Three-month interim report (Q1) 2017 (Unaudited)

Company release No. 17/2017

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 first half-year. To provide a meaningful benchmark, comparisons to pre-disruption figures from 2015 have also been included in the report wherever relevant.

ALK's Q1 performance was in line with expectations and on course to meet the full-year guidance for 2017. Despite the negative impact of lower SCIT sales and a gradual market normalisation in Europe, revenue came close to Q1 2016 when adjusted for a one-off milestone payment. Revenue was significantly higher than before the market disruptions and ALK, to a large extent, retained its market share gains and remained the market leader.

In summary:

- Total revenue amounted to DKK 789 million (848). When adjusted for one-off milestone payments and acquisitions, revenue decreased by 7% organically.
- Total revenue exceeded Q1 2015 'pre-disruption levels' by 18% organically.
- Sales of SCIT products declined as expected due to last year's production upgrades. The negative impact is estimated at DKK 50-60 million. SCIT production is gradually returning to normal ahead of the new pollen seasons.
- Operating profit (EBITDA) was DKK 140 million (277) as a result of planned cost increases to support long-term growth, as well as a changed sales mix.

Business priorities

- The organisational build-up to support the SLIT-tablets in North America is on track but a delay in the regulatory transfer of the biologics licenses has constrained sales and marketing activities.
- ALK has retained its market leadership position in Europe and the key market of France and is still investing heavily to slow down the competitor's recovery of market shares and to secure a strong landing and leadership.
- ACARIZAX® sales almost tripled in Europe; clinical development and registration activities progressed as planned in all regions.
- SCIT production output is normalising and capacity will be further increased to eliminate backorders and ensure adequate supply ahead of the new pollen seasons starting in the second half of the year.

2017 financial guidance

Full-year guidance is unchanged from the 2016 annual report, which was released on 7 February 2017:

- Full-year revenue is 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. Revenue growth will be constrained while SCIT product supply returns to normal levels.
- Operating profit (EBITDA) is expected to return to 2015-levels before partner income at approximately DKK 300 million (2016: DKK 642 million), reflecting significantly increased costs to support long-term growth as well as a changed sales mix.

Hørsholm, 9 May 2017
ALK-Abelló A/S

For further information, contact:
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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 in the audio cast are kindly requested to call in before 1.25 a.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: 24197655#. 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 2017	3M 2016	Full year 2016
Income statement			
Revenue	**789**	848	3,005
Operating profit before depreciation and amortisation (EBITDA)	**140**	277	642
Operating profit (EBIT)	**96**	236	479
Net financial items	**(8)**	(13)	8
Profit before tax (EBT)	**88**	223	487
Net profit	**2**	123	270
Average number of employees	**2,239**	1,934	2,010
Balance sheet			
Total assets	**4,823**	4,423	4,799
Invested capital	**2,493**	2,299	2,353
Equity	**2,823**	2,762	2,875
Cash flow and investments			
Depreciation, amortisation and impairment	**44**	41	163
Cash flow from operating activities	**(39)**	160	405
Cash flow from investing activities	**(167)**	(5)	(204)
- of which investment in tangible and intangible assets	**(73)**	(24)	(225)
- of which acquisitions of companies and operations	**(94)**	-	-
Free cash flow	**(206)**	155	201
Information on shares			
Share capital	**101**	101	101
Shares in thousands of DKK 10 each	**10,128**	10,128	10,128
Share price, end of period – DKK	**1,006**	962	920
Net asset value per share – DKK	**279**	273	284
Key figures			
Gross margin – %	**62**	71	67
EBITDA margin – %	**18**	33	21
Earnings per share (EPS) – DKK	**0**	13	28
Earnings per share (DEPS), diluted – DKK	**0**	12	27
Cash flow per share (CFPS) – DKK	**(4)**	16	41
Share price/Net asset value	**3.6**	3.5	3.2

Definitions: see last page

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INCOME STATEMENT

Amounts in DKKm	3M 2017	%	3M 2016	%
Revenue	789	*100*	848	*100*
Cost of sales	300	*38*	246	*29*
Gross profit	**489**	*62*	602	*71*
Research and development expenses	98	*12*	100	*12*
Sales, marketing and administrative expenses	295	*37*	253	*30*
Other operating income and expenses	-	-	6	*1*
Operating profit (EBIT) before special items	**96**	*12*	255	*30*
Special items	-	-	(19)	*(2)*
Operating profit (EBIT)	**96**	*12*	236	*28*
Net financial items	(8)	*(1)*	(13)	*(2)*
Profit before tax (EBT)	**88**	*11*	223	*26*
Tax on profit	86	*11*	100	*12*
Net profit	**2**	*0*	123	*15*
Operating profit before depreciation and amortisation (EBITDA) before special items	**140**	*18*	296	*35*
Operating profit before depreciation and amortisation (EBITDA)	**140**	*18*	277	*33*

BUSINESS PRIORITIES

The four business priorities outlined in the 2016 annual report continue to be the main focus for ALK:

Build-up in North America: ALK sees 2017 as a build-up year where new, go-to-market approaches are tested ahead of the launch of ACARIZAX® and the re-launches of GRASTEK® and RAGWITEK®. So far, the organisational build-up to support the repatriation of the SLIT-tablets is on track and an agreement with an external company has been secured to reduce the complexity for US patients in gaining access to insurance coverage. However, the regulatory transfer to ALK of the biologics licenses for the tablets is delayed and this has constrained ALK's ability to carry out promotional activities.

Consolidate market share gains: In 2016, ALK capitalised on market disruption and made significant market share gains in Europe, particularly in France. Since then, ALK has deployed additional resources to lock-in as much of these gains as possible. These efforts were largely successful in Q1. ALK continues to invest heavily to slow down its main competitor's recovery and to secure a strong landing and leadership.

ACARIZAX® roll-out: ACARIZAX® sales grew almost threefold in Europe during Q1. Further, ALK and its partners saw significant progress in clinical development and registration processes in all regions.

Preparations for a global paediatric development programme are on track, with approval granted for adolescent use in 12 European countries and ALK's partner Torii submitting a paediatric registration application in Japan. Meanwhile, ALK is investing to accelerate sales growth in existing markets and to prepare the expected launches in other markets.

A robust product supply chain: SCIT production output is gradually normalising after a period with temporarily constrained capacity while ALK accelerated investments in quality documentation, equipment and the robustness of the supply chain. Capacity is being increased to eliminate backorders and rebuild inventories in due time for the next pollen seasons.

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	Q1-17	Q1-16	Q1-15
SCIT/SLIT-drops	460	509	417
SLIT-tablets	122	140	72
Others	34	32	29
Revenue	**616**	**681**	***)518**

**) Excluding the veterinary business divested in 2015*

Europe

Revenue in Europe decreased by 9% to DKK 616 million (681) with the region accounting for 78% of ALK's total revenue (80).

ALK has maintained its position as market leader and, when compared with pre-disruption figures from Q1 2015, revenue was still 20% higher in Europe.

Across the European markets, tablet sales declined by 13% versus Q1 2016 despite a strong uptake of ACARIZAX®. The decrease is a consequence of the gradual market normalisation, since GRAZAX® was the only readily available grass AIT product in markets with supply shortages during Q1 2016. When compared with Q1 2015 pre-disruption levels, GRAZAX® sales were up by 42%.

Together, SCIT and SLIT-drops sales declined by 9% versus Q1 2016. SLIT-drops sales were largely unchanged, while SCIT sales declined due to the temporary reduction of production capacity, which resulted in fewer patient initiations as well as back orders for certain products and markets. This particularly affected sales in Germany but also other SCIT markets. In total, the temporary capacity constraints are estimated to have affected global sales negatively by approximately DKK 50-60 million in Q1.

Meanwhile, the recent update to Germany's treatment guidelines – favouring registered and scientifically documented AIT products – is having a direct impact on the drug and cost control of the regional sickness funds which manage doctors' budgets, hence improving market access conditions for ALK's evidence-based products.

Sales of other products grew by 2%, driven by the adrenaline auto-injector Jext® which continues to recover following improvements to the robustness of its supply chain. Elsewhere, diagnostics sales softened.

North America

Revenue in North America was DKK 152 million (151) and the region accounted for 19% (18) of total revenue. Organic growth, excluding acquisitions and one-off milestone payments, was 1%.

Sales of bulk allergen extracts to specialists and clinics in the USA and Canada declined due to the temporary reduction of SCIT production capacity, which disrupted supplies of the Pharmalgen product range (venom AIT). Meanwhile, sales of diagnostics and other products grew with the recent acquisition in line with expectations.

From 1 January 2017, ALK has recognised in full the in-market sales of GRASTEK® and RAGWITEK®. Sales were slightly below the level of last year but overall tablet revenue decreased as in Q1 2016, ALK recognised a one-off milestone payment from its former partner.

International markets

Revenue in International markets was DKK 21 million (16), a 35% increase over last year. International markets accounted for 3% of total revenue (2).

Sales regained momentum in China where ALK is strengthening its organisation to support a newly appointed distribution partner. Progress was also seen in Turkey and South-East Asia.

In summary, **global revenue by product line**

DKKm	Q1-17	Q1-16	Q1-15
SCIT and SLIT-drops	539	594	494
SLIT-tablets	140	*)181	96
Other products and services	**)110	73	60
Revenue	**789**	**848**	**650**

**) Includes a milestone payment of DKK 34m*
***) Includes contribution from the recent acquisition*

Q1 PIPELINE HIGHLIGHTS

ALK's pipeline is closer than ever to fulfilling its promise of redefining treatment for people living with the debilitating effects of the five major respiratory allergies (house dust mite, grass, tree, ragweed and Japanese cedar). In Q1, the pipeline progressed further, as ALK's own activities as well as those under the partnerships with Torii, Abbott and Seqirus continued to advance.

House dust mite allergy

In Q1, the Global Initiative for Asthma (GINA), updated its asthma treatment guidelines to include sublingual allergy immunotherapy (SLIT) as a treatment option for house dust mite-allergic asthma patients.

The GINA guidelines are based on the latest clinical evidence and represent a global strategy for the management and prevention of asthma. They also form the basis for many national guidelines and are a widely recognised resource to guide healthcare professionals.

The endorsement was based on ACARIZAX® data published by *The Journal of the American Medical Association* and it is the first time any kind of allergy immunotherapy treatment has been included in the GINA guidelines.

ALK's preparations to investigate the safety and efficacy of ACARIZAX® in children with allergic asthma and allergic rhinitis are underway and ALK recently received approval in 12 European countries for the treatment of adolescent patients with HDM-induced allergic rhinitis.

To date, ACARIZAX® has been approved by 14 countries in Europe and pricing and reimbursement negotiations have so far resulted in agreements and launches in seven countries with further negotiations ongoing.

In Q1, the US Food and Drug Administration (FDA) approved the Biologics License Application for ACARIZAX® in the **USA.** The tablet was approved for use in adults suffering from house dust mite-induced allergic rhinitis, with or without conjunctivitis. The application was submitted in 2016 by ALK's former partner. The eventual launch will allow ALK to offer a full portfolio of tablets targeting all three major respiratory allergies in the USA. Further, ALK is continuing to investigate which activities are required in the USA to potentially extend the label of ACARIZAX® to include the treatment of asthma. Recently ACARIZAX® was also approved in **Canada**.

In Q1, Torii submitted an application to the authorities in **Japan**, seeking to expand the use of MITICURE™ (the local brand name for ACARIZAX®) to include paediatric patients. The application is based on a trial involving around 400 patients aged 5-17. The trial demonstrated the benefits in children, through both reduced symptoms of allergic rhinitis and reduced use of other medication. MITICURE™ is already indicated for patients aged 12 years and older and was launched in 2015.

In Q1, the authorities in **China** approved a local clinical development programme for ACARIZAX® and ALK is now preparing for a local Phase I trial.

Preparations for the registration of ACARIZAX® in **Russia** are advancing and a local clinical trial was recently successfully completed. This application will target both allergic rhinitis and allergic asthma.

Regulatory reviews are also ongoing in several markets in **South-East Asia** where ALK's partner Abbott filed for both allergic rhinitis and allergic asthma indications in 2016. Subject to approval, first launches could take place from late 2017. An import license has already been issued in Singapore.

Grass pollen allergy
In Q1, authorities in **Russia** approved the registration application for GRAZAX®. The application was submitted by ALK and Abbott in 2015, based on ALK's European development data and a local registration trial. GRAZAX® was also approved by the authorities in **Australia** following a filing by Seqirus in 2015 using clinical data from ALK's European market registrations.

So far, marketing authorisations for GRAZAX® have been granted in 27 countries: 21 EU countries, Switzerland, Turkey, USA, Canada, Australia and Russia.

Ragweed pollen allergy
In Q1, ALK's regulatory filing for the ragweed SLIT-tablet was accepted for review by authorities in **Europe**. The filing is primarily based on data from the North American development programme and this 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** following the filing submitted by ALK and Abbott in December 2015. A launch there could take place in 2017, subject to approval.

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** is ongoing. 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** continue to review Torii's New Drug Application for the SLIT-tablet against Japanese cedar pollen allergic rhinitis, the second most prevalent allergy in Japan. Subject to approval, the tablet could reach the market in 2017.

Further details on the SLIT-tablet partnerships can be seen on page 8.

FINANCIAL REVIEW OF Q1 2017

(*Comparative figures for Q1 2016 are shown in brackets. Revenue growth rates are stated in local currencies, unless otherwise indicated*)

Revenue decreased by 7% to DKK 789 million (848) and was affected positively by 4 percentage points from acquisitions. Currencies only had a minor impact on reported growth. Last year, ALK revenue included a one-off milestone payment of DKK 34 million.

Cost of sales increased 22% (organically 14% in local currencies) to DKK 300 million (246). Gross profit of DKK 489 million (602) yielded a gross margin of 62% (71). Disregarding last year's milestone payment, the gross margin declined 8 percentage points reflecting ALK's capacity expansion, activities to improve robustness of product supply as well as a changed sales mix, which includes the recent acquisitions.

Capacity costs increased by 11% (organically 11% in local currencies) to DKK 393 million (353). R&D expenses were unchanged at DKK 98 million (100). Administrative expenses grew by 14% (13% organic increase in local currencies), while sales and marketing expenses increased by 17% (organically 17% in local currencies). This reflected ALK's accelerated growth investments.

Reported EBITDA (operating profit before depreciation and amortisation) was DKK 140 million (277). Earnings were not materially impacted by exchange rates.

Net financials were a loss of DKK 8 million (loss of 13) and **tax on the profit** totalled DKK 86 million (100), corresponding to an effective tax rate of 98% (45). The high effective tax rate is a result of the current geographical distribution of income.

Net profit was DKK 2 million (123).

Cash flow from operating activities was an outflow of DKK 39 million (an inflow of 160). The decrease was primarily caused by lower earnings.

Cash flow from investment activities was an outflow of DKK 167 million (5) relating to the accelerated build-up of capacity for SLIT-tablet production and the first instalment related to the recent acquisition. Free cash flow was an outflow of DKK 206 million (an inflow of 155). Cash flow from financing was an outflow of DKK 57 million (43) 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 March 2017, ALK held 296,844 of its **own shares** or 2.9% of the share capital, unchanged from the end of 2016.

At the end of March, **cash and marketable securities** totalled DKK 577 million vs. DKK 840 million at the end of 2016.

Equity totalled DKK 2,823 million (2,762) at the end of the period, and the equity ratio was 59% (62).

OUTLOOK FOR 2017

Full-year guidance is unchanged from the 2016 annual report (7 February 2017).

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 will be on the scale-up of the North American organisation for the repatriated SLIT-tablets, additional market shaping and expansion activities in Europe and International markets, the launch of ACARIZAX®, as well as extra costs and investments to build capacity and secure the robustness of product supply.

These accelerated investments will position ALK to take advantage of an expected new wave of industry consolidation, largely driven by increased regulatory and quality requirements.

ALK's European revenue is expected to decline relative to 2016 (DKK 2,434 million) as the markets gradually establish a 'new normal' after the market disruptions which contributed positively to ALK's 2016 sales and earnings. Nevertheless, ALK expects to retain the majority of its market share gains and anticipates 2017 revenue to be significantly higher than in 2015 (DKK 1,937 million), before the market disruptions emerged. Revenue is assumed to be affected negatively by the temporarily reduced manufacturing capacity caused by the 2016 upgrades to SCIT production.

Revenue in North America is expected to increase (2016: DKK 512 million), driven by sales of allergen extracts and other products, including the effect of the recent acquisition, and by the addition of sales from SLIT-tablets, for which revenue from in-market sales will be fully recognised, whereas previously ALK only recognised sales royalties from its former partner.

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

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

In light of the above, ALK expects 2017 revenue of DKK 2.8-3.0 billion (2016: DKK 3.0 billion).

Operating profit (EBITDA) is expected to return to 2015 levels at approximately DKK 300 million before partner income (2016: DKK 642 million), reflecting significantly increased investments to build long-term growth opportunities as well as a changed sales mix.

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

Free cash flow is expected to be down to approximately minus DKK 500 million as a consequence of the accelerated CAPEX-programme, significant business investments, relatively high tax payments and continued inventory build-up. The guidance also assumes that the December 2016 acquisitions will be paid for in 2017 and beyond.

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	19 July 2017
Six-month interim report (Q2)	16 August 2017
Silent period	13 October 2017
Nine-month interim report (Q3)	10 November 2017

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FACTS ON 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 (Merck) 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 THE 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 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 31 March 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, 9 May 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 Product Supply	

Board of Directors

Steen Riisgaard Chairman	Lene Skole Vice Chairman	Lars Holmqvist
Andreas Slyngborg Holst	Jacob Kastrup	Anders Gersel Pedersen
Jakob Riis	Katja Barnkob Thalund	Per Valstorp

INCOME STATEMENT FOR THE ALK GROUP

Amounts in DKKm	3M 2017	3M 2016
Revenue	789	848
Cost of sales	300	246
Gross profit	**489**	602
Research and development expenses	98	100
Sales and marketing expenses	238	203
Administrative expenses	57	50
Other operating income	-	6
Operating profit (EBIT) before special items	**96**	255
Special items	-	(19)
Operating profit (EBIT)	**96**	236
Net financial items	(8)	(13)
Profit before tax (EBT)	**88**	223
Tax on profit	86	100
Net profit	**2**	123
Earnings per share (EPS) – DKK	0	13
Earnings per share (DEPS), diluted – DKK	0	12

STATEMENT OF COMPREHENSIVE INCOME

Amounts in DKKm	3M 2017	3M 2016
Net profit for the period	**2**	123
Other comprehensive income		
Items that will be reclassified subsequently to the Income statement, when specific conditions are met:		
Foreign currency translation adjustment of foreign subsidiaries	(9)	(22)
Tax related to other comprehensive income	-	2
Other comprehensive income	**(9)**	(20)
Total comprehensive income	**(7)**	103

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CASH FLOW STATEMENT FOR THE ALK GROUP

Amounts in DKKm	3M 2017	3M 2016
Net profit	**2**	123
Adjustments for non-cash items (note 3)	149	150
Changes in working capital	(129)	(87)
Net financial items, paid	1	1
Income taxes, paid	(62)	(27)
Cash flow from operating activities	**(39)**	160
Acquisitions of companies and operations (note 4)	(94)	-
Additions, intangible assets	(3)	(5)
Additions, tangible assets	(70)	(19)
Sale of assets	-	19
Cash flow from investing activities	**(167)**	(5)
Free cash flow	**(206)**	155
Dividend paid to shareholders of the parent (net)	(49)	(49)
Sale of treasury shares	-	11
Exercise of share options	(4)	-
Repayment of borrowings	(4)	(5)
Cash flow from financing activities	**(57)**	(43)
Net cash flow	**(263)**	112
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)
Net cash flow	(263)	112
Cash at 31 March	127	275
Marketable securities at 31 March	450	439
Cash and marketable securities at 31 March	**577**	714

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	31 March 2017	31 December 2016	31 March 2016
Non-current assets			
Intangible assets			
Goodwill	476	422	422
Other intangible assets	361	342	329
	837	764	751
Tangible assets			
Land and buildings	785	774	737
Plant and machinery	427	412	404
Other fixtures and equipment	56	52	58
Property, plant and equipment in progress	396	389	328
	1,664	1,627	1,527
Other non-current assets			
Securities and receivables	8	8	8
Deferred tax assets	516	449	381
	524	457	389
Total non-current assets	**3,025**	2,848	2,667
Current assets			
Inventories	743	676	533
Trade receivables	349	295	374
Receivables from affiliates	22	22	30
Income tax receivables	18	26	29
Other receivables	54	66	48
Prepayments	35	26	28
Marketable securities	450	548	439
Cash	127	292	275
Total current assets	**1,798**	1,951	1,756
Total assets	**4,823**	4,799	4,423

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BALANCE SHEET - EQUITY AND LIABILITIES FOR THE ALK GROUP

Amounts in DKKm	31 March 2017	31 December 2016	31 March 2016
Equity			
Share capital	101	101	101
Currency translation adjustment	13	22	(8)
Retained earnings	2,709	2,752	2,669
Total equity	**2,823**	2,875	2,762
Liabilities			
Non-current liabilities			
Mortgage debt	306	310	322
Bank loans and financial loans	448	448	1
Pensions and similar liabilities	238	234	204
Other provisions	47	1	5
Deferred tax liabilities	154	124	99
	1,193	1,117	631
Current liabilities			
Mortgage debt	17	17	17
Bank loans and financial loans	-	-	300
Trade payables	102	132	49
Income taxes	221	167	163
Other provisions	36	36	22
Other payables	431	455	479
	807	807	1,030
Total liabilities	**2,000**	1,924	1,661
Total equity and liabilities	**4,823**	4,799	4,423

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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	-	-	2	2
Other comprehensive income	-	(9)	-	(9)
Total comprehensive income	**-**	**(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**

Equity at 1 January 2016	101	14	2,582	2,697
Net profit	-	-	123	123
Other comprehensive income	-	(22)	2	(20)
Total comprehensive income	-	(22)	125	103
Share-based payments	-	-	1	1
Sale of treasury shares	-	-	10	10
Dividend paid	-	-	(51)	(51)
Dividends on treasury shares	-	-	2	2
Other transactions	-	-	(38)	(38)
Equity at 31 March 2016	101	(8)	2,669	2,762

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NOTES

1 ACCOUNTING POLICIES

The Interim report for the first three months 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 the first three months 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 January 1, 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	3M 2017	3M 2016	3M 2017	3M 2016	3M 2017	3M 2016	**3M 2017**	**3M 2016**
SCIT/SLIT-drops	460	509	61	72	18	13	539	594
SLIT-tablets	122	140	17	39	1	2	140	181
Other products and services	34	32	74	40	2	1	110	73
Total revenue	**616**	681	**152**	151	**21**	16	**789**	848

Sale of goods	787	805
Royalties	-	2
Milestone and upfront payments	-	34
Services	2	7
Total revenue	**789**	848

	Europe		North America		International markets		**Total**	
Growth, 3M 2017	Growth local currencies	Growth	Growth local currencies	Growth	Growth local currencies	Growth	**Growth local currencies**	**Growth**
SCIT/SLIT-drops	*-9%*	*-10%*	*-16%*	*-15%*	*36%*	*38%*	**-9%**	**-9%**
SLIT-tablets	*-13%*	*-13%*	*-58%*	*-56%*	*-56%*	*-50%*	**-23%**	**-23%**
Other products and services	*2%*	*6%*	*79%*	*85%*	*100%*	*100%*	**47%**	**51%**
Total revenue	***-9%***	***-10%***	***-2%***	***1%***	***35%***	***31%***	***-7%***	***-7%***

3 ADJUSTMENTS FOR NON-CASH ITEMS

Amounts in DKKm	3M 2017	3M 2016
Tax on profit	86	100
Financial income and expenses	8	13
Share-based payment costs	8	1
Reversal of accounting gain on sale of non-current assets	-	(6)
Depreciation, amortisation and impairment	44	41
Other adjustments	3	1
Total	**149**	150

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NOTES

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 is a contingent consideration, depending on fulfilling certain requirements to 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 30 million in Q1 2017. ALK expect 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 1m.

Goodwill relates to the expected synergies between the US entities and that ALK gains control of 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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