

Statutory Corporate Governance Statement for the financial year 2024

cf. art. 107b of the Danish Financial Statement Act

ALK-Abelló A/S

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CVR no. 63 71 79 16



Statutory Corporate Governance Statement for the financial year 2024, cf. art. 107b of the Danish Financial Statement Act

This statement forms part of the management's review in ALK-Abelló A/S' 2024 annual report covering the period 1 January to 31 December 2024.

Governing bodies

ALK has a two-tier management structure consisting of the Board of Directors and the Board of Management. The two boards are independent of each other.

The Board of Directors defines the strategic framework for ALK's action plans and activities on the basis of objectives, strategies and policies. Furthermore, on behalf of the shareholders, the Board of Directors supervises the organisation, monitors procedures and responsibilities and sees that the company is managed appropriately and in accordance with legislation and ALK's Articles of Association.

The Board of Directors appoints a Board of Management to undertake the day-to-day management of ALK. The Board of Directors sets out the terms and tasks of the Board of Management, supervises its work and seeks

a constructive dialogue with the Board of Management regarding the implementation of the selected strategies and the overall development of the company.

Composition of the Board of Directors

The Board of Directors consists of 11 members. Seven members, including the Chair and the Vice Chair, are up for re-election each year at the Annual General Meeting (AGM). Four members are employee-elected and serving four-year terms.

At the AGM in 2024, Anders Hedegaard was re-elected as Chair of the Board of Directors. Lene Skole was re-elected as Vice Chair. Gitte Aabo, Lars Holmqvist, Bertil Lindmark, Alan Main, and Jesper Høiland were all re-elected.

None of the members elected by the shareholders have been employed with ALK within the last five years, and none of them have an interest in ALK other than the interests they may have as shareholders. The Board of Directors has an overweight of independent, shareholder-elected members, since five board members (out of seven) in 2024 can be considered independent according to the definitions set by the Danish Committee on Corporate Governance.

The Board of Directors represents international business experience from managerial positions in a variety of industries, particular regard is given to the members' insight into the management and globalisation of R&D driven companies. The Board of Directors is deemed to have the competencies relevant to further ALK's development. The board members are presented on pages 33-34 of the 2024 annual report along with details on their specific competencies, managerial positions, etc.

The Board of Directors' activities

The Board of Directors' work follows a calendar, ensuring the consideration of all relevant topics over the year. In 2024, the Board of Directors held 13 meetings (11 in 2023); the meeting held on 14-15 March was a strategy seminar focusing on ALK's growth strategy. All members have been present at the meetings, apart from Lars Holmqvist, who was excused at three meetings, Alan Main and Lise Lund Mærkedahl who were excused at two meetings, and Bertil Lindmark and Katja Barnkob, who both were excused at one meeting.

The Board of Directors has appointed three committees: The Audit Committee, the Remuneration & Nomination Committee, and the Scientific Committee. The committees'

members can be seen below. The charters of the committees are available on the corporate website.

In 2024, The Audit Committee held five meetings (five in 2023), the Remuneration & Nomination Committee held five meetings (six in 2023), while the Scientific Committee met three times (six in 2023). All persons have been present at the committee meetings. An overview of meeting attendance can be found in the annual report on page 28.

Every year, the Board of Directors conducts a comprehensive self-evaluation to assess its performance, including the contributions of the individual board members as well as the achievements of the Board of Directors collectively. This year, the process combined a detailed questionnaire, covering topics such as strategic oversight, risk management, IT/cybersecurity, ESG, and collaboration, with a workshop facilitated by external consultants. The workshop aimed to further enhance the collaboration between the Board of Directors and the Board of Management. Feedback highlighted improvements in scores compared to previous years, demonstrating the Board of Directors' continued focus on strengthening its role and effectiveness.

Key conclusions were positive, emphasising the Board of Directors' open, fact-based discussions, strong engagement, and alignment on strategic initiatives. Feedback demonstrated continued satisfaction with the Board of Directors' efficiency, processes, and the work of its committees. The Board of Management's openness to feedback and its practice of involving the Board of Directors early in key strategic dilemmas were particularly appreciated. The collaborative dynamics between the Board of Directors and the Board of Management were noted as a key enabler of effective decision-making, with a healthy balance of interactions fostering alignment on corporate objectives.

The evaluation identified IT/cybersecurity and ESG as areas requiring a sustained attention. Looking ahead, key priorities include the long-term strategy for the U.S. business, together with ensuring the overall development of the company, including R&D initiatives and pursuing opportunities to support ALK's growth. In addition, the Audit Committee, the Remuneration & Nomination Committee, and the Scientific Committee evaluated their work and their cooperation with the Board of Management. The outcome of the evaluations is that the committees are working well with an adequate composition.

For the period until 22 March 2028, the Board of Directors is authorised to let ALK acquire up to 10% of the Company's own B shares at the market price for B shares on the date of acquisition, subject to a deviation of up to 10%.

For the period up to and including 15 March 2027, the Board of Directors is authorised to increase the company's share capital by one or more issues of new shares with a nominal value of up to DKK 11,141,196, equivalent to AA shares with a nominal value of up to DKK 1,012,836, and B shares with a nominal value of up to DKK 10,128,360. The Board of Directors has a standing authorisation to decide to pay extraordinary dividend. However, the Board of Directors has currently temporarily suspended dividend payments as part of ALK's growth strategy.

Remuneration

The Board of Directors is required to prepare a remuneration policy governing the remuneration for the Board of Directors and Board of Management, cf. sections 139 and 139a of the Danish Companies Act. Further, the Board of Directors is required to ensure that information on remuneration including incentives for the Board of Directors and Board of Management is provided in a remuneration report, cf. section 139b of the Danish Companies Act. The remuneration policy is subject to approval by shareholders and was last approved at the AGM in 2024. The annual remuneration report is also subject to approval by shareholders and is approved at the AGM each year.

- 🔗 The current remuneration policy is available at <https://ir.alk.net/corporate-governance>.
- 🔗 Remuneration report 2024.

Board of Directors

	Audit Committee	Remuneration & Nomination Committee	Scientific Committee
Anders Hedegaard, Chair		Chair	Member
Lene Skole ¹ , Vice Chair		Member	Member
Gitte Aabo	Chair		
Katja Barnkob ²			
Nanna Rassov Carlson ²			
Lars Holmqvist ¹	Member		
Jesper Høiland	Member		
Bertil Lindmark			Chair
Lise Lund Mærkedahl ²			
Alan Main		Member	
Johan Smedsrud ²			

¹ These board members are not regarded as independent in the sense of the definition contained in the Danish recommendations on Corporate Governance due to being affiliated with the Lundbeck Foundation which owns 40.3 % of ALK's shares

² Employee-elected members

Risks related to financial reporting

ALK has designed a number of internal control and risk management systems to ensure that its financial statements provide a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act. The systems also support appropriate accounting policies and accounting estimates.

ALK's risk management and internal controls in connection with the financial reporting process, including IT and tax, are designed with a view to reducing risks to an accept-

able level rather than eliminating the risk of errors and omissions in the Group's financial reporting.

Control environment

The primary responsibility for the Group's risk management and internal controls in relation to the financial reporting process rests with the Board of Directors and the Board of Management. These two boards are responsible for establishing and approving general policies, procedures and controls in key areas connected with the financial reporting process. The Board of Directors has established an Audit Committee with an advisory

role relatively to the Board of Directors on internal controls in the financial reporting procedures, special financial and accounting issues, evaluation of financial reporting and other financial information and risk management.

The Board of Directors will, on an on-going basis, assess if there is a need for establishing an internal audit. Based on the size, accounting, and auditing complexity of ALK, the financial controlling will be undertaken by the Corporate Finance function and the individual affiliates.

The Board of Management is responsible for the day-to-day maintenance of an efficient control environment and risk management systems in connection with the financial reporting process. Managers at various levels are responsible within their respective areas.

The policies, procedures and manuals that have been adopted are available on the Group's intranet, and the importance of compliance with these precepts is regularly emphasised. Guidelines for persons authorised to sign for the company are provided through a formalised and documented distribution of responsibilities. The risk of fraud is mitigated through organisational segregation of incompatible functions and the use of preventive and detective internal controls. The controls are both IT-based and manual.

ALK's control environment consists of its organisational structure and internal guide-

lines based on legislation and applicable recommendations.

ALK has established a whistle-blower scheme, which allows for confidential and anonymous reporting of potentially or suspected wrongdoings related to ALK's activities. The scheme minimises the risk of illegalities and irregularities within the areas of financial crime, environmental pollution or inappropriate conduct, as well as other circumstances that may be to the detriment of ALK.

Risk assessment

There is a relatively greater risk of error in items in the financial statements that are based on estimates or that are generated through complex processes. ALK performs continual risk assessments to identify such items and to assess the scope of the related risks.

Note 1.2 to the financial statements of the annual report for 2024 ('Significant accounting estimates and judgements') contains a list of the estimates and assessments that are considered material to financial reporting including a reference to the respective notes where the estimates and assessments are described in further details.

Control activities

The purpose of the control activities is to prevent, detect and correct possible errors or irregularities. These activities are integrated in the company's accounting and reporting procedures and include procedures such as

certification, authorisation, approval, reconciliation, result analysis, segregation of incompatible functions as well as controls relating to IT applications and general IT controls. The Corporate Finance function also conducts control activities aimed at ALK's subsidiaries and selected key processes.

Information and communication

The company maintains information and communications systems to ensure that its financial reporting is correct and complete. Guidelines for reporting and end-of-month procedures are updated regularly and reviewed at least once a year. These guidelines are available to the relevant staff on ALK's intranet. Amendments to accounting procedures are announced and explained in instructions from the Corporate Finance function.

Monitoring

ALK uses a comprehensive, standardised financial management system, which contributes to the monitoring of the ALK Group's results. The system facilitates early detection and correction of possible errors and irregularities in the Group's financial reporting.

All companies report detailed monthly accounting data that are analysed and monitored at Group and regional level.

ALK applies a uniform accounting practice in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Finan-

cial Statements Act, which is described in the corporate accounting manual. The accounting manual contains accounting and assessment principles and reporting instructions, which must be strictly observed by all companies of the Group. The manual is updated and reviewed continually, and compliance with the manual is monitored at Group level.

The Board of Management informs the Audit Committee on the degree of compliance with the principles and instructions in the manual.

Corporate Governance

The Danish Committee on Corporate Governance (<https://corporategovernance.dk/english>) has drawn up a set of recommendations on corporate governance that has been adopted by Nasdaq Copenhagen. The recommendations are considered to be in compliance with the OECD's current principles of corporate governance. ALK's Board of Directors has continuously taken the Committee's guidelines into consideration.

- The Board of Directors' 'comply or explain' review of all 40 guidelines is available at <https://ir.alk.net/corporate-governance>. ALK is in compliance with all the guidelines.

Design and production: **Noted**

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