Nine-month interim report (Q3) 2017 (Unaudited)

Company release No. 30/2017

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. To provide a meaningful benchmark, comparisons to figures from 2015 have also been included in the report wherever relevant.)

During Q3 2017, ALK continued its investment programme to scale-up and build a pharma company in North America, defend its European leadership position and upgrade its product supply. ALK will continue to invest to deliver its long-term growth plans.

Q3 2017 highlights:

- Sales growth in Europe, North America and International markets showed good progress in line with expectations.
- Total revenue increased 7% to DKK 667 million (630), with European revenue 23% higher organically than 'pre-market disruption' levels in Q3 2015.
- Constraints in SCIT production capacity are estimated to have negatively impacted Q3 sales by DKK 50-60 million.
- Operating profit (EBITDA) was DKK 36 million (110) following planned cost increases to support long-term growth, including the launch of the HDM SLIT-tablet in North America and to secure robustness in ALK's product supply operations.
- 9M total revenue amounted to DKK 2,147 million (2,251) and 9M operating profit (EBITDA) was DKK 192 million (546).

Business priorities

- Investments in the North American scale-up to support the launch of SLIT-tablets are ongoing. In August, the marketing authorisations were transferred to ALK from the FDA. In November, ALK has launched the HDM SLIT-tablet as ACARIZAX® in Canada and has started pre-launch and marketing activities ahead of the launch in the USA, where the brand name will be ODACTRA™. Market access in the USA is progressing well.
- Investments to defend and retain market leadership in Europe continue and showed good results in Q3.
- ACARIZAX® sales in Europe roughly doubled in Q3, while development, registration and market access activities are progressing.
- Investments in securing a robust product supply continue. Robust inventory levels are expected to be gradually rebuilt during 2018.
- In December 2017, ALK will be presenting an updated strategy that is designed to stimulate a new era of growth by continuing ALK's investments in its core AIT franchise while also leveraging its position and expertise to engage with more patients and to capture a larger share of the total allergy market.

2017 financial guidance

ALK's financial guidance for full-year revenue has been narrowed while guidances for operating profit (EBITDA) and free cash flow remain unchanged:

- Full-year revenue is now projected at approximately DKK 2.9 billion (previously DKK 2.8-3.0 billion) as European markets establish a 'new normal' following last year's disruptions.
- Operating profit (EBITDA) is still expected to be DKK 225-250 million.
- Free cash flow is still expected at approximately minus DKK 700 million.

Hørsholm, 10 November 2017
ALK-Abelló A/S

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Today, ALK is hosting a conference call for analysts and investors at 10.00 a.m. (CET) 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 9.55 a.m. (CET). 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: 28359539#. 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	9M 2017	9M 2016	Q3 2017	Q3 2016	Full year 2016
Income statement					
Revenue	**2,147**	2,251	**667**	630	3,005
Operating profit before depreciation and amortisation (EBITDA)	**192**	546	**36**	110	642
Depreciation, amortisation and impairment	**133**	122	**45**	41	163
Operating profit/(loss) (EBIT)	**59**	424	**(9)**	69	479
Net financial items	**(28)**	1	**(13)**	2	8
Profit/(loss) before tax (EBT)	**31**	425	**(22)**	71	487
Net profit	**1**	234	**0**	39	270
Key figures					
Gross margin – %	**59**	68	**58**	65	67
EBITDA margin – %	**9**	24	**5**	17	21
Earnings per share (EPS) – DKK	**-**	24	**-**	4	28
Earnings per share (DEPS), diluted – DKK	**-**	23	**-**	4	27
Cash flow per share (CFPS) – DKK	**(38)**	31	**(10)**	15	41
Share price/Net asset value	**3.6**	3.3	**3.6**	3.3	3.2
Average number of employees	**2,232**	1,996	**2,344**	2,054	2,010
Balance sheet					
Total assets	**4,500**	4,525	**4,500**	4,525	4,799
Invested capital	**2,853**	2,408	**2,853**	2,408	2,353
Equity	**2,756**	2,838	**2,756**	2,838	2,875
Cash flow and investments					
Cash flow from operating activities	**(378)**	305	**(97)**	35	405
Cash flow from investing activities	**(308)**	(107)	**(56)**	(55)	(204)
- of which investment in tangible and intangible assets	**(215)**	(126)	**(57)**	(55)	(225)
- of which acquisitions of companies and operations	**(94)**	-	**-**	-	-
Free cash flow	**(686)**	198	**(153)**	(20)	201
Information on shares					
Share capital	**101**	101	**101**	101	101
Shares in thousands of DKK 10 each	**10,128**	10,128	**10,128**	10,128	10,128
Share price, end of period – DKK	**991**	938	**991**	938	920
Net asset value per share – DKK	**272**	280	**272**	280	284

Definitions: see last page

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INCOME STATEMENT

Q3 2016	%	Q3 2017	%	Amounts in DKKm	9M 2017	%	9M 2016	%
630	*100*	**667**	*100*	Revenue	2,147	*100*	2,251	*100*
218	*35*	**283**	*42*	Cost of sales	881	*41*	731	*32*
412	*65*	**384**	*58*	**Gross profit**	**1,266**	*59*	1,520	*68*
85	*13*	**88**	*13*	Research and development expenses	283	*13*	282	*13*
247	*39*	**305**	*46*	Sales, marketing and administrative expenses	924	*43*	782	*35*
-	-	**-**	*0*	Other operating income and expenses	-	*0*	6	*0*
80	*13*	**(9)**	*(1)*	**Operating profit/(loss) (EBIT) before special items**	**59**	*3*	462	*21*
(11)	*(2)*	**-**	*0*	Special items	-	*0*	(38)	*(2)*
69	*11*	**(9)**	*(1)*	**Operating profit/(loss) (EBIT)**	**59**	*3*	424	*19*
2	*0*	**(13)**	*(2)*	Net financial items	(28)	*(1)*	1	*0*
71	*11*	**(22)**	*(3)*	**Profit/(loss) before tax (EBT)**	**31**	*1*	425	*19*
32	*5*	**(22)**	*(3)*	Tax on profit	30	*1*	191	*8*
39	*6*	**0**	*0*	**Net profit**	**1**	*0*	234	*10*
121	*19*	**36**	*5*	**Operating profit before depreciation and amortisation (EBITDA) before special items**	**192**	*9*	584	*26*
110	*17*	**36**	*5*	**Operating profit before depreciation and amortisation (EBITDA)**	**192**	*9*	546	*24*

BUSINESS PRIORITIES

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

Build-up in North America: A new organisation is now in place to support both the SLIT-tablet franchise and ALK's existing product range in North America. As part of this organisational build-up, ALK has expanded its specialised field force almost fourfold during 2017, to around 80 people. ALK has recently launched ACARIZAX® in Canada and has initiated pre-launch and marketing activities ahead of the launch in USA, where it will be marketed as ODACTRA™. Market access in the USA is progressing well with approximately 50% of potential patients currently having unrestricted access to reimbursement for ODACTRA™ treatment via commercial insurance schemes. ALK has also established coupon and improved patient support programmes to improve access and adherence to SLIT-tablet treatment.

Retain market leadership: Following the market disruptions caused by temporary production issues at a competitor, ALK gained significant market share in Europe in 2016, particularly in France. Since then, ALK has deployed additional resources to lock-in as much of these gains as possible. Despite production constraints due to quality upgrades, as markets and demand have progressively stabilised in Europe, ALK was still able to consolidate its market leadership during Q3, with sales exceeding Q3 2015 pre-market disruption levels by 23% organically, and up on Q3 2016 levels by 3%. ALK continues to invest in consolidating its leadership position.

ACARIZAX® roll-out: In recent weeks, ACARIZAX® has been launched in the Netherlands and Canada while price and reimbursement was recently granted in Spain. Preparations for the imminent launch in the USA is also advancing. Meanwhile, ACARIZAX® sales have continued to grow strongly in its initial markets in Q3, while pre-launch pricing and reimbursement negotiations are advancing in other markets. Regulatory reviews are ongoing in International markets and preparations for a global paediatric development programme are on track, underlining the fact that the treatment of paediatric respiratory diseases is a key priority for ALK.

A robust product supply chain: Significant work to improve robustness and scalability within product supply continues. Upgrades to the Vandeuil facility in France are progressing according to the remediation plans agreed with the French Health authorities (ANSM) (reference is made to Company release No 25/2017). ALK is in continuous dialogue with the ANSM on corrective actions and improvement plans. As previously announced, ALK has also been investing to upgrade its SCIT production at Hørsholm, Denmark. A robust inventory of SCIT products is expected to be gradually restored during 2018. Meanwhile, the absence of buffer stocks for certain products means that variations in production output, coupled with demand, may continue to affect delivery times for some products and markets. ALK issues regular status updates to prescribers on this issue, and is offering alternative products where possible. ALK's work to scale-up production capacity for SLIT-tablets progresses according to plans. As a consequence of the work to improve product supply, ALK is also evaluating how to further accelerate its portfolio optimisation programme to eliminate products to reflect the increasing regulation of AIT products.

Updated strategy
As outlined in the 2016 Annual Report (7 February 2017), it is ALK's strategy to transform the company from being largely European focused into a truly global company, by growing its core allergy immunotherapy (AIT) business while also leveraging its position and expertise to capture a larger share of the total allergy market. Intensive work continues on updating the corporate strategy to describe ALK's future role in the allergy market and how it will achieve earlier and better patient engagement. Finalisation of the strategy and its financial impact is underway and ALK expects to present further details in December 2017.

Q3 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	Q3-17	Q3-16	Q3-15*
SCIT/SLIT-drops	384	392	331
SLIT-tablets	80	65	44
Others	49	43	45
Revenue	**513**	**500**	**420**

** Excluding the veterinary business, divested in 2015*

Europe
Q3 revenue in Europe increased by 3% to DKK 513 million (500) with the region accounting for 77% of ALK's total revenue (79).

For context, 2016 revenue was significantly influenced by last year's market disruptions which provided an extraordinary boost to ALK's 2016 income. Following targeted investments aimed at locking-in these gains as much as possible, ALK has sustained its position as market leader and sales were slightly ahead of plan in key markets. Compared to pre-market disruption figures in Q3 2015, ALK revenue in Europe was 23% higher organically.

SLIT-tablet sales grew by 25% in Europe and most markets in Northern and Central Europe, including Germany, showed high, double-digit growth, driven by a strong uptake of ACARIZAX®. When compared with Q3 2015 pre-disruption levels, overall SLIT-tablet sales were up by 89%.

Combined SCIT and SLIT-drops sales decreased by 2% versus Q3 2016. SCIT sales declined and were negatively affected by the temporary reduction of SCIT production capacity, which resulted in fewer patient initiations and back orders for certain products and markets. This particularly affected sales in Germany. The temporary capacity constraints are estimated to have lowered SCIT sales globally by approximately DKK 50-60 million in Q3 2017. European SCIT sales in Q3 were approximately 18% lower than Q3 2015 before the capacity constraints occurred. SLIT-drops sales were largely unchanged, primarily reflecting the fact that market conditions in France are normalising after the disruptions of 2016. Still, global sales of SLIT-drops exceeded Q3 2015 pre-disruption levels by approximately 65%.

Sales of other products grew by 14%, driven by the adrenaline auto-injector Jext® which continues to recover following improvements to the robustness of its supply chain.

Market conditions for evidence-based products continue to improve in Germany where regional drug budget controls favouring registered and documented AIT products continue to influence the formulary lists and prescribing habits. However, market conditions are still challenging in Southern Europe and ALK sees an increasing likelihood that this may lead to price and reimbursement pressure for selected products.

9M revenue in Europe was DKK 1,639 million (1,822).

North America
Q3 revenue in North America grew by 17% to DKK 134 million (119) and the region accounted for 20% (19) of total revenue. The organic growth was -9%.

SLIT-tablet revenue in Q3 was down to DKK 4 million (9), largely due to existing stock levels at wholesalers causing quarterly fluctuations in orders.

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

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

9M revenue in North America was DKK 452 million (395) of which SLIT-tablet revenue was DKK 48 million (57).

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International markets
Q3 revenue in International markets was DKK 20 million (11), an 80% increase over last year. International markets accounted for 3% of total revenue (2).

Growth was driven by partner income and China, where ALK has strengthened its organisation.

9M revenue in International markets was DKK 56 million (34).

Global revenue by product line

DKKm	Q3-17	Q3-16	Q3-15
SCIT and SLIT-drops	451	464	411
SLIT-tablets	95	82	***177
Other products and services	**121	84	79
Revenue	**667**	**630**	**667**

*** Includes contribution from the ALOK acquisitions*
**** Included DKK 108 million in milestone payments*

Q3 PIPELINE HIGHLIGHTS

ALK's efforts to develop a full portfolio of SLIT-tablets for all ages (adults, adolescents and children) suffering from the most common allergies – estimated to affect more than 80% of respiratory allergy patients worldwide – are on track. In Q3, ALK's own activities as well as those under ALK's partnerships advanced further.

House dust mite (HDM) allergy
In **Europe**, ACARIZAX® has been launched in the Netherlands after satisfactory agreements were reached on pricing and reimbursement. Further similar negotiations are ongoing in Southern and Eastern European markets and recently price and reimbursement was also granted in Spain.

In **North America**, ALK launched ACARIZAX® in Canada and marketing activities have started ahead of the planned Q4 launch in the USA, where the brand name will be ODACTRA™.

The launches follow the recent transfer of product licences to ALK in August by Health Canada and the FDA.

Meanwhile, preparations for a pivotal clinical trial in children with allergic asthma are advancing in support of approvals for this patient group in Europe and North America.

The authorities in **Japan** are currently reviewing a paediatric registration application which was submitted by Torii in Q1. MITICURE™, the local brand name, is already indicated for patients aged 12 years and older.

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

In **South-East Asia**, ACARIZAX® has been launched in Singapore and additional launches in the six other markets covered by the Abbott South-East Asia partnership could take place in early 2018. Abbott has filed for allergic rhinitis and allergic asthma indications in all markets.

In **China**, ALK has initiated a local Phase I trial after the authorities approved a local clinical development programme.

To date, ACARIZAX® has been approved by 19 countries and commercially launched in 12.

Grass pollen allergy
The European label for *GRAZAX®* has been updated to reflect data from the multi-year, pan-European *GRAZAX® Asthma Prevention* (GAP) trial.

As previously announced, the authorities in Russia and Australia approved the registration applications submitted by Abbott and Seqirus, respectively.

So far, GRAZAX® has obtained marketing authorisations in 27 countries: 21 in the EU, plus Australia, Canada, Russia, Switzerland, Turkey and the USA.

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

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

Tree pollen allergy
In Q3, ALK reported the successful outcome of the pivotal Phase III clinical of the SLIT-tablet in **Europe.** The trial, involving 634 patients aged 12-65 years in eight countries, met its primary endpoint, showing a clinical effect that was among the most significant that ALK has ever seen in field studies.

ALK expects to submit a regulatory filing in 2018 in Europe and Canada. In Northern and Central Europe, the USA and Canada, respiratory allergies are commonly caused by allergens from birch and related trees, including alder, beech, hazel and oak.

Japanese cedar pollen allergy
In Q3, the authorities in **Japan** approved the New Drug Application submitted by Torii for the SLIT-tablet against Japanese cedar pollen allergic rhinitis. Branded CEDARCURE™, it is the first SLIT-tablet to be approved for both adult and paediatric use in Japan. A launch date for CEDARCURE™ will be announced by Torii after pricing and reimbursement have been agreed with the National Health Insurance.

Japan is the world's second largest market for allergy medicine, where around 70% of allergic rhinitis sufferers have a specific allergy to Japanese cedar pollen.

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

FINANCIAL REVIEW OF 9M 2017

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

Revenue decreased by 4% to DKK 2,147 million (2,251). Organic growth, excluding acquisitions and one-off milestone payments, was -7%. Currencies had no material impact on reported growth.

Cost of sales increased 21% (organically 11% in local currencies) to DKK 881 million (731). Gross profit of DKK 1,266 million (1,520) yielded a gross margin of 59% (68), reflecting lower revenue, capacity expansion, activities to improve the robustness of product supply as well as a changed sales mix.

Capacity costs increased 13% (organically 14% in local currencies) to DKK 1,207 million (1,064). R&D expenses were almost unchanged at DKK 283 million (282). Administrative expenses grew by 12% (13% organic increase in local currencies) to DKK 163 million (145), while sales and marketing expenses increased by 19% (organically 20% in local currencies) to DKK 761 million (637). This reflected ALK's accelerated growth investments, predominantly in the USA.

Reported EBITDA (operating profit before depreciation and amortisation) was DKK 192 million (546). There was no material impact on earnings due to exchange rates.

Net financials were a loss of DKK 28 million (gain of 1) and **tax on the profit** totalled DKK 30 million (191). The high effective tax rate is a result of the current geographical distribution of income.

Net profit was DKK 1 million (234).

Cash flow from operating activities was an outflow of DKK 378 million (an inflow of 305). The change was primarily caused by lower earnings following ALK's growth investments as well as changes in working capital and higher taxes, partly related to the extraordinarily high profit in 2016.

Cash flow from investment activities was an outflow of DKK 308 million (107) relating to the accelerated build-up of capacity for SLIT-tablet production and instalments related to the ALOK acquisitions. Free cash flow was an outflow of DKK 686 million (an inflow of 198). Cash flow from financing was an outflow of DKK 62 million (102) 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 September, ALK held 285,806 of its **own shares** or 2.8% of the share capital versus 2.9% at the end of 2016.

At the end of September, **cash and marketable securities** totalled DKK 88 million, versus DKK 840 million at the end of 2016, and DKK 699 million at the end of September 2016. In addition, ALK has an unused credit facility of more than DKK 400 million.

Equity totalled DKK 2,756 million (2,838) at the end of the period, and the equity ratio was 61% (63).

OUTLOOK FOR 2017

Full-year guidance for revenue has been narrowed while guidances for operating profit (EBITDA) and free cash flow are unchanged from Company release No 22/2017 (21 August 2017).

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

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

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

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

In light of the above, ALK now expects revenue of approximately DKK 2.9 billion (previously DKK 2.8-3.0 billion; 2016: DKK 3.0 billion).

Overall, 2017 will see significant investments and cost increases as ALK seeks to consolidate its market position and advance its long-term growth plans. Particular focus is on the build-up in North America, additional market shaping and expansion activities in Europe and International markets, the ongoing launch of ACARIZAX®, as well as extra costs and investments to build capacity and secure the robustness of product supply.

The guidance for operating profit (EBITDA) is unchanged at DKK 225-250 million (2016: DKK 642 million), reflecting both significantly increased growth investments and a changed sales mix.

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

Free cash flow is still expected at approximately minus DKK 700 million and includes high tax payments and increased working capital. Free cash flow is also impacted by the CAPEX-programme, significant business investments, continued inventory build-up as well as payments related to the ALOK acquisitions.

The outlook is based on current exchange rates.

RISK FACTORS

This interim report contains forward-looking statements, including forecasts of future revenue, 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 risk 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.

2017 Financial calendar

Silent period	9 January 2018
Annual report 2017	6 February 2018

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 (CEDARCURE™), as well as a house dust mite SCIT product and a house dust mite diagnostic product. ALK has received all potential upfront and development milestone payments totalling DKK 450 million (EUR 60 million) from Torii. In addition, ALK is entitled to royalty payments, sales milestones on the products' net sales, as well as payments for product supply and R&D support. Torii incurs all costs of clinical development, registration, marketing and sales of the products. ALK is responsible for production and supply.

Partnership with Abbott for Russia

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

Partnership with Abbott for South-East Asia

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

Partnership with Seqirus for Australia and New Zealand

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

The former partnership for North America

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

STATEMENT BY MANAGEMENT

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

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

In our opinion, the interim report gives a true and fair view of the Group's assets, equity and liabilities, financial position, results of operations and cash flow for the period 1 January to 30 September 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, 10 November 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 (unaudited)

Q3 2016	**Q3 2017**	Amounts in DKKm	9M 2017	9M 2016
630	667	Revenue	2,147	2,251
218	283	Cost of sales	881	731
412	**384**	**Gross profit**	**1,266**	1,520
85	88	Research and development expenses	283	282
202	254	Sales and marketing expenses	761	637
45	51	Administrative expenses	163	145
-	-	Other operating income	-	6
80	**(9)**	**Operating profit/(loss) (EBIT) before special items**	**59**	462
(11)	-	Special items	-	(38)
69	**(9)**	**Operating profit/(loss) (EBIT)**	**59**	424
2	(13)	Net financial items	(28)	1
71	**(22)**	**Profit/(loss) before tax (EBT)**	**31**	425
32	(22)	Tax on profit	30	191
39	**0**	**Net profit**	**1**	234
4	**-**	Earnings per share (EPS) – DKK	**-**	24
4	**-**	Earnings per share (DEPS), diluted – DKK	**-**	23

STATEMENT OF COMPREH STATEMENT OF COMPREHENSIVE INCOME

Q3 2016	Q3 2017	Amounts in DKKm	9M 2017	9M 2016
39	**-**	**Net profit for the period**	**1**	234
		Other comprehensive income		
		Items that will subsequently be reclassified to the income statement, when specific conditions are met:		
1	(42)	Foreign currency translation adjustment of foreign affiliates	(103)	(16)
1	6	Tax related to other comprehensive income	14	2
2	**(36)**	**Other comprehensive income**	**(89)**	(14)
41	**(36)**	**Total comprehensive income**	**(88)**	220

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CASH FLOW STATEMENT FOR THE ALK GROUP

Amounts in DKKm	9M 2017	9M 2016
Net profit	**1**	234
Adjustments for non-cash items (note 3)	213	327
Changes in working capital	(253)	(123)
Net financial items, paid	-	8
Income taxes, paid	(339)	(141)
Cash flow from operating activities	**(378)**	305
Acquisitions of companies and operations (note 4)	(94)	-
Additions, intangible assets	(16)	(33)
Additions, tangible assets	(199)	(93)
Sale of assets	1	19
Cash flow from investing activities	**(308)**	(107)
Free cash flow	**(686)**	198
Dividend paid to shareholders of the parent (net)	(49)	(49)
Sale of treasury shares	3	37
Exercise of share options	(4)	(76)
Repayment of borrowings	(12)	(14)
Cash flow from financing activities	**(62)**	(102)
Net cash flow	**(748)**	96
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	(4)	(5)
Net cash flow	(748)	96
Cash at 30 September	88	150
Marketable securities at 30 September	-	549
Cash and marketable securities at 30 September	**88**	699

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.

BALANCE SHEET - ASSETS FOR THE ALK GROUP

Amounts in DKKm	30 Sept. 2017	31 Dec. 2016	30 Sept. 2016
Non-current assets			
Intangible assets			
Goodwill	462	422	422
Other intangible assets	363	342	336
	825	764	758
Tangible assets			
Land and buildings	752	774	723
Plant and machinery	396	412	382
Other fixtures and equipment	54	52	54
Property, plant and equipment in progress	464	389	392
	1,666	1,627	1,551
Other non-current assets			
Securities and receivables	8	8	8
Deferred tax assets	569	449	364
	577	457	372
Total non-current assets	**3,068**	2,848	2,681
Current assets			
Inventories	812	676	631
Trade receivables	312	295	303
Receivables from affiliates	1	22	20
Income tax receivables	110	26	112
Other receivables	63	66	48
Prepayments	46	26	31
Marketable securities	-	548	549
Cash	88	292	150
Total current assets	**1,432**	1,951	1,844
Total assets	**4,500**	4,799	4,525

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BALANCE SHEET - EQUITY AND LIABILITIES FOR THE ALK GROUP

Amounts in DKKm	30 Sept. 2017	31 Dec. 2016	30 Sept. 2016
Equity			
Share capital	101	101	101
Currency translation adjustment	(81)	22	(2)
Retained earnings	2,736	2,752	2,739
Total equity	**2,756**	2,875	2,838
Liabilities			
Non-current liabilities			
Mortgage debt	297	310	314
Bank loans and financial loans	448	448	1
Pensions and similar liabilities	243	234	211
Other provisions	15	1	5
Deferred tax liabilities	131	124	118
	1,134	1,117	649
Current liabilities			
Mortgage debt	17	17	17
Bank loans and financial loans	-	-	299
Trade payables	81	132	68
Income taxes	20	167	177
Other provisions	56	36	26
Other payables	436	455	451
	610	807	1,038
Total liabilities	**1,744**	1,924	1,687
Total equity and liabilities	**4,500**	4,799	4,525

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EQUITY FOR THE ALK GROUP

Amounts in DKKm	Share capital	Currency translation adjustment	Retained earnings	Total equity
Equity at 1 January 2017	**101**	**22**	**2,752**	**2,875**
Net profit	-	-	1	1
Other comprehensive income	-	(103)	14	(89)
Total comprehensive income	**-**	**(103)**	**15**	**(88)**
Share-based payments	-	-	19	19
Share options settled	-	-	(4)	(4)
Sale of treasury shares	-	-	3	3
Dividend paid	-	-	(51)	(51)
Dividends on treasury shares	-	-	2	2
Other transactions	**-**	**-**	**(31)**	**(31)**
Equity at 30 September 2017	**101**	**(81)**	**2,736**	**2,756**

Equity at 1 January 2016	101	14	2,582	2,697
Net profit	-	-	234	234
Other comprehensive income	-	(16)	2	(14)
Total comprehensive income	-	(16)	236	220
Share-based payments	-	-	9	9
Share options settled	-	-	(76)	(76)
Sale of treasury shares	-	-	37	37
Dividend paid	-	-	(51)	(51)
Dividends on treasury shares	-	-	2	2
Other transactions	-	-	(79)	(79)
Equity at 30 September 2016	101	(2)	2,739	2,838

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NOTES

1 ACCOUNTING POLICIES

The Interim report for first nine 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 period 1 January to 30 September 2017 follows the same accounting policies as the annual report for 2016, except for all new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on 1 January 2017. These IFRSs have not had any impact on the Group's interim report.

2 REVENUE

	Europe		North America		International markets		**Total**	
Amounts in DKKm	9M 2017	9M 2016	9M 2017	9M 2016	9M 2017	9M 2016	9M 2017	9M 2016
SCIT/SLIT-drops	1,202	1,388	181	212	33	19	1,416	1,619
SLIT-tablets	308	322	48	57	13	12	369	391
Other products and services	129	112	223	126	10	3	362	241
Total revenue	**1,639**	1,822	**452**	395	**56**	34	**2,147**	2,251
Sale of goods							2,139	2,183
Royalties							2	7
Milestone and upfront payments							-	38
Services							6	23
Total revenue							**2,147**	2,251

	Europe		North America		International markets		**Total**	
Growth, 9M 2017	Growth local currencies	Growth	Growth local currencies	Growth	Growth local currencies	Growth	**Growth local currencies**	**Growth**
SCIT/SLIT-drops	*-13%*	*-13%*	*-14%*	*-15%*	*82%*	*74%*	**-12%**	**-13%**
SLIT-tablets	*-4%*	*-4%*	*-20%*	*-16%*	*14%*	*8%*	**-6%**	**-6%**
Other products and services	*17%*	*15%*	*77%*	*77%*	*203%*	*233%*	**52%**	**50%**
Total revenue	***-10%***	***-10%***	***14%***	***14%***	***71%***	***65%***	***-4%***	***-5%***

NOTES

2 REVENUE (CONTINUED)

Amounts in DKKm	Europe Q3 2017	Europe Q3 2016	North America Q3 2017	North America Q3 2016	International markets Q3 2017	International markets Q3 2016	Total Q3 2017	Total Q3 2016
SCIT/SLIT-drops	384	392	61	69	6	3	451	464
SLIT-tablets	80	65	4	9	11	8	95	82
Other products and services	49	43	69	41	3	-	121	84
Total revenue	**513**	500	**134**	119	**20**	11	**667**	630

	Total Q3 2017	Total Q3 2016
Sale of goods	664	614
Royalties	-	3
Milestone and upfront payments	-	4
Services	3	9
Total revenue	**667**	630

Growth, Q3 2017	Europe Growth local currencies	Europe Growth	North America Growth local currencies	North America Growth	International markets Growth local currencies	International markets Growth	**Total Growth local currencies**	**Total Growth**
SCIT/SLIT-drops	*-2%*	*-2%*	*-8%*	*-12%*	*114%*	*100%*	***-2%***	***-3%***
SLIT-tablets	*25%*	*23%*	*-64%*	*-56%*	*40%*	*38%*	***17%***	***16%***
Other products and services	*14%*	*14%*	*75%*	*68%*	*n/a*	*n/a*	***48%***	***44%***
Total revenue	***3%***	***3%***	***17%***	***13%***	***80%***	***82%***	***7%***	***6%***

3 ADJUSTMENTS FOR NON-CASH ITEMS

Amounts in DKKm	9M 2017	9M 2016
Tax on profit	30	191
Financial income and expenses	28	(1)
Share-based payment costs	19	9
Reversal of accounting gain on sale of non-current assets	-	(6)
Depreciation, amortisation and impairment	133	122
Other adjustments	3	12
Total	**213**	327

NOTES

4 ACQUISITION OF ACTIVITIES

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

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

CONSOLIDATED FAIR VALUES OF ACQUISITIONS

Amounts in DKKm	
Property, plant and equipment	13
Other non-current assets	-
Inventories	50
Cash and bank debt	-
Liabilities	-
Acquired net assets	63
Intangible assets, incl. goodwill	77
Acquisition cost	140
Contingent considerations and deferred payments	(46)
Acquired cash and bank debt	-
Cash acquisition cost	**94**

The above statement of the fair values of acquisitions is preliminary and is 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 93 million YTD 2017. ALK expects the full-year impact on revenue to be around DKK 120 million. In 2017, ALK expects a minor positive effect on earnings.

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

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

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Definitions

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

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

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