

Three-month interim report (Q1) 2020 (Unaudited)

Company release No. 6/2020

ALK outperforms expectations in strong Q1 and maintains full-year outlook

ALK's financial performance in Q1 was ahead of expectations, with strong growth in Europe and International markets. Tablet sales grew by 38% and the newly launched ITULAZAX® gained further momentum and ACARIZAX® maintained its growth trajectory. In the first three months of the year, ALK saw revenue growth of 10% and earnings growth of 49%, with no material effect of the coronavirus pandemic on overall sales.

Q1 2020 highlights

- ▶ Total revenue was up 10% organically in local currencies at DKK 956 million (867).
- ▶ Tablets were the primary growth driver, with sales up 38% to DKK 356 million (256), while combined SCIT and SLIT-drops sales were down 2% on the effects of portfolio rationalisation.
- ▶ Operating profit (EBITDA) exceeded expectations and grew by 49% at DKK 198 million (133), reflecting higher sales, better margins and lower capacity costs.
- ▶ Free cash flow, at DKK 21 million (minus 17) was well ahead of plan, driven by higher earnings and the re-phasing of investments.

Effects of the coronavirus pandemic

- ▶ ALK sees signs of sales fluctuations during the Q2 low-season for AIT treatment initiations, as visits to clinics become more difficult.
- ▶ Legacy SCIT AIT markets, particularly the USA, are expected to be most impacted as these products are often administered in a clinic.
- ▶ Tablets expected to be more resilient, as these are taken at home and may represent an alternative for patients unable to continue with other treatment types.
- ▶ Manufacturing and supply are largely unaffected and product inventories remain robust, but recruitment for clinical trials has been temporarily paused.
- ▶ Long-term strategy remains unchanged, as do the strong, underlying drivers that supports ALK's growth.

2020 financial outlook

In light of the strong first quarter, and despite the ongoing coronavirus pandemic, ALK is maintaining its original financial outlook for 2020. ALK anticipates that during H2, allergy patients will once again become able to visit healthcare professionals without significant limitations. Assuming this happens, ALK still expects:

- ▶ Organic growth of 8-12% in local currencies, corresponding to full-year revenue of DKK 3.50-3.65 billion.
- ▶ Operating profit (EBITDA) of DKK 200-300 million.
- ▶ Free cash flow negative at DKK ~300 million.

Hørsholm, 6 May 2020

ALK-Abelló A/S

Comparative figures for 2019 are shown in brackets. Revenue growth rates are organic and are stated in local currencies, unless otherwise indicated

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Today, ALK is hosting a conference call for analysts and investors at 2.15 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 2.10 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: 76460699#. 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 2020	3M 2019	Full year 2019
Income statement			
Revenue	956	867	3,274
Operating profit before depreciation (EBITDA)	198	133	241
Operating profit/(loss) (EBIT)	137	76	(14)
Net financial items	(15)	(2)	(17)
Profit/(loss) before tax (EBT)	122	74	(31)
Net profit/(loss)	86	45	(50)
Average number of employees (FTE)	2,404	2,379	2,385
Balance sheet			
Total assets	5,639	5,189	5,495
Invested capital	2,814	3,246	2,759
Equity	3,279	3,252	3,176
Cash flow and investments			
Depreciations, amortisation and impairment	61	57	255
Cash flow from operating activities	70	30	132
Cash flow from investing activities	(49)	(47)	(157)
- of which investment in tangible and intangible assets	(49)	(30)	(167)
- of which acquisitions of companies and operations	-	(17)	(20)
Free cash flow	21	(17)	(25)
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	1,542	1,100	1,635
Net asset value per share – DKK	294	292	285
Key figures			
Gross margin – %	61	61	58
EBITDA margin – %	21	15	7
Equity ratio – %	58	63	58
Earnings/(loss) per share (EPS)	7.9	4.1	(4.6)
Earnings/(loss) per share (DEPS), diluted	7.8	4.1	(4.6)
Share price/Net asset value	5.2	3.8	5.7

INCOME STATEMENT

Amounts in DKKm	3M		3M	
	2020	%	2019	%
Revenue	956	100	867	100
Cost of sales	371	39	335	39
Gross profit	585	61	532	61
Research and development expenses	113	12	99	11
Sales, marketing and administrative expenses	335	35	357	41
Operating profit (EBIT)	137	14	76	9
Net financial items	(15)	(2)	(2)	(0)
Profit before tax (EBT)	122	13	74	9
Tax on profit	36	4	29	3
Net profit	86	9	45	5
Operating profit before depreciation and amortisation (EBITDA)	198	21	133	15

CORONAVIRUS UPDATE

During the coronavirus pandemic, ALK's focus is on the continued supply of its medicines for people with allergy and allergic asthma.

At the end of Q1, ALK began to see signs of the coronavirus pandemic and associated containment measures restricting allergy patients' ability to visit clinics in many countries. This is expected to have the greatest impact in countries where SCIT treatments are popular – particularly the USA – as these treatments often take place in a clinical setting. Meanwhile, sales of tablets – ALK's largest product category – are expected to be more resilient, as these are taken at home, thereby avoiding the need to visit hospitals or clinics. They may also represent a possible alternative for patients who are unable to continue with other treatment types.

ALK may be able to recover lost sales growth momentum later in the year assuming that allergy patients once again become able to visit healthcare professionals without significant limitations during H2, which is typically when the majority of new allergy patients start their treatment. Regardless, the long-term strategy for ALK remains unchanged, as do the strong, underlying drivers that favour its portfolio of tablets.

Due to the comprehensive contingency measures that ALK has put in place, there has been no major interruption to the in-house production of ALK's tablets, SLIT-drops or SCIT treatments and precautions have been taken to both secure supply chain integrity while also safe-guarding the well-being

of employees. In the event of any unanticipated interruption to production, robust inventories mean that ALK could continue to supply its medicines until manufacturing restarts.

However, the global pressure on hospitals and clinics, as well as more general virus containment measures, are all having consequences for ALK's clinical development programme. Patients who are participating in ongoing clinical trials will to the extent possible continue their participation in the trials as planned. However, the recruitment of new patients has been temporarily paused. Where possible, ALK aims to make up this lost time at a later date, however, delays to the clinical development programme are expected as the pandemic persists.

UPDATE ON BUSINESS PRIORITIES

ALK continued to execute its three-year transformation programme during Q1. Begun in 2018, this is transforming ALK into a broader-based allergy company while driving sales growth for the tablets. The strategy has four components:

1. Succeed in North America

Tablet sales in North America grew by 22% in Q1 while sales of bulk allergen products (SCIT) grew by 7%. Despite this, overall sales in North America fell back in Q1 on continued fluctuations in sales of non-allergy related products, and particularly on temporary supplier issues in the release of PRE-PEN® shipments.

ALK continues to build both the number of prescribers and prescription depth for the tablets, and took a further step in its strategy of mobilising patients by readying its digital patient engagement platform for the Q2 launch in the USA.

Since the end of the quarter, ALK has seen signs of the coronavirus situation impacting product sales. As a consequence, the full-year sales-growth target for North America of 10% is challenged, such that ALK now expects lower sales growth for the region in 2020, assuming that during H2, allergy patients once again become able to visit healthcare professionals without significant limitations.

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

Globally, tablet sales maintained their strong growth trajectory, up 38% in Q1 on ALK's market expansion efforts and the market shift towards documented, registered products. This keeps the tablets on course for ALK's 2020 goal of annual sales growth of 30% or greater, with ACARIZAX® and ITULAZAX® being the largest contributors.

The roll-out of ITULAZAX® remains on schedule, and the product continued to perform strongly. In addition, the product received regulatory approval from authorities in Canada in early Q2, and remains on track for a market launch in the second half of the year.

In Q2, ALK agreed a research partnership with Danish biotech firm, Betamab, and took a small stake in the company.

3. Patient engagement and adjacent business

Digital engagement activities in existing European markets met expectations. In the first quarter, ALK saw ~25,000 (~20,000) people living with allergy mobilised to take action on their allergy. For example: searching for, or visiting an allergy specialist in their area. ALK also launched its digital engagement platform in Denmark, and completed preparations for launches in two additional markets – Slovakia and the USA – in Q2.

The overall goal of ALK's digital engagement activities is still to engage with patients earlier in their allergy journey. However, during the coronavirus crisis, while some patients have restricted access to healthcare professionals, ALK is prioritising digital interactions with those who are the most suitable candidates for AIT ahead of the high season for new treatment initiations, later in the year.

4. Optimise and reallocate

The accelerated rationalisation of the product portfolio continued, with older and less competitive products being phased out in favour of documented, registered products, while ALK also continued to invest in selected core legacy products. Meanwhile, site specialisation, optimisation efforts and investments in quality also continued with the aim of improving longer-term efficiency. Due to increased market demands, ALK continues to raise production volumes of Jext® to the extent possible.

Q1 SALES AND MARKET TRENDS

(Comparative figures for Q1 2019 are shown in brackets. Revenue growth rates are organic stated in local currencies, unless otherwise indicated)

Revenue by geography

DKKm	Q1-2020	Growth (l.c.*)	Share of revenue	Q1-2019
Europe	720	11%	75%	650
North America	150	-4%	16%	156
Intl. markets	86	43%	9%	61
Revenue	956	10%	100%	867

* Organic and in local currencies

Europe

Revenue in Europe grew by 11% in local currencies to DKK 720 million (650) and was ahead of expectations.

Growth was fuelled by tablet sales, which were up 33% for the quarter, with growth being particularly strong in markets where ITULAZAX®, the new tree tablet, has been launched. The increased sales reflected the continuing market transition towards evidence-based, registered products, as well as ALK initiatives to promote the tablets to healthcare professionals and payers. In line with updated recommendations from selected allergy societies, some practices have also been switching patients from legacy products to tablets, since the tablets can be self-administered at home and do not require visits to allergy clinics.

Combined sales of SCIT and SLIT-drops decreased by 3%. This was largely attributable to portfolio rationalisation and legacy product sales transitioning to the tablet portfolio. Nevertheless, venom products registered steady sales growth during the quarter and slightly improved pricing conditions also made a positive contribution.

Sales of other products increased by 36% on a 77% surge in sales of the adrenaline auto-injector (AAI) Jext® which was partly offset by the consequences of rationalisations to the diagnostics portfolio. The AAI market continues to be affected by supply disruptions which, thanks to increased manufacturing output of Jext®, ALK has been partly able to take advantage of.

Revenue increased strongly in Germany, the Nordics, the UK and several other markets. However, in France sales were flat, reflecting the transition of sales from legacy products to tablets. Germany saw strong, double-digit sales growth, driven by market expansion and increased market share, as sales of documented, registered AIT products more than compensated for sales lost due to portfolio rationalisation.

Aside from changes related to the ongoing coronavirus pandemic – e.g., some markets are now allowing prescriptions for larger quantities of tablets, equating to several months' supply – allergy market conditions remained stable in Europe, and there were no major changes to the pricing and reimbursement of AIT products.

North America

Revenue in North America was DKK 150 million (156), down 4% organically in local currencies, and was below expectations. Sales of tablets grew 22% while sales of bulk SCIT products were up 7%.

Nevertheless, overall revenue was held back by the continued fluctuating sales of non-allergy related products, and by a temporary pause in the release of PRE-PEN[®] shipments due to issues at a supplier. Shipments are expected to resume in Q2.

Tablet sales volumes continued to grow in the USA and were up 68% in Q1, and the prescriber base also expanded. However, revenue was constrained by market-building tactics, such as coupons and discounts, which are essential to building sales momentum in this market. Tablet sales in Canada also continued to grow in double-digits.

International markets

Revenue in International markets was up 43% at DKK 86 million (61). This was slightly ahead of expectations and was driven by tablet sales growth, particularly the continued strong uptake of MITICURE[™] and CEDARCURE[™] in Japan.

Global revenue by product line

DKKm	Q1-2020	Growth (l.c.*)	Share of revenue	Q1-2019
SCIT and SLIT-drops	487	-2%	51%	495
SLIT-tablets	356	38%	37%	256
Other products and services	113	-2%	12%	116
Revenue	956	10%	100%	867

* Organic and in local currencies

3M FINANCIAL REVIEW

(Comparative figures for 2019 are shown in brackets. Revenue growth rates are organic stated in local currencies, unless otherwise indicated)

3M revenue increased by 10% in reported currency to DKK 956 million (867) and was better than expected. Exchange rate fluctuations did not materially impact reported revenue and organic growth in local currencies was also 10%.

Cost of sales increased 10% in local currencies and 11% in reported currency to DKK 371 million (335). The gross profit of DKK 585 million (532) yielded a gross margin of 61% (61%), and reflected changes in the product mix, increased sales – especially from tablets – but also lower sales of legacy products in Europe and significant costs associated with compliance efforts to secure robustness in product supply, as well as the implementation of the product and site strategy.

Capacity costs decreased 2% in local currencies to DKK 448 million (456). R&D expenses increased by 14% (local currencies) in support of clinical trials although this was lower than expected following delays to clinical activities due to the coronavirus pandemic, particularly the recruitment of patients for clinical trials – an effect that is likely to continue for the duration of 2020. Sales and marketing expenses decreased by 6% (local currencies), reflecting operational leverage of ALK's commercial activities but also the consequences of the coronavirus restricting sales and marketing activities in many markets. Administrative expenses decreased 13% (local currencies), largely as a consequence of certain one-off items in Q1 2019.

EBITDA (operating profit before depreciation and amortisation) increased 49% to DKK 198 million (133) and was significantly better than expected, reflecting the higher revenue, efficiencies and delayed activities. Exchange rates did not materially affect operating profits.

Net financials were a loss of DKK 15 million (loss of 2) mainly relating to net interest expenses and currency fluctuations on intercompany loans. **Tax on the profit** totalled DKK 36 million (29) and **net profit** was DKK 86 million (45).

Cash flow from operating activities was an inflow of DKK 70 million (inflow of 30) mainly as a consequence of the increased EBITDA, as well as changes in working capital. **Cash flow from investment activities** was DKK minus 49 million (minus 47) mainly relating to upgrades to legacy production and the build-up of capacity for SLIT-tablet production. **Free cash flow** was DKK 21 million (minus 17) which was better than expected due to higher earnings.

Cash flow from financing activities was DKK minus 14 million (minus 5), mainly relating to the settlement of incentive programmes.

At the end of March, ALK held 224,771 of its **own shares** or 2.0% of the share capital, versus 2.2% at the end of 2019, and 2.3% at the end of March 2019.

At the end of March, **cash and marketable securities** totalled DKK 322 million, versus DKK 375 million at the end of Q1 2019, and DKK 316 million at the end of 2019. In addition, ALK has an unused credit facility of DKK 600 million which runs until 2022.

Equity totalled DKK 3,279 million (3,252) at the end of the period, and the equity ratio was 58% (63%).

OUTLOOK FOR 2020

In light of the strong first quarter, and despite the ongoing coronavirus pandemic, ALK is maintaining its original financial outlook for 2020. ALK anticipates that during H2, patients will once again become able to visit healthcare professionals without significant limitations and that ALK can begin patient mobilisation.

Assuming this happens, ALK still expects:

- ▶ Organic growth of 8-12% in local currencies, corresponding to full-year revenue of DKK 3.50-3.65 billion.
- ▶ Operating profit (EBITDA) of DKK 200-300 million.
- ▶ Free cash flow negative at DKK ~300 million.

2020 represents the final year of ALK's three-year transformation and the company will continue investing in support of this programme. As a consequence, EBITDA and cash flow will remain subdued throughout the year.

ALK still expects further broad-based growth from its Europe and International sales regions in 2020, with tablets as the key growth driver with growth of 30% or more, so that they are expected to become ALK's largest single product category for the first time.

This guidance assumes revenue in Europe will grow in single digits, primarily driven by tablets, while revenue growth from International markets will be fuelled by higher tablet sales in Japan and geographic expansion.

In North America, fluctuating sales of non-allergy-related products, the pause in shipments of PRE-PEN[®], and the ongoing coronavirus situation, all mean that the full-year sales-growth target for this region of 10% is challenged, such that ALK now expects sales growth to be lower for the region in 2020.

The coronavirus and virus containment measures are expected to result in subdued growth in Q2. However, tablet sales are still expected to grow in double-digits

albeit at a lower level than in Q1. Growth is still expected to be strongest in the second half of the year, in particular, due to the expected timing of shipments to Torii in Japan.

The reported gross margin for the full-year is still expected to be roughly on a par with 2019, benefiting from increased sales – especially from tablets, with higher volumes absorbed by existing capacity – offset by changes in the product mix and increased lower gross-margin shipments of tablets to ALK's partner for Japan, Torii.

The effects of the coronavirus pandemic mean that capacity costs are expected to be lower than originally planned, particularly in R&D, where costs are currently forecast to be DKK 50-100 million lower than planned.

Free cash flow is still expected to be negative at around DKK 300 million, largely reflecting business investments and increased CAPEX in support of manufacturing upgrades for core legacy products. CAPEX is still projected at DKK 250-300 million with investments focused on streamlining the manufacturing footprint and further specialisation at ALK's production sites.

Other assumptions

The outlook does not include any revenue from acquisitions, new partnerships or in-licensing of adjacent products and services, nor does it include any sizeable payments related to future M&As or in-licensing activities. The outlook is based on current exchange rates, resulting in an immaterial effect on both reported revenue and reported EBITDA.

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. The emergence of the coronavirus pandemic, along with the extent and duration of countermeasures against the virus, represents an additional uncertainty that may also affect forward-looking statements.

Financial calendar

Silent period	15 July 2020
Six-month interim report (Q2) 2020	12 August 2020
Silent period	14 October 2020
Nine-month interim report (Q3) 2020	11 November 2020

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.

	Phase I	Phase II	Phase III	Filing	Marketed
GRAZAX® Europe Adults and children – Allergic rhinitis (grass)	█	█	█	█	2007
GRASTEK® North America Adults and children – Allergic rhinitis (grass)	█	█	█	█	2014
GRAZAX® International markets** Adults and children – Allergic rhinitis (grass)	█	█	█	█	***
RAGWITEK® North America Adults – Allergic rhinitis (ragweed)	█	█	█	█	2014
RAGWIZAX® Europe & Intl. markets Adults – Allergic rhinitis (ragweed)	█	█	█	█	
RAGWITEK® Europe & NA Children – Allergic rhinitis (ragweed)	█	█	█		
ACARIZAX® Europe Adults – Allergic rhinitis and allergic asthma (HDM) Adolescents – Allergic rhinitis (HDM)	█	█	█	█	2016/17
ACARIZAX®/ODACTRA® North America Adults – Allergic rhinitis (HDM)	█	█	█	█	2017/18
MITICURE™ Japan* Adults and children – Allergic rhinitis (HDM)	█	█	█	█	2015/18
ACARIZAX® International markets** Adults – Allergic rhinitis and allergic asthma (HDM)	█	█	█	█	***
ACARIZAX® China Adults – Allergic rhinitis (HDM)	█	█	█		
ACARIZAX®/ODACTRA® Europe & North America Children – Allergic asthma (HDM)	█	█	█		
ACARIZAX®/ODACTRA® Europe & North America Children – Allergic rhinitis (HDM)	█	█	█		
ODACTRA® North America Adolescents – Allergic rhinitis (HDM)	█	█			
CEDARCURE™ Japan* Adults and children – Allergic rhinitis (Japanese Cedar)	█	█	█	█	2018
ITULAZAX® Europe Adults – Allergic rhinitis (tree: birch family)	█	█	█	█	2019
ITULATEK™ Canada Adults – Allergic rhinitis (tree: birch family)	█	█	█		

*) Licensed to Torii for Japan ***) Licensed Abbott for south-east Asia and Seqirus for Australia/New Zealand *** Already marketed in selected markets

STATEMENT BY MANAGEMENT

The Board of Directors and Board of Management today considered and approved the interim report of ALK-Abelló A/S for the period 1 January to 31 March 2020. 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 2020. 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, 6 May 2020

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

Anders Hedegaard
Chairman

Lene Skole
Vice Chairman

Katja Barnkob

Nanna Rassev Carlson

Lars Holmqvist

Jakob Riis

Johan Smedsrud

Vincent Warnery

INCOME STATEMENT FOR THE ALK GROUP

Amounts in DKKm	3M 2020	3M 2019
Revenue	956	867
Cost of sales	371	335
Gross profit	585	532
Research and development expenses	113	99
Sales and marketing expenses	281	296
Administrative expenses	54	61
Operating profit (EBIT)	137	76
Net financial items	(15)	(2)
Profit before tax (EBT)	122	74
Tax on profit	36	29
Net profit	86	45
Earnings per share (EPS)		
Earnings/(loss) per share (EPS)	7.9	4.1
Earnings/(loss) per share (DEPS), diluted	7.8	4.1

STATEMENT OF COMPREHENSIVE INCOME

Amounts in DKKm	3M 2020	3M 2019
Net profit	86	45
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	19	18
Tax related to other comprehensive income, that will subsequently be reclassified to the income statement	-	(2)
Total	19	16
Total comprehensive income	105	61

CASH FLOW STATEMENT FOR THE ALK GROUP

Amounts in DKKm	3M 2020	3M 2019
Net profit	86	45
Adjustments for non-cash items (note 3)	129	97
Changes in working capital	(135)	(102)
Financial income, paid	1	1
Financial expenses, paid	(6)	(6)
Income taxes, paid	(5)	(5)
Cash flow from operating activities	70	30
Acquisitions of companies and operations*	-	(17)
Additions, intangible assets	(4)	(3)
Additions, tangible assets	(45)	(27)
Cash flow from investing activities	(49)	(47)
Free cash flow	21	(17)
Sale of treasury shares	-	3
Exercise of share options	(4)	-
Repayment of lease liabilities	(6)	(4)
Repayment of borrowings	(4)	(4)
Cash flow from financing activities	(14)	(5)
Net cash flow	7	(22)
Cash at beginning of year	316	296
Marketable securities beginning of year	-	100
Cash and marketable securities beginning of year	316	396
Unrealised gains/(losses) on cash held in foreign currency and financial assets carried as cash and marketable securities	(1)	1
Net cash flow	7	(22)
Cash end of period	322	275
Marketable securities end of period	-	100
Cash and marketable securities end of period	322	375

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 final instalment payment for the acquisition of the operating assets of Allergy Laboratory of Oklahoma Inc. and Crystal Labs LLC in 2017.

BALANCE SHEET - ASSETS FOR THE ALK GROUP

Amounts in DKKm	31 Mar 2020	31 Mar 2019	31 Dec 2019
Non-current assets			
Intangible assets			
Goodwill	461	467	461
Other intangible assets	214	250	221
	675	717	682
Tangible assets			
Land and buildings	1,011	1,080	1,023
Plant and machinery	321	375	325
Other fixtures and equipment	68	53	61
Property, plant and equipment in progress	355	287	330
	1,755	1,795	1,739
Other non-current assets			
Securities and receivables	47	9	46
Deferred tax assets	643	568	620
Income tax receivables	174	-	160
	864	577	826
Total non-current assets	3,294	3,089	3,247
Current assets			
Inventories	1,060	1,023	1,056
Trade receivables	498	437	407
Receivables from affiliates	116	28	116
Income tax receivables	13	52	9
Other receivables	107	88	133
Prepayments	229	97	211
Marketable securities	-	100	-
Cash	322	275	316
	2,345	2,100	2,248
Total current assets	2,345	2,100	2,248
Total assets	5,639	5,189	5,495

BALANCE SHEET - EQUITY AND LIABILITIES FOR THE ALK GROUP

Amounts in DKKm	31 Mar 2020	31 Mar 2019	31 Dec 2019
Equity			
Share capital	111	111	111
Currency translation adjustment	-	(24)	(19)
Retained earnings	3,168	3,165	3,084
Total equity	3,279	3,252	3,176
Liabilities			
Non-current liabilities			
Mortgage debt	255	271	259
Bank loans and financial loans	448	448	448
Pensions and similar liabilities	314	229	297
Lease liabilities	231	188	234
Other provisions	-	2	-
Deferred tax liabilities	2	6	4
Income taxes	142	-	143
	1,392	1,144	1,385
Current liabilities			
Mortgage debt	18	17	18
Trade payables	106	85	81
Lease liabilities	33	22	31
Other provisions	9	9	23
Income taxes	72	49	20
Other payables	729	611	760
Deferred income	1	-	1
	968	793	934
Total liabilities	2,360	1,937	2,319
Total equity and liabilities	5,639	5,189	5,495

EQUITY FOR THE ALK GROUP

Amounts in DKKm	Share capital	Currency translation adjustment	Retained earnings	Total equity
Equity at 1 January 2020	111	(19)	3,084	3,176
Net profit	-	-	86	86
Other comprehensive income	-	19	-	19
Total comprehensive income	-	19	86	105
Share-based payments	-	-	6	6
Share options settled	-	-	(4)	(4)
Tax related to items recognised directly in equity	-	-	(4)	(4)
Other transactions	-	-	(2)	(2)
Equity at 31 March 2020	111	-	3,168	3,279
Equity at 1 January 2019	111	(42)	3,110	3,179
Net profit	-	-	45	45
Other comprehensive income/(loss)	-	18	(2)	16
Total comprehensive income	-	18	43	61
Share-based payments	-	-	9	9
Sale of treasury shares	-	-	3	3
Other transactions	-	-	12	12
Equity at 31 March 2019	111	(24)	3,165	3,252

NOTES

1 ACCOUNTING POLICIES

This non-audited interim report for the first three months of 2020 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 2020 follows the same accounting policies as the annual report for 2019, except for new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on 1 January 2020. These IFRSs have not had any impact on the Group's interim report.

As of Q1 2020, the method for quarterly allocation of the total expected annual tax on profit/loss in the income statement has been changed to better reflect the quarterly split of tax in the taxing jurisdictions in the ALK Group. Consequently, compative figures for Q1 2019 have been adjusted. The change does not impact the total annual tax in the income statement.

2 REVENUE AND SEGMENT INFORMATION

Amounts in DKKm	Europe		North America		International Markets		Total	
	3M 2020	3M 2019	3M 2020	3M 2019	3M 2020	3M 2019	3M 2020	3M 2019
SCIT/SLIT-drops	391	404	74	70	22	21	487	495
SLIT-tablets	271	204	26	20	59	32	356	256
Other products and services	58	42	50	66	5	8	113	116
Total revenue	720	650	150	156	86	61	956	867
Sale of goods							944	860
Royalties							12	5
Services							-	2
Total revenue							956	867

Growth, 3M 2020	Europe		North America		International Markets		Total	
	Organic growth local currencies	Growth						
SCIT/SLIT-drops	-3%	-3%	7%	6%	1%	5%	-2%	-2%
SLIT-tablets	33%	33%	22%	30%	87%	84%	38%	39%
Other products and services	36%	38%	-24%	-24%	-29%	-38%	-2%	-3%
Total revenue	11%	11%	-4%	-4%	43%	41%	10%	10%

Geographical markets (based on customer location):

- o Europe comprises the EU, the UK, Norway and Switzerland
- o North America comprises the USA and Canada
- o International Markets comprise Japan, China and all other countries

3 ADJUSTMENTS FOR NON-CASH ITEMS

Amounts in DKKm	3M 2020	3M 2019
Tax on profit	36	29
Financial income and expenses	15	2
Share-based payments	6	9
Depreciation, amortisation and impairment	61	57
Other adjustments*	11	-
Total	129	97

* Other adjustments include provision for transition period for the Danish Holiday act and non-cash transactions related to the divestment of ALK's part-share of a formulation production line for tablets to production partner Catalent.