

Nine-month interim report (Q3) 2018 (Unaudited)

Company release No. 12/2018

Better than expected performance continued in Q3

Financial results in Q3 were again better than expected and the full-year outlook has been updated accordingly. Execution of ALK's growth strategy saw good progress as the commercialisation of the SLIT-tablets gained further momentum with a 46% growth. The roll-out of ALK's Consumer Care division also continued to advance and further general savings were captured in the quarter.

Q3 2018 highlights

- ▶ Total revenue was DKK 661 million (667). This was slightly ahead of expectation and reflects strong growth from SLIT-tablets which was offset by an expected decline in SCIT and SLIT-drops sales. Exchange rates did not materially affect reported revenue.
- ▶ Global SLIT-tablet sales grew by 46% to DKK 138 million (95), driven by Europe.
- ▶ Global SCIT/SLIT-drops sales were down 11% to DKK 401 million (451), largely as a consequence of product rationalisations and the effect of previous capacity constraints.
- ▶ Sales of other products were up 1%, with strong growth from European Jext[®] sales being offset elsewhere.
- ▶ Operating profit (EBITDA) was DKK 24 million (36) and ahead of expectations.
- ▶ In the first 9 months, total revenue was DKK 2,128 million (2,147) and operating profit (EBITDA) was DKK 126 million (192).
- ▶ In the first 9 months, free cash flow was minus DKK 354 million (minus 686).

Progress on the four strategic priorities

- ▶ In North America, the focus on rolling-out ACARIZAX[®]/ODACTRA[™] continues, targeting increased acceptance among prescribers, and with the launch of the first US direct-to-consumer campaign aimed at mobilising relevant patients to see an allergist. ALK has growing confidence in the long-term opportunity, however, the exact time scale for a broad uptake remains difficult to predict.
- ▶ Commercialisation of the tablet portfolio gained further momentum. An ALK SLIT-tablet is now the most frequently initiated AIT treatment within its indication in 11 European markets while, together, MITICURE[™] and CEDARCURE[™] are unlocking the market opportunity in Japan. All clinical trial activities are on track.
- ▶ Patient engagement and Consumer Care division activities are progressing fast. ALK's eCommerce platform was launched in the UK and activities are making headway in Germany, where ALK has launched an award-winning App for patients. ALK also agreed a regional sales and distribution agreement with Bosch Healthcare Solutions for a new diagnostic tool for airway inflammation.
- ▶ Efficiency measures are showing continued results, and recent inspections of ALK facilities underlined the improvements that have been made to quality and robustness in product supply.

2018 financial outlook

Full-year outlook has slightly improved compared with the Q2 report, which was released on 15 August 2018.

- ▶ Full-year revenue is now projected to be DKK 2,850-2,900 million (previously: more than DKK 2.8 billion).
- ▶ Operating profit (EBITDA) is now expected at DKK 50-100 million (previously around DKK 50), reflecting the better than expected year to date performance and more clarity on market conditions in Southern Europe.
- ▶ ALK will continue to invest significantly in the strategic transformation of the company in Q4.
- ▶ Free cash flow is now expected at minus DKK 500 million or better (previously: minus DKK 550 million or better).

Hørsholm, 9 November 2018

ALK-Abelló A/S

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

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Today, ALK is hosting a conference call for analysts and investors at 1.30 p.m. (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 1.25 p.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: 43754705#. 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 2018	9M 2017	Q3 2018	Q3 2017	Full year 2017
Income statement					
Revenue	2,128	2,147	661	667	2,910
Operating profit before depreciation (EBITDA)	126	192	24	36	253
Operating profit/(loss) (EBIT)	(15)	59	(25)	(9)	(80)
Net financial items	(5)	(28)	(2)	(13)	(42)
Profit/(loss) before tax (EBT)	(20)	31	(27)	(22)	(122)
Net profit/(loss)	(24)	1	(31)	-	(158)
Average number of employees (FTE)	2,336	2,232	2,347	2,344	2,213
Balance sheet					
Total assets	4,861	4,500	4,861	4,500	4,958
Invested capital	3,156	2,853	3,156	2,853	2,864
Equity	3,289	2,756	3,289	2,756	3,290
Cash flow and investments					
Depreciations, amortisation and impairment	141	133	49	45	333
Cash flow from operating activities	(214)	(378)	(106)	(97)	(387)
Cash flow from investing activities	(140)	(308)	(47)	(56)	(358)
- of which investment in tangible and intangible assets	(119)	(215)	(33)	(57)	(267)
- of which acquisitions of companies and operations	(21)	(94)	(14)	-	(94)
Free cash flow	(354)	(686)	(153)	(153)	(745)
Information on shares					
Share capital	111	101	111	101	111
Shares in thousands of DKK 10 each	11,141	10,128	11,141	10,128	11,141
Share price, end of period – DKK	1,072	991	1,072	991	740
Net asset value per share – DKK	295	272	295	272	295
Key figures					
Gross margin – %	56	59	56	58	56
EBITDA margin – %	6	9	4	5	8.7
Equity ratio – %	68	61	68	61	66
Earnings per share (EPS)	-1.7	0	-1.7	0	(15.9)
Earnings per share (DEPS), diluted	-1.7	0	-1.7	0	(15.9)
Share price/Net asset value	3.6	3.6	3.6	3.6	2.5

INCOME STATEMENT

Q3 2017		Q3 2018		Amounts in DKKm	9M 2018		9M 2017	
	%		%			%		%
667	100	661	100	Revenue	2,128	100	2,147	100
283	42	288	44	Cost of sales	929	44	881	41
384	58	373	56	Gross profit	1,199	56	1,266	59
88	13	84	13	Research and development expenses	252	12	283	13
305	46	314	48	Sales, marketing and administrative expenses	962	45	924	43
(9)	(1)	(25)	(4)	Operating profit/(loss) (EBIT)	(15)	(1)	59	3
(13)	(2)	(2)	(0)	Net financial items	(5)	(0)	(28)	(1)
(22)	(3)	(27)	(4)	Profit/(loss) before tax (EBT)	(20)	(1)	31	1
(22)	(3)	4	1	Tax on profit	4	0	30	1
0	0	(31)	(5)	Net profit/(loss)	(24)	(1)	1	0
36	5	24	4	Operating profit before depreciation and amortisation (EBITDA)	126	6	192	9

UPDATE ON BUSINESS PRIORITIES

In Q3 2018, ALK continued to execute on the four focus areas of its new growth strategy which, over a three-year period, will transform ALK into a broader-based allergy company, while also driving strong SLIT-tablet sales growth.

1. Succeed in North America

Using ACARIZAX® (ODACTRA™ in the USA) as the spearhead, ALK's ultimate aim is to partner with allergy specialists to establish a scalable business model for the SLIT-tablets in North America.

In the USA, the roll-out of ODACTRA™ continued to focus on building the number of prescribers, increasing the number of prescriptions per doctor and expanding managed care coverage for house dust mite patients. The number of active prescribers in the USA was estimated at 1,100 at the end of Q3, up from ~850 end Q2, representing ~55% of the ~2,000 healthcare professionals initially targeted.

The number of prescriptions per doctor continued to grow modestly, Q3 coincides with the annual summer 'low season' for house dust mite allergy, which typically brings fewer visits by patients to allergy specialists. At the end of Q3, it is estimated that 3,500-4,000 patients had initiated treatment vs. ~2,700 end Q2. Ahead of the upcoming Q4-Q1 high season for treatment initiations, ALK continues to focus on early adopters to drive additional prescriptions for their patients. ALK is still projecting that more than 5,000 patients will be initiated onto ODACTRA™ during 2018.

The US launch entered a new phase in October when ALK began its first ever 'direct-to-consumer' marketing

campaign, aimed at mobilising patients to seek out an allergy specialist for a consultation. This reflects ALK's strategy of increasing the number of patients visiting allergy doctors, while also supporting the unmet needs of allergy sufferers.

In parallel, efforts to improve patients' access and adherence to tablet treatment continue, so that patients can begin treatment quickly and easily gain reimbursement from their managed care provider. At the end of Q3, around 73% of AIT-eligible patients in the USA with commercial insurance had access to reimbursement for ODACTRA™.

ALK is also exploring a range of additional commercial strategies to supplement the number of lives covered and, by inference, the number of allergy patients who can readily access treatment with ALK's tablets.

In Canada, 155 out of a targeted 180 clinics had initiated around 2,000 patients onto ACARIZAX® treatment at the end of Q3. Work continues to improve the availability of the products and consolidate the new distribution set-up implemented in Q2.

Successfully establishing the SLIT-tablets franchise in North America remains a long-term endeavour. While ALK has growing confidence in the opportunity, the step change that will signal broader acceptance has yet to materialise, and ALK expects it will take some time to overcome the long-standing structural market barriers in the USA.

2. Complete the tablet portfolio for all relevant ages

Q3 saw continued progress for ALK's work to globalise a portfolio of SLIT-tablets covering five of the most common respiratory allergies – house dust mite,

grass, tree, ragweed and Japanese cedar – for all relevant ages.

ACARIZAX® is now available in 18 markets worldwide. In France, Europe's largest house dust mite allergy market, the product has grown strongly since its introduction in February 2018, and leads the way with new treatment initiations at 13,000, placing it in a strong position to become the preferred treatment for prescribers and patients.

By the end of Q3, either **GRAZAX®** or **ACARIZAX®** was the most frequently initiated AIT treatment for grass or house dust mite allergy in 11 European markets.

In Japan – which has one of the world's highest levels of diagnosed allergy patients, a well-established network of specialist doctors, and offers reimbursement of treatment costs for patients – **MITICURE™** and the newly launched **CEDARCURE™** are steadily unlocking the market opportunity, with the paediatric indications for both products driving a high number of patients to the treatments.

Meanwhile, work on the global roll-out of **ACARIZAX®** continues at pace. In China, ALK has entered into a dialogue with the authorities on fast-tracking the local development of **ACARIZAX®**.

All other clinical development activities remain on track, including patient recruitment in Europe for MT-11 – a key study into allergic asthma, which is expected to involve around 600 children from 10 European countries and the USA.

In Q3, ALK submitted a regulatory filing for its SLIT-tablet against tree pollen allergy in 18 European countries with Germany as the reference member state. Subject to approval, first launches could take place in the second half of 2019.

ALK's new Antibody Response Test (ART) is a blood test that allows doctors to show patients how they are responding immunologically to their SLIT-tablet treatment – with the aim of encouraging continued adherence. ART is now available in four markets and ALK continues to investigate additional innovative tools and services to further aid treatment initiations or adherence.

3. Digital patient engagement systems and adjacent business

ALK's patient engagement and consumer care activities are progressing well. The focus of these initiatives is on supporting people with allergy much earlier in their disease journey by creating multiple touch points where ALK can engage with, inform, and

mobilise patients so that they can better navigate the range of care options that are open to them.

In October, ALK launched its eCommerce platform, klarify.me, in the UK. The platform was previously only available in Germany where it operates alongside the allergy information website allergiecheck.de. At the end of Q3, traffic to allergiecheck.de was up 30% on the previous year, while klarify.me registered more than 100,000 hits in September alone in Germany.

Sales of the approximately 50 allergy-related consumer products via the eCommerce platform continue to increase month-on-month, albeit off an initially low base.

In addition, ALK's Klara app – which offers personalised local pollution and pollen count data as well as advice and information to help people with allergies plan ahead – has been downloaded approximately 20,000 times since its launch earlier this year, and has been acknowledged with a 'best new app' award in Germany.

Overall, ALK's enhanced digital presence in Germany has helped drive a 200% increase in searches for allergy doctors, and a doubling of the number of doctors whose details are contained in the searchable database. At the same time, this suite of digital touch points is helping to establish a proprietary 'permission marketing' platform that is unique to ALK.

In a further expansion of the product range, ALK has established a regional sales and distribution agreement with Bosch Healthcare Solutions on an easy-to-use breath measurement system, which helps doctors diagnose patients with inflamed airways – often linked to allergic asthma – and closely monitor their condition.

4. Optimise and reallocate resources

A wide-ranging efficiency programme continued to deliver results in Q3.

A key priority of this programme, which also targets organisational effectiveness and manufacturing scalability, is the quality and robustness of product supply operations as well as restoring adequate inventory levels of SCIT and SLIT-drops. Recent inspections of ALK's facilities underline the progress that has been made, and ALK remains committed to further efficiencies and improvements throughout the strategy implementation period.

In line with this, ALK continues to rationalise its product portfolio as planned and is progressing with its new site strategy. Work also continues on optimising and scaling up production of ALK's adrenaline auto-injector (AAI), Jext® to the extent possible. This is a

specific response to supply issues at the market leader for AAls, which has both created a supply shortfall in the market and higher demand for alternative products such as Jext[®]. To ease pressure on stocks, in October, UK authorities approved an extension of the use of specific batches of Jext[®] that are currently in circulation by up to four months beyond the labelled expiry date.

Q3 SALES AND MARKET TRENDS

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

Revenue by geography

DKKm	Q3-2018	Share of revenue	Q3-2017	Share of revenue
Europe	498	75%	513	77%
North America	143	22%	134	20%
Intl. markets	20	3%	20	3%
Revenue	661	100%	667	100%

Europe

European revenue decreased by 3% to 498 million (513) which was slightly ahead of expectations.

Strong sales growth from the SLIT-tablet portfolio and Jext[®] was counteracted by declining sales from SCIT and SLIT-drops.

SLIT-tablet sales were up 45% thanks to continued strong performances by ACARIZAX[®] and GRAZAX[®]. Tablets saw growth in every European market, with particularly strong growth in the region's most important market, France, but also in the Nordic countries and the Netherlands.

Together, SCIT and SLIT-drops sales decreased by 16%. In France, the market continues to normalise following the distortions caused by manufacturing issues in recent years. In addition, the strong uptake of ACARIZAX[®] has had a small but noticeable effect on SLIT-drops sales. Despite these developments, ALK is ahead of expectations and retains its market leadership in France.

In Germany, despite higher tablet sales, overall sales continue to be dragged down by the phase-out of old products and a slow recovery of SCIT sales following last years' supply constraints and a general decline in the number of German patients using pollen AIT since the 2017 mild pollen season.

ALK is currently exploring specific initiatives with German health insurance funds presently reimbursing AIT treatment, on how to increase the number of patients who benefit from documented, registered products with the aim of supporting the ongoing market transformation.

Results from a new clinical study of ALK's main SCIT product, Alutard SQ[®], indicate that it may be possible to accelerate the up-dosing period. Subject to approval by the authorities, this may improve the product's competitiveness medium term, particularly in Germany.

Sales of other products increased by 30% in light of strong 47% growth from the adrenaline auto-injector Jext[®], which is experiencing a spike in demand due to supply issues in the AAI market.

Market conditions were largely stable and there were no notable changes to pricing and reimbursement of AIT products in Q3.

North America

Revenue in North America grew by 6% to DKK 143 million (134) with a mixed picture of increased sales of tablets and SCIT products counterbalanced by a decline in sales of other products.

SLIT-tablet sales were DKK 15 million (4), while sales of SCIT bulk allergen extracts to specialists and clinics grew by 20% to DKK 72 million (61). Sales of diagnostics and other products fell by 21% as a consequence of fluctuating supply and demand patterns.

International markets

Revenue in International markets was up 4% in local currencies at DKK 20 million (20). The growth was largely due to product shipments to China.

Global revenue by product line

DKKm	Q3-2018	Share of revenue	Q3-2017	Share of revenue
SCIT and SLIT-drops	401	61%	451	68%
SLIT-tablets	138	21%	95	14%
Other products and services	122	18%	121	18%
Revenue	661	100%	667	100%

9M FINANCIAL REVIEW

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

9M revenue decreased by 1% in reported currencies to DKK 2,128 million (2,147). Exchange rate fluctuations negatively impacted revenue by 2 percentage points. Growth in local currencies of +1% was slightly ahead of expectations.

Cost of sales increased 7% in local currencies to DKK 929 million (881). Gross profit of DKK 1,199 million (1,266) yielded a gross margin of 56% (59%), reflecting increased costs for compliance and efforts to

build robustness in product supply as well as changes in the product mix.

Capacity costs increased 2% in local currencies to DKK 1,214 million (1,207). R&D expenses decreased 11%, while sales and marketing expenses increased by 7% in local currencies reflecting the build-up in the USA, efforts to support ACARIZAX® launches as well as the cost of developing digital patient engagement platforms. Administration expenses were unchanged.

EBITDA (operating profit before depreciation and amortisation) of DKK 126 million (192) was better than expected, reflecting the revenue development, operational efficiencies and savings. Exchange rates did not materially affect operating profits.

Net financials were a loss of DKK 5 million (loss of 28) mainly related to net interest expenses. **Tax on the profit** totalled DKK 4 million (30) and **net profit** was a loss of DKK 24 million (a gain of 1).

Cash flow from operating activities was an outflow of DKK 214 million (outflow of 378) mainly relating to planned changes in working capital as well as paid income taxes.

Cash flow from investment activities was an outflow of DKK 140 million (outflow of 308) mainly relating to upgrades to the legacy production and the build-up of capacity for SLIT-tablet production. **Free cash flow** was an outflow of DKK 354 million (outflow of 686) which was better than expected. **Cash flow from financing** was an outflow of DKK 25 million (outflow of 62) mainly related to settlement of incentive programmes.

At the end of September, ALK held 207,503 of its **own shares** or 2.4% of the share capital versus 2.6% at the end of 2017 and 2.8% end-September 2017.

At the end of September, **cash and marketable securities** totalled DKK 340 million, versus DKK 711 million at the end of 2017, and DKK 88 million at the end of September 2017. In addition, ALK has an unused credit facility of DKK 600 million which runs until the end of 2022.

Equity totalled DKK 3,289 million (2,756) at the end of the period, and the equity ratio was 68% (61%).

OUTLOOK FOR 2018

Full-year guidance has been clarified based on the slightly better than expected results in the first 9 months.

2018 guidance history

FY guidance, DKK	9 Nov	15 Aug	4 May	6 Feb
Revenue	2,850-2,900m	More than 2,800m	More than 2,700m	Approx. 2,700m
EBITDA	50-100m	Around +50m	Around 0m	-50m
Free cash flow	-500m or better	-550m or better	-600m or better	Approx. -600m

Total revenue from ALK's existing business is now expected to be DKK 2,850-2,900 million (previously: more than DKK 2.8 billion). Exchange rates are still projected to negatively affect reported revenue by approximately DKK 50 million versus 2017.

Revenue in Europe and North America is still expected to be negatively impacted by product discontinuations and consequences of previous constraints in SCIT and SLIT-drops production. But these trends are expected to be largely offset by continued strong overall growth from tablet sales.

Going forward, earnings and free cash flow will still be significantly impacted by business investments associated with the transformation of ALK, as outlined in the new strategy which was announced in December 2017. These investments will increasingly affect ALK's financial performance in Q4 2018.

EBITDA is now anticipated at DKK 50-100 million (previously: around DKK 50 million) while free cash flow is now expected at minus DKK 500 million or better (previously: minus DKK 550 million or better). In addition to subdued earnings, free cash flow is impacted by working capital requirements – including inventory build-up – and CAPEX investments in capacity expansions and production upgrades.

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

RISK FACTORS

This interim report contains forward-looking statements, including forecasts of future revenue, operating profit and cash flow as well as expected business-related events. Such statements are naturally subject to risks and uncertainties as various factors, some of which are beyond the control of ALK, may cause actual results and performance to differ materially from the forecasts made in this announcement. Without being exhaustive, such factors include e.g., general economic and business-related conditions, including legal issues, uncertainty relating to demand, pricing, reimbursement rules,

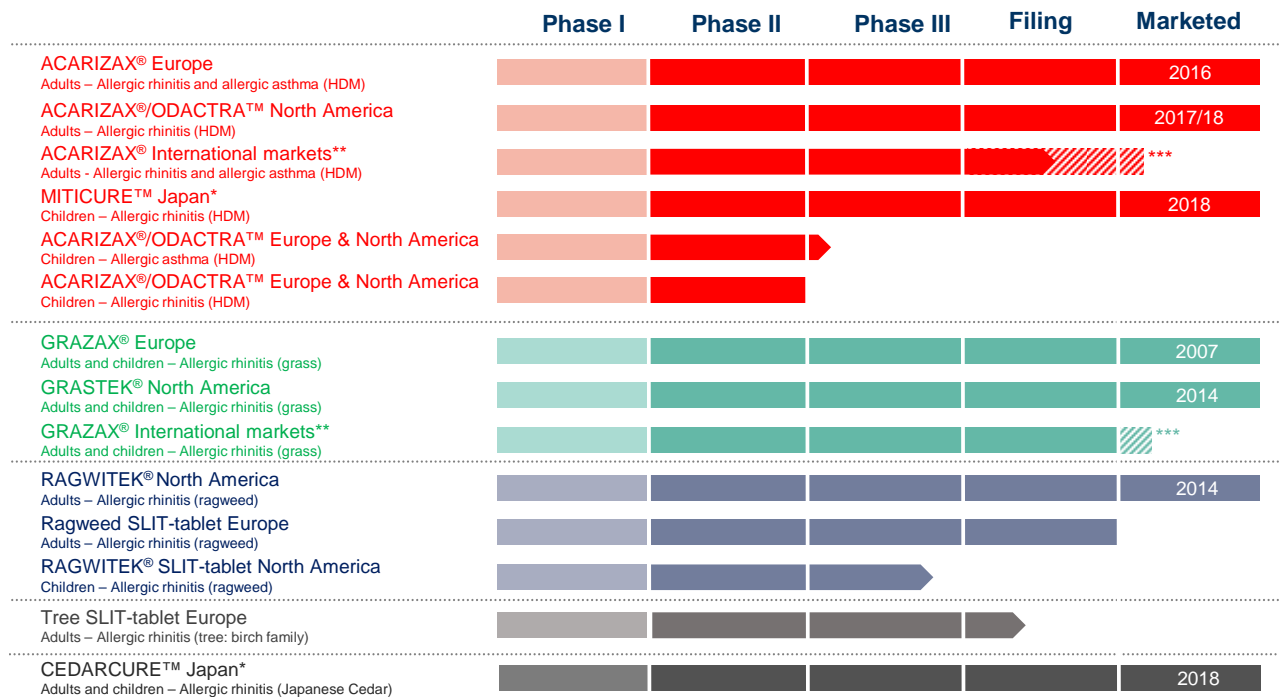
partners' plans and forecasts, fluctuations in exchange rates, competitive factors and reliance on suppliers. Additional factors include the risks associated with the sourcing and manufacturing of ALK's products as well as the potential for side effects from the use of ALK's existing and future products, as allergy immunotherapy may be associated with allergic reactions of differing extents, durations and severities.

Financial calendar

Silent period	10 January 2019
Annual report 2018	7 February 2019
Annual General Meeting 2019	13 March 2019

R&D PIPELINE STATUS

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



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

STATEMENT BY MANAGEMENT

The Board of Directors and Board of Management today considered and approved the interim report of ALK-Abelló A/S for the period 1 January to 30 September 2018. The interim report has not been audited or reviewed by the company's independent auditor.

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

In our opinion, the interim report gives a true and fair view of the ALK Group's assets, equity and liabilities, financial position, results of operations and cash flow for the period 1 January to 30 September 2018. We further consider that the Management review in the preceding pages gives a true and fair view of the development in the ALK Group's activities and business, the profit for the period and the ALK Group's financial position as a whole, and a description of the most significant risks and uncertainties to which the ALK Group is subject.

Hørsholm, 9 November 2018

Board of Management

Carsten Hellmann
President & CEO

Henrik Jacobi
Executive Vice President
Research & Development

Søren Jelert
CFO & Executive Vice President

Søren Daniel Niegel
Executive Vice President
Operations

Board of Directors

Steen Riisgaard
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Lene Skole
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Andreas Slyngborg Holst

Jacob Kastруп

Gonzalo De Miquel

Jakob Riis

Katja Barnkob

INCOME STATEMENT FOR THE ALK GROUP

Q3 2017	Q3 2018	Amounts in DKKm	9M 2018	9M 2017
667	661	Revenue	2,128	2,147
283	288	Cost of sales	929	881
384	373	Gross profit	1,199	1,266
88	84	Research and development expenses	252	283
254	264	Sales and marketing expenses	800	761
51	50	Administrative expenses	162	163
(9)	(25)	Operating profit/(loss) (EBIT)	(15)	59
(13)	(2)	Net financial items	(5)	(28)
(22)	(27)	Profit/(loss) before tax (EBT)	(20)	31
(22)	4	Tax on profit	4	30
-	(31)	Net profit/(loss)	(24)	1
		Earnings per share (EPS)		
0	(2.4)	Earnings per share (EPS)	(1.7)	0
0	(2.4)	Earnings per share (DEPS), diluted	(1.7)	0

STATEMENT OF COMPREHENSIVE INCOME

Q3 2017	Q3 2018	Amounts in DKKm	9M 2018	9M 2017
-	(31)	Net profit/(loss)	(24)	1
		Other comprehensive income		
		<i>Items that will subsequently be reclassified to the income statement, when specific conditions are met:</i>		
(42)	3	Foreign currency translation adjustment of foreign affiliates	27	(103)
6	-	Tax related to other comprehensive income, that will subsequently be reclassified to the income statement	(4)	14
(36)	3	Total	23	(89)
(36)	(28)	Total comprehensive income/(loss)	(1)	(88)

CASH FLOW STATEMENT FOR THE ALK GROUP

Amounts in DKKm	9M 2018	9M 2017
Net profit	(24)	1
Adjustments for non-cash items (note 3)	155	213
Changes in working capital	(209)	(253)
Net financial items, paid	(7)	-
Income taxes, paid	(129)	(339)
Cash flow from operating activities	(214)	(378)
Acquisitions of companies and operations (note 4)	(21)	(94)
Additions, intangible assets	(36)	(16)
Additions, tangible assets	(83)	(199)
Sale of assets	-	1
Cash flow from investing activities	(140)	(308)
Free cash flow	(354)	(686)
Dividend paid to shareholders of the parent	-	(49)
Sales of treasury shares	4	3
Exercise of share options and settlement of Restricted Stock Units	(17)	(4)
Repayment of borrowings	(12)	(12)
Cash flow from financing activities	(25)	(62)
Net cash flow	(379)	(748)
Cash at beginning of year	162	292
Marketable securities beginning of year	549	548
Cash and marketable securities beginning of year	711	840
Unrealised gains/(losses) on cash held in foreign currency and financial assets carried as cash and marketable securities	2	(4)
Net cash flow	(379)	(748)
Cash end of period	190	88
Marketable securities end of period	150	-
Cash and marketable securities end of period	340	88

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

BALANCE SHEET - ASSETS FOR THE ALK GROUP

Amounts in DKKm	30 Sep 2018	30 Sep 2017	31 Dec 2017
Non-current assets			
Intangible assets			
Goodwill	463	462	461
Other intangible assets	291	363	291
	754	825	752
Tangible assets			
Land and buildings	868	752	750
Plant and machinery	389	396	378
Other fixtures and equipment	50	54	53
Property, plant and equipment in progress	271	464	397
	1,578	1,666	1,578
Other non-current assets			
Securities and receivables	9	8	7
Deferred tax assets	531	569	466
	540	577	473
Total non-current assets	2,872	3,068	2,803
Current assets			
Inventories	966	812	875
Trade receivables	385	312	326
Receivables from affiliates	26	1	25
Income tax receivables	123	110	65
Other receivables	59	63	73
Prepayments	90	46	80
Marketable securities	150	-	549
Cash	190	88	162
Total current assets	1,989	1,432	2,155
Total assets	4,861	4,500	4,958

BALANCE SHEET - EQUITY AND LIABILITIES FOR THE ALK GROUP

Amounts in DKKm	30 Sep 2018	30 Sep 2017	31 Dec 2017
Equity			
Share capital	111	101	111
Currency translation adjustment	(60)	(81)	(87)
Retained earnings	3,238	2,736	3,266
Total equity	3,289	2,756	3,290
Liabilities			
Non-current liabilities			
Mortgage debt	280	297	293
Bank loans and financial loans	449	448	448
Pensions and similar liabilities	227	243	220
Other provisions	5	15	20
Deferred tax liabilities	23	131	21
	984	1,134	1,002
Current liabilities			
Mortgage debt	17	17	17
Bank loans and financial loans	1	-	-
Trade payables	60	81	121
Income taxes	7	20	6
Other provisions	26	56	39
Other payables	477	436	483
	588	610	666
Total liabilities	1,572	1,744	1,668
Total equity and liabilities	4,861	4,500	4,958

EQUITY FOR THE ALK GROUP

Amounts in DKKm	Share capital	Currency translation adjustment	Retained earnings	Total equity
Equity at 1 January 2018	111	(87)	3,266	3,290
Net profit	-	-	(24)	(24)
Other comprehensive income/(loss)	-	27	(4)	23
Total comprehensive income/(loss)	-	27	(28)	(1)
Share-based payments	-	-	13	13
Share options and Restricted Stock Units settled	-	-	(17)	(17)
Sale of treasury shares	-	-	4	4
Other transactions	-	-	-	-
Equity at 30 September 2018	111	(60)	3,238	3,289
Equity at 1 January 2017	101	22	2,752	2,875
Net profit	-	-	1	1
Other comprehensive income/(loss)	-	(103)	14	(89)
Total comprehensive income/(loss)	-	(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

NOTES

1 ACCOUNTING POLICIES

This non-audited interim report for first nine months of 2018 has been prepared in accordance with IAS 34 and the additional Danish regulations for the presentation of quarterly interim reports by listed companies. The Interim report for the first nine months of 2018 follows the same accounting policies as the annual report for 2017, except for all new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on 1 January 2018.

IFRS 15 Revenue from Contracts with Customers is effective from 1 January 2018. The ALK Group meets the requirements in the standard and concludes that the standard has limited impact on revenue recognition and measurement.

IFRS 9 Financial instruments is effective from 1 January 2018. The ALK Group found the influence from the standard as insignificant in relation to classifications and measurements for financial instruments and provision for doubtful trade receivables. For the interim reporting The ALK Group is not affected by the requirements for hedge accounting, since no hedging has been applied in the period.

2 REVENUE

Amounts in DKKm	Europe		North America		International markets		Total	
	9M 2018	9M 2017	9M 2018	9M 2017	9M 2018	9M 2017	9M 2018	9M 2017
SCIT/SLIT-drops	1,058	1,202	197	181	46	33	1,301	1,416
SLIT-tablets	411	308	47	48	31	13	489	369
Other products and services	149	129	178	223	11	10	338	362
Total revenue	1,618	1,639	422	452	88	56	2,128	2,147
Sale of goods							2,114	2,139
Royalties							7	2
Services							7	6
Total revenue							2,128	2,147

Growth, 9M 2018	Europe		North America		International markets		Total	
	Growth local currencies	Growth	Growth local currencies	Growth	Growth local currencies	Growth	Growth local currencies	Growth
SCIT/SLIT-drops	-12%	-12%	17%	9%	45%	39%	-7%	-8%
SLIT-tablets	34%	33%	-1%	-2%	135%	138%	33%	33%
Other products and services	16%	16%	-14%	-20%	32%	10%	-2%	-7%
Total revenue	-1%	-1%	-1%	-7%	65%	57%	1%	-1%

Geographical markets (based on customer location):

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

NOTES

2 REVENUE (CONTINUED)

Amounts in DKKm	Europe		North America		International markets		Total	
	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017
SCIT/SLIT-drops	320	384	72	61	9	6	401	451
SLIT-tablets	115	80	15	4	8	11	138	95
Other products and services	63	49	56	69	3	3	122	121
Total revenue	498	513	143	134	20	20	661	667
Sale of goods							655	664
Royalties							4	-
Services							2	3
Total revenue							661	667

Growth, Q3 2018	Europe		North America		International markets		Total	
	Growth local currencies	Growth	Growth local currencies	Growth	Growth local currencies	Growth	Growth local currencies	Growth
SCIT/SLIT-drops	-16%	-17%	20%	18%	52%	50%	-11%	-11%
SLIT-tablets	45%	44%	346%	275%	-29%	-27%	46%	45%
Other products and services	30%	29%	-21%	-19%	30%	0%	1%	1%
Total revenue	-3%	-3%	6%	7%	4%	0%	-1%	-1%

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

3 ADJUSTMENTS FOR NON-CASH ITEMS

Amounts in DKKm	9M 2018	9M 2017
Tax on profit	(4)	30
Financial income and expenses	5	28
Share-based payment costs	13	19
Depreciation, amortisation and impairment	141	133
Other adjustments	-	3
Total	155	213

4 ACQUISITION OF ACTIVITIES

At 3 January 2017, the ALK Group acquired the operating assets in Allergy Laboratory of Oklahoma Inc. and Crystal Labs LLC for a total cash consideration of USD 20 million of which USD 6.6 million (DKK 40 million) is a contingent consideration, depending on meeting certain requirements from the US Food and Drug Administration's Center for Biologics Evaluation and Research (CBER). The contingent consideration is limited to DKK 40 million and is expected to be fully paid. In the first nine months of 2018, the ALK Group paid DKK 21 million in contingent consideration.