495	490
SLIT-tablets	204	153	20	13	32	2	256	168
Other products and services	42	34	66	57	8	3	116	94
Total revenue	650	601	156	131	61	20	867	752
Sale of goods							860	748
Royalties							5	2
Services							2	2
Total revenue							867	752

Growth, 3M 2019	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	-3%	-2%	8%	15%	40%	40%	0%	1%
SLIT-tablets	34%	33%	50%	54%	1056%	1500%	52%	52%
Other products and services	24%	24%	7%	16%	178%	167%	18%	23%
Total revenue	8%	8%	11%	19%	198%	205%	14%	15%

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 2019	3M 2018
Tax on profit	(15)	2
Financial income and expenses	2	21
Share-based payment costs	9	3
Depreciation, amortisation and impairment	57	45
Other adjustments	-	(7)
Total	53	64