



## Minutes of the Annual General Meeting of ALK-Abelló A/S

At 4.00 p.m. on 14 March 2024 the Annual General Meeting of

**ALK-Abelló A/S**

(company registration (CVR) no 63 71 79 16)  
(the “Company” or “ALK”)

was held at the Company’s registered office, Bøge Allé 1, DK-2970 Hørsholm.

The Chairman of the Board of Directors, Anders Hedegaard, opened the Meeting by welcoming the shareholders, and announced that the Board had appointed Emil Dencker Steenberg, lawyer, to chair the Meeting in accordance with the Company’s Articles of Association.

Anders Hedegaard then gave the floor to Emil Steenberg.

The chair thanked the Board for his appointment and declared, with the assent of the shareholders, that the Meeting was duly convened and quorate with respect to the items on the agenda.

There were 94 persons, including 50 shareholders, present at the Meeting. After deducting own shares, 346,360,654 out of a possible 403,634,827 votes were represented at the Meeting, amounting to 85.81% of the votes, while out of share capital with a nominal value of DKK 110,662,173.50 (after deducting own shares), a total of DKK 82,029,047.00, or 74.13%, was represented at the Meeting.

The chair then ran through the rules on a full tally of votes cast under Section 101(5) of the Danish Companies Act. The chair stated that the requirement for a full tally of votes cast for every item on the agenda could be waived by unanimous assent of the Meeting. The chair proposed that this option should be exercised. The Meeting supported this proposal.

**Agenda**

1. Report on the activities of the Company
2. Adoption of the annual report and resolution to discharge the Board of Directors and the Board of Management from liability
3. Resolution on the allocation of profit
4. Approval of the remuneration report for 2023
5. Approval of the remuneration to the Board of Directors for the current year
6. Election of Chair of the Board of Directors
7. Election of Vice-chair of the Board of Directors
8. Election of other members of the Board of Directors
9. Appointment of auditor

10. Proposals from the Board of Directors
  - 10(a) Indemnification of the members of the Board of Directors and the Board of Management
  - 10(b) Amendment of the Articles of Association (indemnification scheme)
  - 10(c) Approval of the remuneration policy
  - 10(d) Authorisation to the chair of the Meeting
11. Any other business

**Re: 1 - 4: Report from the Board on the activities of the Company, adoption of the annual report and resolution to discharge the Board of Directors and the Board of Management from liability, decision on allocation of profits and approval of the remuneration report for 2023**

The chair announced that agenda items 1, 2, 3 and 4 would be dealt with together.

The chair then gave the floor to Anders Hedegaard, who presented the oral report in accordance with the attached **Annex 1**.

The chair stated that the annual report had been signed by the Board of Directors and the Board of Management, that the auditor had stated that the financial statements give a true and fair view and that the Board of Directors proposed not distributing any dividend for the financial year 2023.

The chair then opened up the Meeting for debate and gave the floor to Claus Berner Møller of ATP.

Møller thanked Anders Hedegaard for the report and noted that 2023 had been a tumultuous year for the Company with major changes in management. Despite a negative impact on the share price, 2023 had been a good year for the Company overall, with 9% organic top-line growth and EBIT up by more than 40%. Møller noted that the share price had been extremely volatile, but that it had increased by more than 80 per cent from its lowest point. Møller noted that the handling of the announcements about the fluctuating tablet sales in Europe and the management changes had caused uncertainty. Møller then asked how the Board planned to handle such statements in the future. Møller then expressed ATP's continued confidence in the Company, its management and the future of the business.

Møller then praised the proportion of women in senior management and asked how the Company had managed to get such a large proportion of women into the top positions, and whether the Company hoped to see women even better represented in senior management in the future.

Finally, Møller addressed the upcoming sustainability reporting requirements and asked how ALK planned to provide for clear reporting.

The chair then gave the floor to Anders Hedegaard, who began by thanking Claus Berner Møller for his questions and comments.

Hedegaard shared Møller's concern about the lack of clarity in sustainability reporting but stressed that the Company had a well-established sustainability team working closely with the external advisors to produce clear sustainability reports. With regard to women in senior management, Hedegaard replied that the Company had been working for a number of years on initiatives to promote inclusion, diversity in recruitment, talent development and succession planning.

Hedegaard then addressed the volatility in the share price and explained that the varying reports on the Company's tablet sales were partly due to an unusually mild pollen season, while other respiratory infections had created bottlenecks. On top of this, a large number of patients had completed their treatment with the Company's Itulazax tablet because they had reached the end of their three-year course. The combination of these factors had hit the Company's sales, and Hedegaard noted that the Company had subsequently evaluated and addressed the handling of this matter internally.

Finally, Hedegaard stressed that the three major management changes in the Company had been three separate events – two unexpected changes of Chief Scientific Officer and Chief Financial Officer respectively, and one planned replacement of the previous CEO. Hedegaard explained that the replacement of the CEO had been part of the Company's succession planning and that the outgoing CEO had been aware of the planning. Hedegaard admitted that the timing of the replacement could have been better, but that it was difficult to anticipate when the most suitable candidate for chief executive might become available, so the Board had to strike when the opportunity arose.

The chair then gave the floor to John Aagaard, who thanked Anders Hedegaard for the report and asked if the Company had reconsidered the suspension of dividend distributions as a facet of the Company's current growth strategy. Aagaard pointed out that the Company's positive growth in recent years had made it possible to resume dividend distributions to shareholders.

The chair then gave the floor to Anders Hedegaard, who explained that the Board of Directors was constantly reviewing the Company's growth strategy and that it was aware of the desire from some shareholders for a resumption of dividend distributions.

As no-one else wished to take the floor, the chair declared, with the consent of the shareholders:

that the Meeting had taken note of the report from the Board,

that the Meeting had approved the annual report for 2023 and released the Board of Directors and the Board of Management from liability,

that the Meeting had approved the proposed allocation of profits, and

that the Meeting had approved the remuneration report for 2023.

#### **Re 5: Approval of the remuneration to the Board of Directors for the current year**

The Board of Directors proposed that the remuneration to the Board for the current year be set as follows:

that the remuneration to members of the Board of Directors should remain unchanged at DKK 350,000,

that the remuneration to the Vice-Chairman should remain unchanged at twice this amount, DKK 700,000

that the remuneration to the Chairman should remain unchanged at three times this amount, DKK 1,050,000

The Board of Directors further proposed:

that the additional fee to the members of the remuneration and nomination committee and the scientific committee should remain unchanged at DKK 100,000.

that the additional fee to the chairs of the remuneration and nomination committee and the scientific committee should remain unchanged at DKK 150,000,

that the additional fee payable to members of the audit committee should remain unchanged at DKK 125,000,

that the additional fee payable to the chair of the Audit Committee should remain unchanged at DKK 187,000.

As no shareholders wished to take the floor, the chair declared, with the consent of the shareholders, that the proposal had been adopted.

#### **Re 6: Election of Chair of the Board of Directors**

The Board of Directors proposed that the present Chair, Anders Hedegaard, be re-elected. The chair stated that Hedegaard's management positions and competences were described in the invitation to the Meeting. As there were no other candidates for the post of Chair, Anders Hedegaard was elected for a one-year period.

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#### **Re 7: Election of Vice-chair**

The Board of Directors proposed that Lene Skole be re-elected as Vice-chair. The chair gave an account of Lene Skole's management positions and competences. As there were no other candidates for the post of Vice-chair, Lene Skole was elected for a one-year period.

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#### **Re 8: Election of other members of the Board of Directors**

The Board of Directors proposed that Gitte Aabo, Lars Holmqvist, Jesper Høiland, Bertil Lindmark and Alan Main be re-elected.

The chair then gave the floor to Anders Hedegaard, who gave the background to the candidates proposed by the Board. The Chairman of the Board stated that the management positions and competences of the candidates were described in the invitation to the Meeting and in the annual report.

The chair noted that there were no other proposals for Board members and that Gitte Aabo, Lars Holmqvist, Jesper Høiland, Bertil Lindmark and Alan Main were all re-elected for a one-year term.

The Board of Directors then comprised:

- Anders Hedegaard (Chair)
- Lene Skole (Vice-chair)
- Gitte Aabo
- Lars Holmqvist
- Jesper Høiland
- Bertil Lindmark
- Alan Main
- Katja Barnkob (employee-elected Member of the Board)
- Johan Smedsrud (employee-elected Member of the Board)
- Nanna Rassev Carlson (employee-elected Member of the Board)
- Lise Mærkedahl (employee-elected Board member)

#### **Re 9: Appointment of auditor**

The Board of Directors proposed that PwC Statsautoriseret Revisionspartnerselskab be re-appointed. The appointment covered both audit and assurance engagements and sustainability reporting.

The chair stated, with reference to the EU Audit Regulation, that the proposal was in line with a recommendation from the audit committee, which was not influenced by third parties and had not been subject to any agreement with third parties that might limit the Meeting in its choice of auditors.

The chair stated there were no other proposals for new auditors, after which the Meeting re-elected PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab as the Company's auditor, to cover both audit and assurance engagements and sustainability reporting.

#### **Re 10: Proposals from the Board of Directors**

The chair stated that the next item on the agenda was a proposal from the Board of Directors. The chair announced that agenda items 10(a), (b) and (c) would be dealt with together.

**Re: 10(a) Indemnification of the members of the Board of Directors and the Board of Management**

The Board of Directors proposed that the General Meeting adopt an updated indemnification scheme in the wake of a guidance statement from the Danish Business Authority on indemnification of senior managers in Danish limited liability companies.

Following the guidance from the Danish Business Authority, ALK had reviewed the existing indemnification scheme. To increase the degree of transparency over the terms and conditions of the proposed scheme, the Board of Directors proposed that the Meeting adopt an updated indemnification scheme on the terms set out in the invitation to the Meeting. The chair then referred to the invitation to the Meeting for a detailed review of the terms of the proposed scheme.

**Re: 10(b) Amendment of the Articles of Association (indemnification scheme)**

The Board of Directors proposed that the adoption of the indemnification scheme, cf. item 10(a) of the agenda, be reflected in the Articles of Association by adding the following wording as a new Article 10:

*“On 14 March 2024, the General Meeting adopted a scheme for indemnification of members of the Board of Directors and the Board of Management (“Executive Officers”) in the event that the Company’s directors’ and officers’ liability insurance in place at any given time (“D&O Insurance”) provides insufficient cover (in terms of sum insured) compared to what is deemed necessary based on professional external advice and the Company’s activities and risk profile. On this basis, the Company shall indemnify the Executive Officers against any loss incurred by Executive Officers arising from any claim brought by a third party (other than companies in the ALK group) based on the Executive Officers’ performance of their duties as members of the Board of Management or the Board of Directors. Indemnification under the scheme excludes any loss relating to liability incurred by an Executive Officer arising out of that person’s fraudulent conduct, sanctioned offences under the applicable criminal law, wilful misconduct, or – where it is not possible to indemnify against grossly negligent conduct under Danish law – gross negligence. Indemnification under the scheme will be secondary to cover from other sources of indemnification or liability insurance and is conditional on cover under the D&O policy. The Board of Directors shall lay down provisions for the implementation and administration of the indemnification scheme.”*

The proposal entails a consequential change in the numbering of subsequent provisions in the Articles of Association.

**Re: 10(c) Approval of the remuneration policy**

The chair stated that the Board of Directors proposed the approval of the Company’s remuneration policy, including the addition of the indemnification scheme, cf. item 10(a) on the agenda. The chair mentioned that the Company’s remuneration policy had been available on the Company’s website prior to the General Meeting.

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The chair then opened the Meeting for debate and gave the floor to Jens Frederik Demant, who noted that an updated indemnification scheme could potentially lead to the Board of Directors making excessively risky decisions for the Company. Demant stressed that his comment on this was a point of principle and noted that the Company's Board of Directors was already covered by directors' and officers' liability insurance.

As no other shareholders wished to speak, the chair announced – with the approval of the General Meeting – that the proposals under agenda items 10(a), 10(b) and 10(c) had been adopted.

#### **10(d) Authorisation to the chair**

The Board of Directors proposed that the General Meeting authorise the chair, with power of delegation, to give notice of any resolutions adopted at the General Meeting and make such changes to them as may be required by the Danish Business Authority or other authorities in connection with registration or approval, and to make and give notice of any linguistic and other amendments with no substantive impact in the Company's Articles of Association.

As no shareholders wished to speak, the chair declared that the proposal had been adopted.

#### **Re 11: Any other business**

The chair noted that no one wished to speak.

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The chair noted that there were no agenda items outstanding, thanked those present for a good and orderly Annual General Meeting, and relinquished his position as chair.

The chair then gave the floor to Anders Hedegaard.

Hedegaard thanked the chair for his capable handling of the Meeting and thanked the shareholders for their continued interest in ALK.

The Meeting was formally closed.

Chair of the meeting

Chairman of the Board of Directors

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Emil Dencker Steenberg

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Anders Hedegaard

*The spoken word takes precedence*

2023 was a good year for ALK – a year of solid financial and strategic progress. But it was also a challenging year.

Let us take the challenges first: We were hit by an extraordinary discount increase in our largest market, Germany, along with increased inflation and rising costs. Most importantly, we saw stagnating tablet sales in Europe in the first half of the year. These matters raised great doubts as to ALK's ability to deliver on its stated targets, and the market reacted very negatively, which was further affected by our change of leadership in the middle of the year.

In this light, we can be satisfied with the year's results.

ALK's total turnover rose by 9% in local currencies to approx. DKK 4.8 billion. We saw growth in all sales regions and in the major product lines – the injection-based vaccines and the tablets. All of the growth was organic.

Operating profit increased by 50% in local currencies to DKK 666 million, driven by top-line growth, better margins and efficiency improvements. This increased the operating margin to 14%. To put that into perspective, just 4 years ago the operating margin was negative.

We delivered on the expectations we had set out. And 2023 was the fifth consecutive year of improvements on both the top and the bottom line.

I think there is good reason to thank our managers and employees for the commitment and perseverance they have shown over the past year. Thanks to these efforts, ALK managed to make its way through the challenges of the market.

Our thanks come with some photos from ALK's 100th anniversary celebration on 9 June. It was a day of celebration, but it was also a reminder of why we are here – and why we have been here since 1923. We are here to help millions of people with allergy live a better life. That is our purpose. It is what binds us together and will continue to drive us forward.

For almost 101 years, ALK has been a pioneer in research, development, manufacturing and marketing of allergy medicines. And we will continue to lead the way. Every day, we will focus on helping even more people based on strong scientific insights and continued clinical advances. Because even though we supplied medicines to treat 2.4 million people with moderate to severe allergies last year, we are still only touching the tip of the iceberg.

In this report, I would like to take a closer look at some of the most important efforts we have made to reach more people living with from allergies.

Let me start with tablet sales in Europe, which has been a priority area for our shareholders and the stock market and within ALK. Naturally enough, because European tablet sales have been ALK's biggest growth engine for a number of years, and they still are.

In the first half of 2023, however, tablet sales stagnated. In the months leading up to the initiation season, which runs mainly through the autumn and winter months, we had started fewer new patients than expected on treatment. And as we have many patients completing their 3-year tablet treatment every year, we saw a flat growth curve.

We responded to that. We mobilised more patients through intensive contact with doctors who prescribe tablets. And we also strengthened our dialogue with independent opinion-

formers as well as public and private payers. We were helped by a heavier pollen season in the summer of 2023.

The effort paid off. After zero growth in the first half of the year, European tablet sales grew by 13% in the second half. And even though the initiation season has only recently ended, it is already clear that we have entered 2024 with significantly more new patients than last year. This bodes well for tablet sales this year.

In Japan, we are helping more and more patients through our partner Torii. Torii has the commercial rights to sell ALK's tablets for the two most common allergies – house dust mite allergy and allergy to Japanese cedar pollen, which many Japanese are allergic to.

Japan is already a success story, and the story is only getting better. Torii's sales of ALK's tablets grew by 17% last year, and we also saw double-digit growth in our revenue from the partnership. Our revenue comes partly from the supply of the tablets that Torii sells and partly from royalties on sales.

Torii is experiencing such strong demand that they are now building a new factory to produce active ingredients for the cedar pollen tablet. The new factory will be ready in 2025, and until then, we must expect slightly slower growth from Japan in 2024. But still good progress – Torii expects 10% growth in sales this year, and ALK also expects growth in revenue from Japan.

We have recently expanded our collaboration with Torii to include ALK's grass allergy tablet GRAZAX®. Our partner is very committed – ALK's tablets are at the centre of the 2030 vision recently presented by Torii. There is also a massive public focus on allergy immunotherapy in Japan, reaching all the way into the government offices. So we are confident that Japan will contribute to ALK's growth for many years to come.

In China, we are building and expanding our market coverage. We now have 185 employees serving nearly 700 hospital-based clinics. And sales of our injection-based product Alutard® continue to show solid double-digit growth, even though there has been some turbulence in the market.

We are building up to the anticipated launch of our house dust mite tablet ACARIZAX®. The Chinese authorities are currently processing our registration application and we hope to get the approval later this year and thereby the green light to launch in 2025.

You have to respect China because it is a huge and very complex market. But the number of people with house dust mite allergy is over 100 million, and China is well on the way to becoming the world's biggest market for the treatment of house dust mite allergy. That is the potential we are investing in.

In North America, we saw growth in all product lines last year, and total sales in the region reached DKK 900 million. But our focus is very much on tablets because they have the greatest growth potential in the region.

Tablet sales in North America increased by 26% last year.

In Canada, doctors and other healthcare professionals greet our tablets with acceptance and recognition. There is solid double-digit growth in sales and our people are working well. Canada is the second largest tablet market outside Europe.

In the USA, as we all know, it is a little more difficult. Many allergologists will not prescribe the tablets. It is more cost-effective for them to treat patients with the injections that they mix themselves. That is why we have adjusted our market approach in the US. We are now focusing more on paediatricians and commercial partnerships to gain access to patients who are suitable for allergy vaccines in tablet form.

We saw the first fruits of the new market approach last year, and we will continue to test different approaches until we have a scalable model. But it will still take time to unlock the full potential in the USA.

Meanwhile, we are pleased to report that tablet sales in the US in the second half of the year were on the rise. One of the reasons was that we had gained approval to use the house dust mite tablet for young patients in their teens.

Children and young people **are** a priority area for ALK.

Last year, we completed two pivotal phase 3 trials with the house dust mite tablet and the tree pollen tablet, and both confirmed the benefits of treating allergies with ALK's tablets from early childhood.

We are now going through the regulatory processes so that we can also get the two tablets approved for the treatment of children. If it all goes according to plan, the house dust mite tablet will be authorised for children in Europe by the end of 2024 and in the US during 2025, while the tree pollen tablet is expected to be approved for children in both Europe and Canada by 2025.

This could represent a paradigm shift in the treatment of children with allergies. Worldwide, around 10 million children aged between 5 and 11 have uncontrolled respiratory allergies and the number is rising rapidly. Early intervention and symptom control are vital if we are to stop the progression of these allergies to asthma and other conditions.

We see paediatric indications as a catalyst for long-term growth because they have the potential to significantly expand our markets. Our sales and marketing organisation is hard at work preparing to make the most of this upcoming new access to many more patients and doctors.

Our strategic New Horizons campaign encompasses several initiatives aimed at generating long-term growth. Let me mention just two:

We have two parallel projects developing next-generation adrenaline pens for the US market – ALK's own Genesis project and an external project with a US partner. But there is so much happening in the anaphylaxis market right now that we have decided to take a time-out and consider how to adapt to the market dynamics.

Our development of a peanut allergy tablet is also on track – this is the first step in the development of new, standardised treatments for potentially life-threatening food allergies. The first part of the clinical study has been completed, the second part is ongoing, and in the autumn of 2024 we will decide whether to move to a phase 1-2 study where we also test the efficacy of the tablet. So far, we have tested its side effect profile at different doses.

Let me conclude this tour of the strategic priority areas with our focus on sustainability, including climate.

As a company, ALK has a responsibility to provide a sustainable workplace for our employees and to play our part in ensuring a sustainable planet for future generations. We take this responsibility seriously. That is why we have joined the international Science Based Targets initiative, a non-profit climate organisation that focuses on promoting close cooperation between companies and climate experts, to ensure that the company's climate targets are aligned with climate science. The organisation helps companies assess how quickly they can reduce their CO2 emissions – and how much they need to reduce them to comply with the Paris Agreement. The Paris Agreement target is to limit global warming to 1.5 degrees.

The climate organisation recently approved our CO2 reduction targets. At ALK, we have committed to reducing scope 1 and 2 emissions by 42% by 2030, based on our 2022 emissions. Scope 1 covers the direct emissions from our own sources, such as transport. Scope 2 covers our indirect emissions, such as purchased electricity and district heating.

ALK has also made an undertaking that, by 2028, 80% of scope 3 emissions should come from suppliers who, like ourselves, have committed to science-based targets. Scope 3 covers the indirect emissions from our value chain, which include emissions from our suppliers.

With these goals in mind, it may seem paradoxical that there was a slight increase in ALK's own CO2 emissions in 2023. This is due to improved reporting on the use of refrigerants and a higher level of activity in the business, such as longer journeys in company vehicles.

## Appendix 1: Oral report & presentation – AGM in ALK-Abelló A/S on 23 March 2023 – Translation

This small increase emphasises that we really need to move to reach the 2030 climate goals – not least because ALK's business will be growing as we go. We have already planned a number of actions to reach the 2030 targets. We must transition to renewable energy as the primary energy source. For example, our steam generators need to be electrically powered instead of running on natural gas. We need to phase out certain refrigerants in the factories. And we need to implement several other measures to increase energy efficiency. This a high priority for us.

You can read more about our goals and actions in our recently published sustainability report, which you can find on our website.

At last year's AGM, we welcomed two new members to the Board of Management: Henriette Mersebach started on 1 March as the new Executive Vice President of Research and Development. And Claus Steensen Sølje joined the company on 1 June as the new CFO.

This year we are introducing another new face: Peter Halling took over as CEO of ALK on 1 November.

Peter came from a position as CEO of Fertin Pharma, a contract development and manufacturing company specialising in oral delivery technologies. Before that, he held management roles at Novozymes, Ingredion and Doehler Group in the US and Germany, among other places, where he also lived. Peter is an experienced international manager with a strong track record of strategic execution and commercial results. And he is a man with the right values and the right mindset to lead ALK for many years to come. Welcome, Peter!

It was in June that we announced that Peter would take over as CEO from Carsten Hellmann. As mentioned earlier, there was uncertainty surrounding ALK at the time due to stagnating tablet sales in Europe, and the change of CEO raised further doubts as to ALK's ability to maintain growth.

As a Board, we have a duty to make the right decisions for ALK – even though it may be inconvenient right now. We had been working for some time on future-proofing ALK's Board of Management and screening potential candidates. We were convinced that Peter Halling was the right person to take over as CEO of ALK. And that is why we acted.

ALK now has a strong Board of Management with Peter, Henriette, Claus and Sales and Marketing Director Søren Niegel. These four make up the board of management, along with the heads of Production, Global Quality and HR. They are Christian Houghton, Jan Engel Jensen and Lika Thiesen. A strong team with many years of senior management experience and, in most cases, many years of experience in the pharmaceutical industry.

And let me round off this topic with a thank you to Carsten Hellmann for his contribution to ALK over the past 7 years.

I would like to say a few words about the work of the Board.

The Board held 11 meetings last year, of which the November meeting was a strategy seminar. There were also 5 meetings of the Audit Committee, 6 meetings of the Remuneration & Nomination Committee and 6 meetings of the Scientific Committee. The number of meetings has increased, both for the Board and for the committees, and there were also regular meetings between the respective chairs and the Board of Management.

As usual, we conducted a self-assessment of the Board of Directors, assisted by an external facilitator. The evaluation showed that the Board has the necessary skills and competences. Meetings and processes are efficient, the interaction between the Board of Directors and the Board of Management is good, and of course, extra effort has been put into on-boarding the new members of the Board of Management. Priority areas going forward are strengthening communication to and from the Board of Directors, greater focus on ESG, i.e. our sustainability initiatives and activities in the US, and on ALK's research and development activities.

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You can read more about our self-assessment in the corporate governance report on ALK's website. There you will also find our review of the guidelines from the Committee on Corporate Governance. ALK continues to comply with all 40 guidelines from the Committee.

On the website, you can also see the special remuneration report, with a detailed description of the remuneration to the Board of Directors and the Board of Management.

The remuneration to the Board of Directors consists of a fixed fee, which is determined by the general meeting – we will come to this under item 5 on the agenda, where we propose an unchanged fee for 2024.

The remuneration to the Board of Management is determined by the Board of Directors based on ALK's remuneration policy, the main points of which are summarised on the slide behind me.

Because of the changes in the Board of Management, we have to be extremely cautious when comparing 2023 with 2022 but let me give you a few key figures anyway: The base salary to members of the Board of Management increased by 3.5%, which is in line with the general salary increase for ALK's employees in Denmark. The total fixed salary paid to directors, including those who stepped down during the year, was DKK 20.7 million, including pension and the usual benefits, while the variable remuneration totalled DKK 11.8 million. The variable element is made up of a short-term cash bonus and long-term incentives in the shape of performance shares and share options.

Total ordinary remuneration was DKK 32.5 million, compared to DKK 38.7 million the year before.

We also had a special case in 2023: In line with his contract, Carsten Hellmann received a severance payment of just below DKK 23 million. ALK also made accession payments to the three newly appointed directors – partly in the form of small cash amounts and partly in the form of share options. This was compensation for the new directors because they missed out on the incentive pay they had accrued in their previous jobs. It is common practice today when recruiting managers for top positions.

An important task for the Board of Management and the Board of Directors in the coming months is a review of ALK's business strategy. Our current strategy dates from 2017 and has remained largely unchanged since then, except for the addition of China and the New Horizons initiatives in 2021. So, it is only natural for us to take stock.

I will not prejudge the outcome of the review. But I would like to share some particular issues we are looking at:

We now have many opportunities to strengthen ALK's market position and create prosperity and growth. But we need to be careful not to spread ourselves too thin – not to want too much all at once. Through careful prioritisation, we must ensure that we pursue the opportunities that hold the greatest potential for ALK, and then we must de-prioritise others. We also need to pursue these opportunities in the right order, at the right pace and with the right allocation of resources.

Next, we look at how we can best streamline our business platform to make it more scalable. For example, are there things we can make smarter and simpler? Or are there economies of scale that we are not currently making the most of? We are looking into that.

Finally, we look at how to free up resources – both capital and people – for initiatives that can secure and improve ALK's profitability and growth in the short and long term.

We expect to share the results of the strategic review in the second quarter. Here we will also announce new ambitions towards 2030.

I would like to emphasise that the strategic review does not change the long-term ambitions that ALK has announced. On the contrary. The strategic review is meant to support the long-term ambitions.

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We will continue to strive for profitable growth with the aim of raising our operating margin to the 25% level by 2025. 25-in-25 was an ambitious goal when we announced it years ago. And back then, none of us could have imagined that the world would enter a high-inflation era, which has increased ALK's costs. So, it has not got any easier. But we still believe in the ambition, and we are working hard to achieve it.

In 2018, we introduced a temporary dividend freeze, enabling us to invest all of ALK's profits in growth and development. Since then, the Board of Directors has reviewed the dividend policy each year to assess when ALK can pay dividends again. And we have decided to propose to extend the dividend freeze for another year.

Until we pay dividends again, share price increases must provide the returns to our 40,000 shareholders. Unfortunately, value creation has been lagging lately. After Russia's war of aggression against Ukraine and rising interest rates, many expectation-driven growth stocks in 2022 suffered price losses, and ALK did not escape this. And in the first half of 2023, ALK's share price fell further as the market was sceptical about whether we could maintain the growth in tablet sales.

But in the second half of 2023, the shares recovered and this year the price has risen by almost 30%. This has happened as the market realises that we are once again delivering double-digit tablet growth in Europe – and that we are delivering on the other expectations we have announced.

We are well aware that the dividend freeze draws on your patience. But as ALK's performance improves, we are confident that we can reward your patience with sustained, long-term value creation.

In 2024, we expect to continue creating value – and to take this to the next level. We expect organic revenue growth of 9-12% in local currencies. We expect increasing sales in all regions and all product groups. And the growth will be fuelled by tablets in particular – especially European tablet sales.

We expect to increase our operating margin – the EBIT margin, which is our profit – to 17-19% from 14% last year. We have some unfortunate inflationary cost increases in production, but these will be offset by top-line growth, efficiency improvements and moderate growth in other costs. We will spend less money on research and development because we have completed the big clinical trials with the tablets. And we also expect a slight decrease in administrative costs. On the other hand, we expect single-digit growth in sales and marketing expenses.

This means that 2024 will be the sixth consecutive year of increasing revenue and improved earnings.

We are definitely on the right track.

With these words I ask the shareholders to approve the annual report and the allocation of profit, and to adopt the report submitted by the Board of Directors and Board of Management.

Thank you for your attention.

# Welcome to the Annual General Meeting of ALK

14 March 2024



# Agenda

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# Board of Directors' report



By the Chair of the Board  
**Anders Hedegaard**

# 2023: A challenging but successful year

Revenue



(+7% in DKK)

EBIT

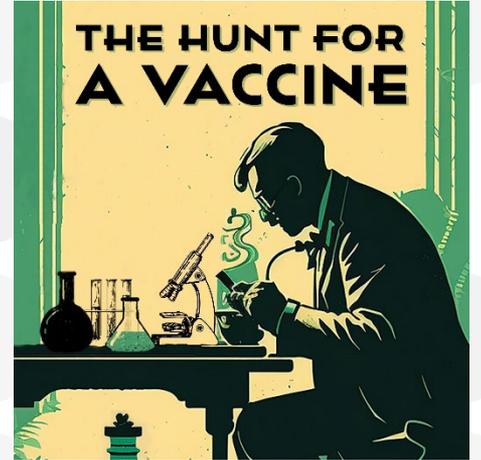


(+42% in DKK)



# Thanks to managers and staff - 100

*ALK's 100th birthday*



# Tablet sales in Europe

Growth in tablet sales in  
the first half of 2023

**0%**

Growth in tablet sales in  
the second half of 2023

**+13%**



# Partnership in Japan

Partnership with Torii:  
Tablets for house dust mite  
and cedar pollen allergies



Continued strong  
growth in tablet sales



Production capacity  
expanded



Co-operation  
extended



# Expansion in China

100 million Chinese  
suffer from house  
dust mite allergy



185 employees  
serve almost 700  
hospitals



ACARIZAX<sup>®</sup>  
application  
in process



# Targeted strategy for North America

Solid growth in  
Canada



Increased focus on  
paediatricians in the USA



# Children and adolescents

Two phase 3 paediatric studies successfully completed (MT-12 and TT-06)

Expected approval of two paediatric tablets will be an important milestone

10 million children suffer from uncontrolled respiratory allergies

House dust mite tablet

**MT-12**



Tree pollen tablet

**TT-06**



# New horizons

Two development projects  
with adrenaline pens



Phase 1 trial of peanut  
allergy tablet



# Approval of CO<sub>2</sub> targets

## Scope 1 & 2

Reduce our own CO<sub>2</sub> emissions  
by 42% in 2030



## Scope 3

80% of CO<sub>2</sub> to come from suppliers  
with science-based targets by 2028



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



# ALK's board of management



**Peter Halling\***  
President and CEO



**Claus Steensen Sølje\***  
Executive Vice President  
& CFO



**Henriette Mersebach\***  
Executive Vice President  
Research & Development



**Søren Daniel Niegel\***  
Executive Vice President  
Commercial Operations



**Christian G. Houghton**  
Executive Vice President  
Product Supply



**Lika Thiesen**  
Executive Vice President  
Global People & Organisation



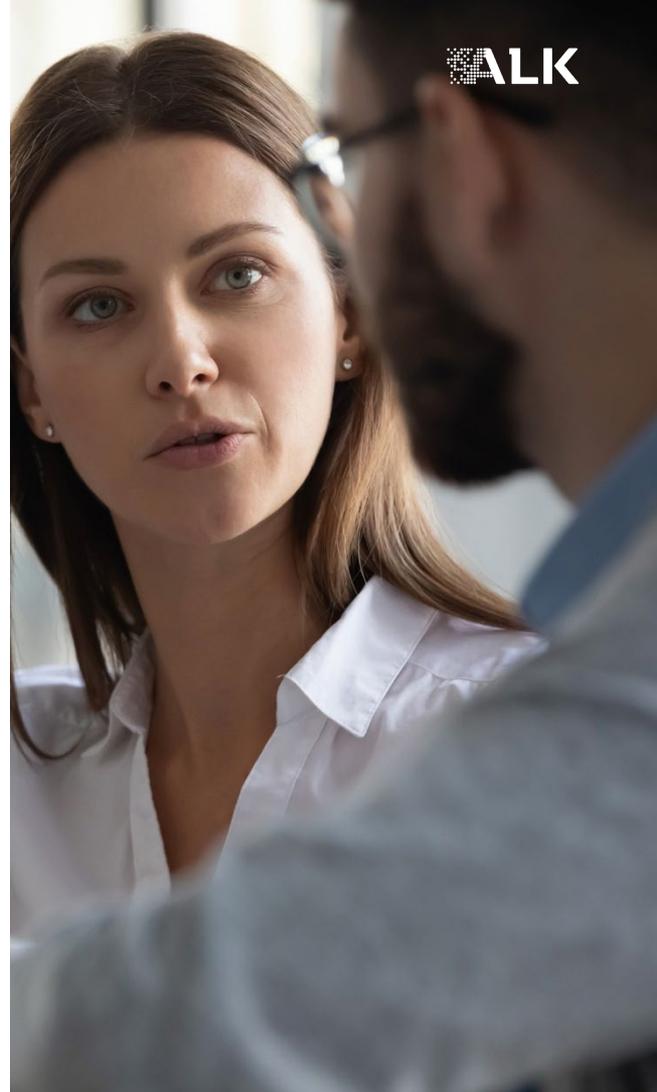
**Jan Engel Jensen**  
Senior Vice President  
Global Quality

Registered directors\*

# Corporate governance

*Self-assessment by the Board*

- ALK continues to comply with all 40 corporate governance guidelines from the Committee on Corporate Governance.



# Remuneration

- Board of Management base salary increased by 3.5%
- Most of the bonus targets were delivered.



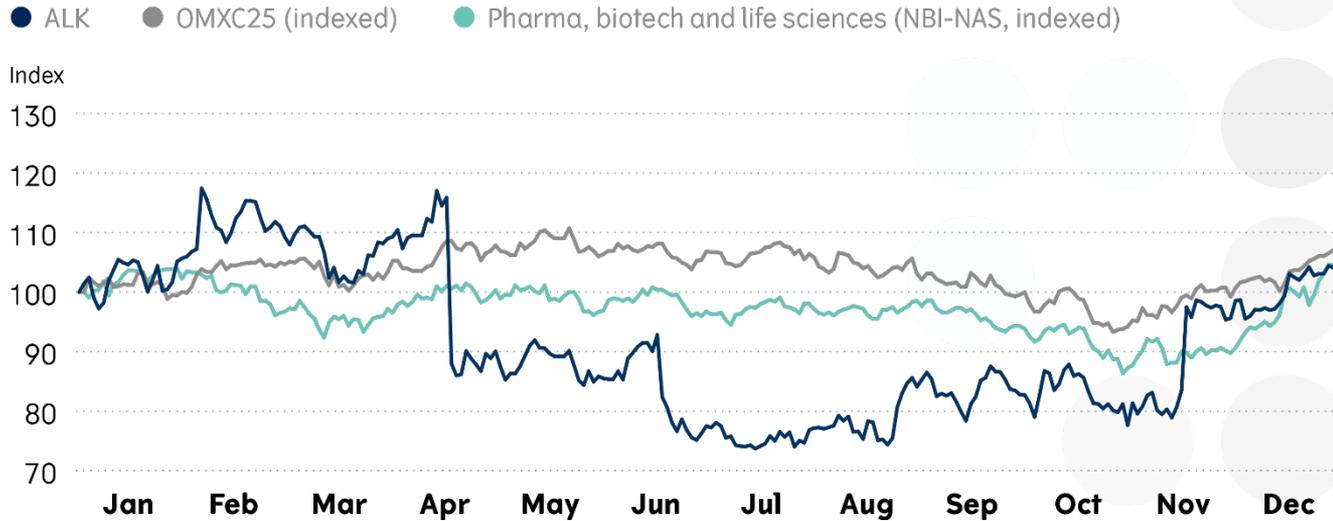
# Unchanged ambitions

- Review of the strategy is underway
- Focus on prioritising and freeing up resources to invest in growth
- Still aiming at an EBIT margin of approx. 25% in 2025 (profit target).



# Creating value for shareholders

*Development of ALK's share price in 2023*



Dividend freeze proposed for 2023 as well

**2023**

# Outlook for 2024

## Revenue

**9-12%**

Growth in local currency

## Assumptions

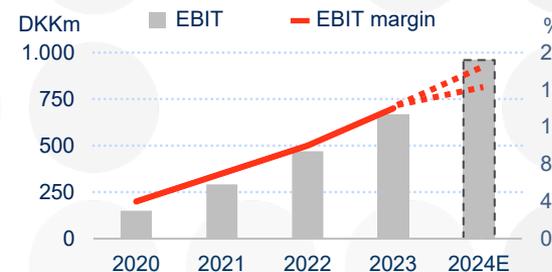
- Increasing sales in all regions and product groups
- Growth driven by tablet sales in particular

## EBIT

**17-19%**

Margin

- Research and development costs approx. 10% of revenue
- Increased efficiency



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# Re 5. Remuneration of the Board of Directors for 2024

## **The Board proposes unchanged remuneration**

- Base fee of DKK 350,000
- Double for the vice-chair = DKK 700,000
- Triple for the chair = DKK 1,050,000

## **The Board of Directors proposes unchanged remuneration for members of the Scientific Committee and the Remuneration and Nomination Committee**

- Base fee of DKK 100,000
- DKK 150,000 to the chair of each committee

## **The Board of Directors proposes unchanged remuneration to the members of the Audit Committee**

- Base fee of DKK 125,000
- DKK 187,500 to the chair of the committee

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## Re 6. Election of Chairman

The Board of Directors proposes that **Anders Hedegaard** be re-elected.

Anders Hedegaard is nominated as an independent member of the Board of Directors.



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## Re 7. Election of Vice-chair

The Board of Directors proposes that **Lene Skole** be re-elected.

Lene Skole is chief executive officer of the Lundbeck Foundation.

Lene Skole is nominated as a non-independent Board member.



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# Re 8. Election of other members

All members elected by the general meeting are up for election each year.

The Board of Directors proposes for re-election:

- **Gitte Aabo** (independent member)
- **Lars Holmqvist** (non-independent member)
- **Bertil Lindmark** (independent member)
- **Alan Main** (independent member)
- **Jesper Høiland** (independent member)



**Gitte Aabo**



**Lars Holmqvist**



**Bertil Lindmark**



**Alan Main**



**Jesper Høiland**

# Employee-elected representatives



**Katja Barnkob**  
Project Director



**Nanna Rassov Carlson**  
Manager



**Johan Smedsrud**  
Maintenance Supporter



**Lise Lund Mærkedahl**  
Project Director

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- **Alan Main** (independent member)
- **Jesper Høiland** (independent member)



**Gitte Aabo**



**Lars Holmqvist**



**Bertil Lindmark**



**Alan Main**



**Jesper Høiland**

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## Re 9. Appointment of auditor

The Board of Directors proposes that PwC Statsautoriseret Revisionspartnerselskab be re-appointed.

The appointment applies to auditing as well as assurance engagements relating to sustainability reporting.



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# Re 10a. Proposal from the Board of Directors

## ***(a) Indemnification of the members of the Board of Directors and the Board of Management***

As stated in the Company's remuneration policy, ALK maintains the usual directors' and officers' liability insurance ("D&O Insurance") for any direct personal liability that current and former members of the Board of Directors and the Board of Management ("Executive Officers") may incur in the performance of their duties.

If the cover under the D&O Insurance should be insufficient, ALK, like other Danish companies, has implemented an indemnification scheme which covers liability incurred by a Board member in some cases.

Following a recent guidance statement from the Danish Business Authority on indemnification of members of the board of directors and executive management, ALK has reviewed the existing indemnification scheme.

# Re 10b. Proposal from the Board of Directors

## ***(b) Amendment of the Articles of Association (indemnification scheme)***

The Board of Directors proposes that the adoption of the indemnification scheme, cf. item 10(a) of the agenda, be reflected in the Articles of Association by adding the following wording as a new Article 10, provided that item 10(a) on the agenda is adopted:

*“On 14 March 2024, the general meeting adopted a scheme for indemnification of members of the Board of Directors and the Board of Management (“Executive Officers”) in the event that the Company’s directors’ and officers’ liability insurance in place at any given time (“D&O Insurance”) provides insufficient cover (in terms of sum insured) compared to what is deemed necessary based on professional external advice and the Company’s activities and risk profile. On this basis, the Company shall indemnify the Executive Officers against any loss incurred by Executive Officers arising from any claim brought by a third party (other than companies in the ALK group) based on the Executive Officers’ performance of their duties as members of the Board of Management or the Board of Directors. Indemnification under the scheme excludes any loss relating to liability incurred by an Executive Officer arising out of that person’s fraudulent conduct, sanctioned offences under the applicable criminal law, wilful misconduct, or – where it is not possible to indemnify against grossly negligent conduct under Danish law – gross negligence. Indemnification under the scheme will be secondary to cover from other sources of indemnification or liability insurance and is conditional on cover under the D&O policy. The Board of Directors shall lay down provisions for the implementation and administration of the indemnification scheme.”*

The proposal entails a consequential change in the numbering of subsequent provisions in the Articles of Association.

# Re 10c. Proposal from the Board of Directors

## ***c) Approval of the remuneration policy***

The Board of Directors proposes that the Company's remuneration policy be approved, including the addition of the indemnification scheme, cf. item 10(a) on the agenda, to the remuneration policy, provided that item 10(a) on the agenda is adopted. The draft of the updated remuneration policy can be found on the company's website: <https://ir.alk.net/>

# Re 10d. Proposal from the Board of Directors

## ***(d) Authorisation of the chair of the meeting***

The Board of Directors proposes that the General Meeting authorise the chair, with power of delegation, to make such changes in and additions to the resolutions adopted at the General Meeting and to the notice of the meeting as may be required by the Danish Business Authority or other authorities in connection with the registration of the amendments adopted, and to continuously make and notify linguistic and other amendments with no impact on content in the company's Articles of Association.

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# Thank you for attending

Annual General Meeting of ALK

14 March 2024

