

Remuneration report 2023

# Allergy solutions for life



**ALK-Abelló A/S**

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## Introduction

The purpose of the remuneration report is to provide an overview of the total remuneration for members of the Board of Directors and members of the Board of Management registered with the Danish Business Authority in 2023. The report aims to explain how the remuneration for each is linked to ALK's remuneration policy and business strategy, and is prepared in accordance with section 139b of the Danish Companies Act

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Find more information about ALK at [www.alk.net](http://www.alk.net)

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# Remuneration policy

The overall purpose of the remuneration policy is to provide a framework covering all elements of the remuneration for the Board of Directors and the Board of Management, and to ensure that ALK's shareholders have an effective say on the remuneration, based on an understandable and comprehensive overview of the remuneration provided by ALK.

The objectives of the remuneration policy are to:

- Attract, motivate, and retain qualified members of the Board of Directors and Board of Management
- Align the remuneration component with the interests of the shareholders
- Contribute to the promotion of value creation in ALK and support the business strategy
- Ensure that the rewards for individual members of the executive management reflect company performance and individual results

Prior to the AGM in March 2023, a thorough review of the remuneration policy was made to ensure continued alignment to regulatory requirements, interest of stakeholders and ALK's strategic priorities and to align the policy to market practice within peer companies in the life science industry.

Following the review, several updates were made to the policy (a summary of the changes can be found on page 4). The updated remuneration policy was approved at the Company's annual general meeting (AGM) in March 2023.



#### Find out more

The Remuneration policy can be found on ALK's website: <https://ir.alk.net/corporate-governance>



## Summary of changes to the remuneration policy

### Board of Directors

**Travel Compensation:** Members of the Board of Directors may receive fixed travel allowances and compensation for travel activities related to Board and Committee meetings outside their country of residence.

**Social Security Taxes:** Social security taxes and similar taxes imposed on Board Members' fees by foreign authorities may be paid by ALK.

### STI & LTI plans

**Adjustment of KPIs:** the Board of Director's may waive or adjust a KPI in case the KPIs has become obsolete, irrelevant and/or improper due to unforeseen circumstances.

**Exercise period for share options:** the exercise period has been prolonged from two years to four years after the vesting date.

**Cap on LTI plans:** A cap to the maximum value gain at vesting and/or exercise in one calendar year equivalent to four (4) times the annual base salary at grant will apply.

**Shareholding requirement:** To remain eligible to participate in the LTI plan, the CEO will be required to hold shares for a value corresponding to the CEO's annual base salary and for CFO and EVPs corresponding to 6 months' base salary.

**Clawback:** the Company has the right to clawback remuneration to the fullest extent possible under applicable law in case the remuneration has been granted, earned or paid on incorrect or misstated information or in case of gross negligence or willful misconduct.

### Other

**Notice periods:** notice periods allow up to 12 months for both ALK and the members of the Board of Management.

**Extraordinary remuneration:** the Board of Directors may – based on recommendation from the remuneration and nomination committee - award extraordinary remuneration for recruitment and retention purposes if this is deemed in the interest of ALK's shareholders and ALK's long-term interests.

**Relative share of remuneration components:** The relative share of each remuneration component in different scenarios have been included in the policy. Furthermore, the value of benefits given to the members of the Board of Management may not exceed 10% of the annual base salary.

**Deviations from Policy:** the Board of Director's may deviate from the policy on all remuneration elements in case a deviation is in the interest of shareholders and/or ALK's long-term interests.

**Clarification of formal and procedural matters:** clarifications have been implemented concerning the process for measuring KPI performance and clarifying that KPIs applicable to variable remuneration may be financial and/or non-financial.

# Remuneration & Nomination Committee

The Board of Directors has established a Remuneration & Nomination Committee which consists of a minimum of three members of the Board, who are usually elected at the AGM for a period of one year.

The Board aims to have a majority of independent Board members serving on the Remuneration & Nomination Committee and, with the following members of Board of Directors serving on the Remuneration & Nomination Committee in 2023, this aim was met.

- Anders Hedegaard (appointed Chair)
- Lene Skole
- Alan Main

The Remuneration & Nomination Committee supports the Board of Directors in the implementation and governance of the approved remuneration policy, and helps ensure policies, practices, nominations, and succession plans are consistent with, and support, the strategic direction and objectives of ALK. The Remuneration & Nomination Committee meets at least four (4) times a year, or when-

ever necessary to ensure adequate time for the topics to be handled by the committee in accordance with the Remuneration & Nomination Committee Charter. In 2023, the committee held six (6) meetings with a 100% attendance record for all members.

In addition to the recurrent agenda items on the annual wheel in 2023 to follow the Committee Charter, the Remuneration & Nomination Committee has focused on:

- Recruitment and on-boarding of new members to the Board of Management and as well as the Board of Directors.
- Refinement of the long-term incentive plan to secure a continued strong link to shareholder's interest and the company's strategic direction and the align the plan to general market practices.
- Update of the remuneration policy to ensure continued alignment to regulatory requirements, interest of stakeholders and ALKs strategic priorities and to align the remuneration policy to market practice within peer companies in the life science industry (see page 4 for details.)
- Review of activities to strengthen diversity and inclusion in the company including activities supporting

ALK in reaching a balanced number in male and female managers at all management levels.

## Advisory vote on remuneration report 2022

ALK's 2022 remuneration report was presented at the AGM in March 2023 for an advisory vote. There were no comments to the remuneration report at the meeting, and the report was approved by shareholders, with 91.1% of votes cast being in favor, and 7.1% being against its adoption. The remaining 1.8% of votes were recorded as abstentions.

Based on the advisory vote at the AGM as well as feedback from investors, the 2023 report will include more easily accessible information on the split between variable and fixed pay for the Board of Management and on the benchmarking of compensation packages for the Board of Management.



### Find out more

The Remuneration & Nomination Charter can be found on ALK's website: <https://ir.alk.net/corporate-governance/board-of-directors>

# 2023 financial highlights

In 2023, ALK successfully delivered financial results in line with the outlook. We treated 2.4 million people and remain committed to deliver best in class treatments to improve the lives of the many people living with moderate to severe allergies, as we have done consistently over the past 100 years.

During the year, ALK faced a challenging market environment, including a mandated increase in rebates in our largest market, Germany, stagnating tablet sales in Europe during the first half of the year, supply chain issues affecting the adrenaline auto-injector Jext®, continued inflation, and a complex geopolitical situation. ALK navigated these challenges and the leadership changes, delivering both strategic and financial

progress. Revenue increased by 9% growth in all sales regions. Earnings (EBIT) increased by 50% in local currencies to DKK 666 million, driven by top-line growth, margin expansion and efficiencies.

SCIT and tablets were the main growth drivers globally with double-digit growth for both product segments.

In 2023, ALK obtained robust data from two large-scale Phase 3 trials involving the house dust mite (HDM) and tree pollen tablets in children. In Japan, the partnership with Torii was expanded to also include ALK's grass allergy tablet. The work to expand the Chinese organisation continued ahead of the planned launch of the HDM-tablet following the approval currently expected in 2024. Establishing new prescriber networks for tablets is also a priority in the USA, where ALK increasingly reach out to new prescribers, particularly paediatricians. Work on ALK's initiatives beyond respiratory allergies

## Revenue by geography

Amounts in DKKm	2023	Growth (l.c.)	2022
Europe	3,216	6%	3,058
North America	908	9%	857
International markets	700	23%	596
<b>Total revenue</b>	<b>4,824</b>	<b>9%</b>	<b>4,511</b>

## Revenue by geography

- Europe
- North America
- International markets

### 2023



### 2022



continues with recent progress with the programme to develop new, mainstream treatments for potentially life-threatening food allergy, leveraging ALK's existing tablet technology.

## Revenue by product line

Amounts in DKKm	2023	Growth (l.c.)	2022
SCIT/SLIT-drops	1,939	12%	1,748
SLIT-tablets	2,296	11%	2,102
Other products and services	589	-9%	661
<b>Total revenue</b>	<b>4,824</b>	<b>9%</b>	<b>4,511</b>

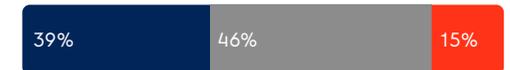
## Revenue by product line

- SCIT/SLIT-drops
- SLIT-tablets
- Other

### 2023



### 2022



### Find out more

The full account of ALK's financial performance in 2023 can be found in the company's annual report, which can be found on ALK's website.

# Board of Directors

## Members of the Board of Directors

At the AGM, held on 23 March 2023, Jesper Høiland joined the Board of Directors replacing Jacob Riis, who resigned from the Board of Directors in March 2023.

Following Jacob Riis' resignation from the Board, Gitte Aabo was elected Chair of the Audit Committee while Jesper Høiland and Lars Holmqvist joined as members. Anders Hedegaard left the audit committee but continues as Chair of the Remuneration & Nomination Committee and member of the Scientific Committee.

An election to find employee representatives was held in the beginning of 2023. With seven (7) shareholder elected members on the Board four (4) employee representatives were to be elected for the Board. Following the election Lise Lund Mærkedahl joined the Board as new employee representative along with Johan Smedsrud, Katja Barnkob and Nanna Rassov Carlson, who were all re-elected.

With these changes, from March 2023 the Board of Directors consisted of a total of 11 members, of which, seven (7) were shareholder-elected, and four (4) were employee-elected members.

## Members of the Board of Directors and board committees

	Board of Directors	Audit Committee	Remuneration & Nomination Committee	Scientific Committee
Anders Hedegaard	Chair		Chair	Member
Lene Skole*	Vice Chair		Member	Member
Gitte Aabo	Member	Chair		
Lars Holmqvist*	Member	Member		
Jesper Høiland (joined March 2023)	Member	Member		
Bertil Lindmark	Member			Chair
Alan Main	Member		Member	
Jacob Riis (resigned March 2023)	Member	Chair		
Katja Barnkob**	Member			
Nanna Rassov Carlson**	Member			
Lise Lund Mærkedahl** (joined March 2023)	Member			
Johan Smedsrud**	Member			

\* These Board members are not regarded as independent in the meaning of the Danish Recommendations on Corporate Governance due to their affiliation with the Lundbeck Foundation, which owns 40.3% of ALK shares

\*\* Employee-elected members of the Board of Directors

**Remuneration structure**

All members of the Board of Directors receive an annual cash base fee for their work on the Board. In addition, an annual fee is paid to members of the Board who serve as a member or chair on the Board’s committees. Fees are paid quarterly for the three (3) months preceding payment. In addition, all members of the Board of Directors are reimbursed for travel costs associated with their participation in Board or committee meetings.

Members of the Board of Directors are eligible to receive an additional fixed fee should they undertake ad hoc tasks that fall outside the scope of their normal duties as a Board member. Any additional fixed fee is determined

by the Board of Directors and ends when the work is completed. Furthermore, members of the Board of Directors may receive a fixed travel allowance as compensation for travel activities to Board and Committee meetings.

Members of the Board are not offered share options, performance shares or other incentives as payment for their work on the Board or committees, and there is no requirement for members of the Board to hold shares in ALK. Employee-elected members of the Board of Directors are eligible to participate in the general incentive plans for employees of ALK.

**Board and Committee fees 2023**

	Board of Directors		Audit Committee		Remuneration & Nomination Committee		Scientific Committee	
	Multiplier	DKK†	Multiplier	DKK†	Multiplier	DKK†	Multiplier	DKK†
Chair	3.0	1,050	0.54	188	0.43	150	0.43	150
Vice Chair	2.0	700	-	-	-	-	-	-
Member	1.0	350	0.36	125	0.29	100	0.29	100

† The Board’s committees do not appoint a Vice Chair and therefore a multiplier is not applicable.



### Remuneration 2023

The remuneration for the Board of Directors is reviewed annually against a benchmark for Boards of Directors in comparable Danish companies. The fees for serving on the Board of Directors and the Board Committees remained unchanged in 2023.

The actual remuneration payments for the Board of Directors in 2023 followed the remuneration structure for fees for the Board and committees. For Jakob Riis, Jesper Høiland and Lise Lund Mærkedahl the annual base fee and committee fees were applied on a pro rata basis, corresponding to the periods served in 2023. The total remuneration for the Board in 2023 amounted to DKK 5.957 million versus DKK 5.593 million in 2022. The increase is mainly a result of the increase in number of employee elected representatives from three (3) to four (4).

There were no payments of additional fees for ad hoc activities to members of the Board of Directors and no payment of travel fees in 2023.

### Remuneration for the Board of Directors 2023

Amounts in DKK†	Base fee 2023	Committee fees 2023	Total fees 2023	Total fees 2022
Anders Hedegaard	1,050	279	1,329	1,425
Lene Skole	700	200	900	900
Gitte Aabo	350	173	523	475
Lars Holmqvist	350	96	446	350
Jesper Høiland (joined March 2023)**	270	96	366	-
Bertil Lindmark	350	150	500	500
Alan Main	350	100	450	356
Jakob Riis (resigned March 2023)	80	43	123	538
Katja Barnkob	350	-	350	350
Nanna Rassov Carlson	350	-	350	350
Lise Lund Mærkedahl (joined March 2023)**	270	-	270	-
Johan Smedsrud	350	-	350	350
Former members of the Board	-	-	-	-
<b>Total payments to the Board of Directors*</b>	<b>4,820</b>	<b>1,137</b>	<b>5,957</b>	<b>5,593</b>

\* Excluding social security taxes or similar taxes paid by ALK amounting to less than 100.000 DKK per year and excluding reimbursed expenses for board members in connection with board meetings e.g. for travel or accommodation.

\*\* Fees for Jesper Høiland and Lise Lund Mærkedahl were adjusted on a pro rata basis to reflect the periods served on the Board and its committees in 2023

# Board of Management

## Members of the Board of Management

In 2023, three new members joined the Board of Management in ALK. On 1 March 2023, Henriette Mersebach joined ALK as Executive Vice President for Research and Development (EVP R&D) taking over from Henrik Jacobi, while Claus Steensen Søjle joined ALK on 1 June 2023, as Executive Vice President and Chief Financial Officer (CFO) replacing Søren Jelert. On 1 November 2023, Peter Halling joined ALK as President and Chief Executive Officer (CEO) taking over the position from Carsten Hellmann.

With these changes, the Board of Management at ALK consisted of the following four (4) registered members at the end of 2023:

- Peter Halling, President and Chief Executive Officer (CEO)
- Claus Steensen Søjle, Executive Vice President and Chief Financial Officer (CFO)
- Søren Niegel, Executive Vice President Commercial Operations (EVP CO)
- Henriette Mersebach, Executive Vice President Research and Development (EVP R&D)

## Remuneration structure

The Remuneration policy approved at the AGM in March 2023 provided the framework for the remuneration for the Board of Management in 2023 including sign-on and severance payments except for the sign-on for the EVP R&D, Henriette Mersebach. This was agreed prior to approval of the updated Remuneration Policy and therefore was governed by the Remuneration Policy approved in March 2021.

Remuneration for the Board of Management consists of both fixed components (base pay, pension, and benefits), and variable components (short-term cash incentives and

long-term incentives in the form of performance shares and share options).

The purpose of the remuneration components is to link the total remuneration to the principles in the remuneration policy by providing market-competitive remuneration based on pay-for-performance and ensuring alignment with shareholders' interests in driving value creation and reinforcement of ALK's business objectives, vision, and culture.

The Remuneration & Nomination Committee reviews the remuneration of each member of the Board of Manage-

## Remuneration structure

### Fixed remuneration



+

### Variable remuneration



=



ment annually against benchmarks for positions at similar levels among comparable Danish based listed companies with global reach using data and methodology for benchmarking from Mercer, an external benchmark advisor. Among the companies included in the benchmark are companies such as Chr. Hansen, LeoPharma, Coloplast, GN Store Nord, Ferring and Haldor Topsøe.

The remuneration for the individual member of Board of Management is reviewed on both annual base salary and total compensation. Furthermore, the proportion of each pay component (annual base salary, pension, benefits, STI and LTI) in the total compensation is reviewed to ensure the proportion of each component is aligned to the Remuneration policy and remains aligned to market.

Any proposed changes to the total remuneration or to individual pay-elements following the annual review is subject to approval by the Board of Directors.

### Components in the remuneration of the Board of Management

	Objective	Remuneration level	Performance measure
Base salary	Attract and retain qualified executives.	On a par with the benchmark for similar, listed companies in Denmark and Europe.	n/a
Pension	Attract and retain qualified executives.	The EVPs have a pension scheme into which the company contributes the equivalent of 15% of the individual's base salary.	n/a
Benefits	Attract and retain qualified executives.	ALK offers the Board of Management customary benefits (e.g., car, insurance) with a value of maximum 10% of the annual base salary	n/a
Short-term incentives (STIs)	Ensure a clear link between value creation and bonus payment.	The target bonus is up to 50% of the annual base salary, with a potential maximum pay-out of up to double the STI target (i.e., 100% of the annual base salary) depending on the fulfilment of defined key performance indicators (KPIs) linked to the STI plan.	Bonus pay-out is based on fulfilment of defined financial and non-financial KPIs as well as a set of individually defined KPIs for each of the members of the Board of Management.
Long-term incentives (LTIs)	Reward long-term value creation and align with the interests of the shareholders.	At the time of grant, the combined fair value of share options and performance shares is up to 50% of each executive's annual base salary. At vesting, the plan will vest at 0-200% depending on the fulfilment of defined KPIs linked to the LTI plan.	The KPIs relate to key financial figures and the achievement of strategic initiatives.

### Remuneration 2023

The remuneration provided for the Board of Management in 2023 followed the structure and principles outlined in the Remuneration policy for all pay components. There were no deviations from the policy in the remuneration for the Board of Management in 2023 and no changes were made to the pay elements or pay composition. The

members of the Board of Management did not receive remuneration from subsidiaries of ALK in 2023.

The total remuneration for the Board of Management on ordinary pay elements amounted to DKK 32,475 million in 2023 compared to DKK 38,712 million in 2022. A lower STI payment in 2023 compared to 2022 is the main expla-

nation for the decrease in total payment on ordinary pay elements. In addition to the ordinary pay-elements, severance pay and sign-on compensation were paid to members of the Board of Management in 2023 increasing the total remuneration to the board of management to DKK 78,131 million in 2023.

Amounts in DKK/t	CEO Carsten Hellmann		CEO Peter Halling		CFO Søren Jelert		CFO Claus Søjle		EVP, CO Søren Niegel		EVP RD Henrik Jacobi		EVP RD Henriette Mersebach		Total payment to Board of Management	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Base salary	7,128	8,265	1,200	-	1,486	3,566	2,100	-	3,390	3,275	528	3,058	2,417	-	18,249	18,164
Pension & Benefits	204	245	201	-	330	785	461	-	628	607	98	566	512	-	2,434	2,204
<b>Total Fixed Remuneration</b>	<b>7,332</b>	<b>8,510</b>	<b>1,401</b>	-	<b>1,816</b>	<b>4,351</b>	<b>2,561</b>	-	<b>4,018</b>	<b>3,882</b>	<b>626</b>	<b>3,624</b>	<b>2,929</b>	-	<b>20,683</b>	<b>20,368</b>
<i>Total Fixed (% of total)</i>	<i>62%</i>	<i>48%</i>	<i>70%</i>	<i>n/a</i>	<i>76%</i>	<i>57%</i>	<i>62%</i>	<i>n/a</i>	<i>62%</i>	<i>56%</i>	<i>75%</i>	<i>56%</i>	<i>60%</i>	<i>n/a</i>	<i>64%</i>	<i>53%</i>
STI (cash bonus)	3,421	5,857	600	-	574	2,087	811	-	1,309	1,917	204	1,790	933	-	7,852	11,652
LTI (Value at grant)	1,004	3,232	-	-	-	1,247	735	-	1,186	1,145	-	1,068	1,015	-	3,940	6,692
<b>Total Variable Remuneration</b>	<b>4,425</b>	<b>9,089</b>	<b>600</b>	-	<b>574</b>	<b>3,334</b>	<b>1,546</b>	-	<b>2,495</b>	<b>3,063</b>	<b>204</b>	<b>2,858</b>	<b>1,948</b>	-	<b>11,792</b>	<b>18,344</b>
<i>Total Variable (% of total)</i>	<i>38%</i>	<i>52%</i>	<i>30%</i>	<i>n/a</i>	<i>24%</i>	<i>43%</i>	<i>38%</i>	<i>n/a</i>	<i>38%</i>	<i>44%</i>	<i>25%</i>	<i>44%</i>	<i>40%</i>	<i>n/a</i>	<i>36%</i>	<i>47%</i>
<b>Total Remuneration 2023</b>	<b>11,757</b>	<b>17,599</b>	<b>2,001</b>	-	<b>2,390</b>	<b>7,685</b>	<b>4,107</b>	-	<b>6,513</b>	<b>6,945</b>	<b>830</b>	<b>6,482</b>	<b>4,877</b>	-	<b>32,475</b>	<b>38,712</b>
<i>Sign-on (cash)</i>	-	-	-	-	-	-	750	-	-	-	-	-	-	-	750	-
<i>Sign-on LTI (value at grant)</i>	-	-	10,000	-	-	-	10,000	-	-	-	-	-	2,300	-	22,300	-
<i>Severance payment</i>	22,606	-	-	-	-	-	-	-	-	-	-	-	-	-	22,606	-
<i>Total remuneration 2023 incl. sign-on and severance payment</i>	<i>34,363</i>	<i>17,599</i>	<i>12,001</i>	-	<i>2,390</i>	<i>7,685</i>	<i>14,857</i>	-	<i>6,513</i>	<i>6,945</i>	<i>830</i>	<i>6,482</i>	<i>7,177</i>	-	<i>78,131</i>	<i>38,712</i>
Months employed	10	12	2	-	5	12	7	-	12	12	2	12	10	-		

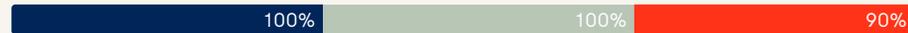
## Variable pay element as % of annual base salary

### TARGET proportion of pay element in total remuneration in 2023

- Base salary
- Short-term incentive
- Long-term incentive (grant value)

#### CEO

Performance at or above maximum



Performance at target



Performance below threshold



#### CFO and EVPs

Performance at or above maximum



Performance at target

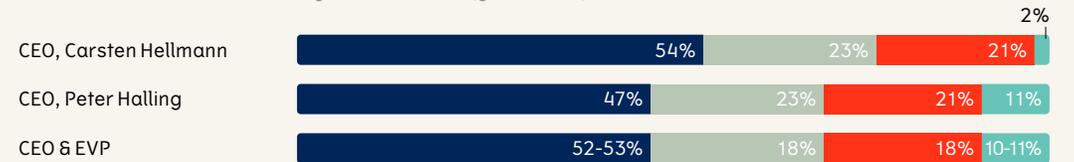


Performance below threshold



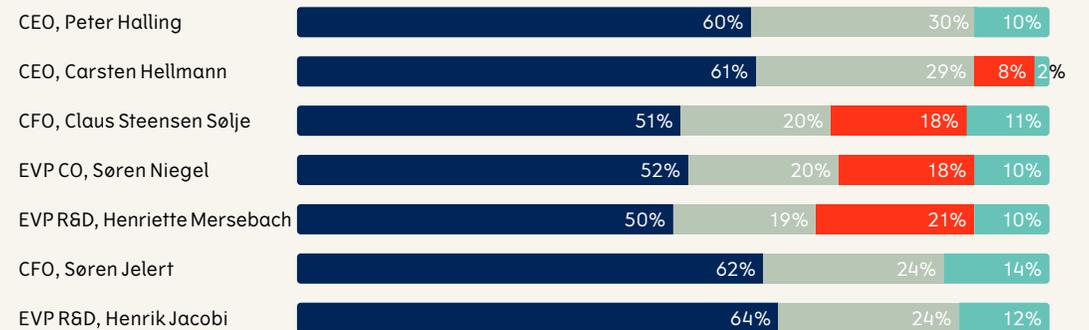
### TARGET proportion of pay element in total remuneration in 2023

- Base salary
- Short-term incentive
- Pension and benefits
- Long-term incentive (grant value)



### ACTUAL proportion of each pay element in total remuneration (excl. sign-on)

- Base salary
- Short-term incentive
- Pension and benefits
- Long-term incentive (grant value)



# Payments for the management

## CEO Peter Halling

The payment for Peter Halling totaled DKK 2.0 million in 2023 excluding including sign-on. The base salary payment for the period November and December 2023 totaled DKK 1.2 million.

The STI cash bonus payment was pro-rated to cover the employment period in ALK in 2023 and totaled DKK 0.6 million. The bonus plan was settled at target due to the short time of employment in ALK in 2023. The CEO does not have individual KPIs attached to the STI plan.

Peter Halling did not participate in the annual LTI plan for 2023.

Restricted Stock Units for a value of DKK 10 million were granted in connection with the commencement of duties in ALK.

## CFO Claus Steensen Sølje

The payment for Claus Steensen Sølje totaled DKK 4.1 million excluding sign-on for the period from June to December.

The STI cash bonus payment was pro-rated to cover the employment period in 2023 and totaled DKK 0.8 million. This corresponded to 110 % of the target bonus and reflects solid performance on the financial and non-financial KPIs. On individual KPIs, the CFO was measured on targets related to ALK's strategy.

Claus Steensen Sølje participated in the annual LTI plan with a value of DKK 0.7 million corresponding to 35% of the annual base salary pro-rated for the period June – December 2023.

Stock options with a value of DKK 10 million and a cash sign-on of DKK 0.8 million were granted in connection the commencement of duties in ALK.

## EVP CO Søren Nielgel

The payment for Søren Nielgel totaled DKK 6.5 million in 2023. This represented a decrease of 6.6 % compared to 2022 caused by a lower STI payment in 2023.

The base salary for the EVP Commercial Operations was increased by 3.5% in line with the general increase for employees in Denmark.

The STI cash bonus payment totaled DKK 1.3 million, corresponding to 110 % of the target bonus. On the individual KPIs, the EVP CO was measured on targets related to ALK's strategy.

Søren Nielgel participated in the annual LTI plan for 2023 with a value corresponding to 35% of the annual base salary.

## EVP R&D Henriette Mersebach

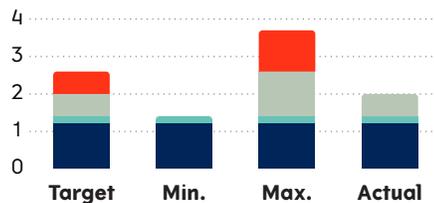
The payment for Henriette Mersebach totaled DKK 4,9 million excluding sign-on for the period March to December 2023.

The STI cash bonus payment totaled DKK 0.9 million, corresponding to 110 % of the target bonus. On the individual KPIs, the EVP R&D was measured on targets related to ALK's strategy.

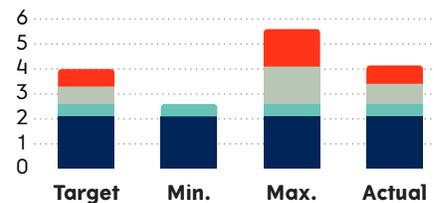
Henriette Mersebach participated in the annual LTI plan for 2023 receiving LTI grants corresponding to 35% of the annual base salary for 2023 (for the period March – December 2023).

Restricted Stock Units with a value of DKK 2.3 million were granted in connection with the commencement of duties in ALK.

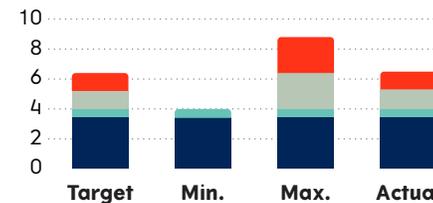
Paymix (DKKm) – excl. sign-on



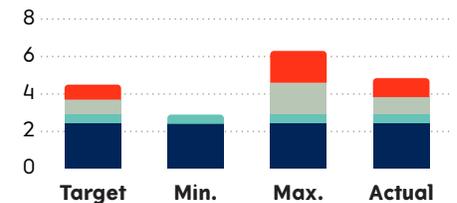
Paymix (DKKm) – excl. sign-on



Paymix (DKKm)



Paymix (DKKm) – excl. sign-on



● Base salary    ● Pension and benefits    ● Short-term incentive    ● Long-term incentive (grant value)

## Payments for the management, continued

### CEO Carsten Hellmann

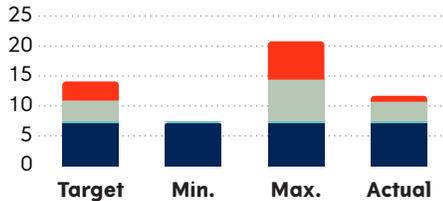
The payment for Carsten Hellmann totaled DKK 11,8 million in 2023 excluding severance pay. The base salary was increased by 3.5% in line with the general salary increase in Denmark.

The STI cash bonus payment totaled DKK 3.4 million, corresponding to 110% of the target bonus. The STI payment reflected solid performance on the defined financial and non-financial targets.

Carsten Hellmann participated in the LTI plan for 2023 with a value equal to 45% of the annual base salary excl. pension.

Carsten Hellmann will receive a 24 months' severance payment. For the first 12 months this includes base salary and STI and for the last 12 months base salary only. Carsten Hellmann maintained the Stock Options granted in existing LTI while granted PSUs were cancelled.

#### Paymix (DKK) - excl. severance payment



● Base salary ● Pension and benefits ● Short-term incentive ● Long-term incentive (grant value)

### CFO Søren Jelert

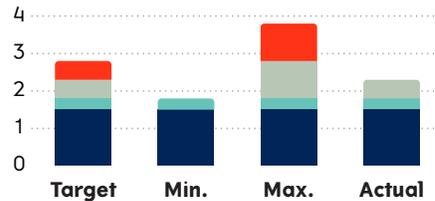
The payment for Søren Jelert was DKK 2,4 million for the period January to May 2023. There were no changes to the annual base salary in 2023.

The STI cash bonus payment was pro-rated to reflect the employed period in 2023 and totaled DKK 0.6 million. This corresponded to 110 % of the target bonus and reflected solid performance on the defined financial and non-financial targets for 2023. On individual KPIs, the CFO was measured on targets related to ALK's strategy.

Søren Jelert did not participate in the LTI plan for 2023.

All share options and PSUs granted were cancelled in connection with the resignation from the position as CFO.

#### Paymix (DKK)



### EVP R&D Henrik Jacobi

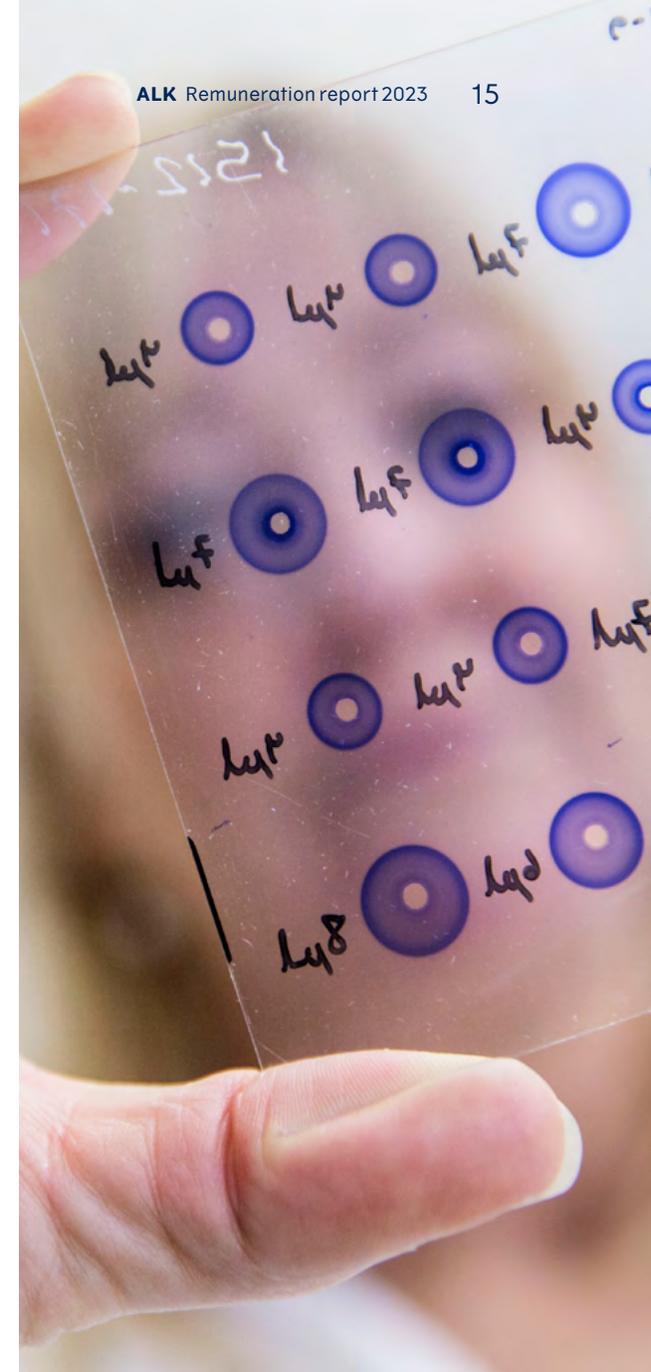
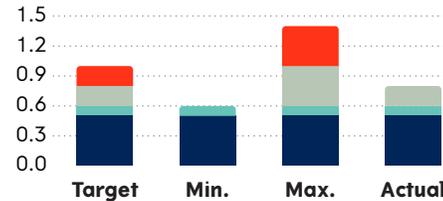
The payment for Henrik Jacobi was 0.8 million for the period January to February 2023. The annual base salary was increased by 3.5% in line with the general increase in Denmark.

The STI cash bonus payment was pro-rated to reflect the time employed in 2023 and totaled DKK 0.2 million. This corresponded to 110 % of the target bonus and reflected solid performance on the defined financial and non-financial targets for 2023. On individual KPIs, the EVP RD was measured on targets related to ALK's strategy.

Henrik Jacobi did not participate in the LTI plan for 2023.

Henrik Jacobi maintains the right to stock options and Performance share units granted in existing LTI plans.

#### Paymix (DKK)



## Short-term incentive plan

The STI plan is a cash bonus scheme linked to the achievement of pre-defined KPIs that align the STI plan to the principles of pay for performance and ALK’s cultural values, as outlined in the remuneration policy. In 2023, the CEO, Carsten Hellmann, and CEO, Peter Halling had a target bonus of 50% of the annual base salary excl.pension which could reach a maximum of 100% while the CFO and EVPs had target bonuses of 35% of their annual base salaries excl. pension, which could reach a maximum of 70%.

### STI design 2023

	CEO	CFO & EVPs
Plan type	Cash	Cash
Plan length	1 year	1 year
Minimum pay-out (of ABS)	0%	0%
Target pay-out (of ABS)	50%	35%
Maximum pay-out (of ABS)	100%	70%
Company KPIs - weight	100%	75%
Financial KPIs	45%	45%
Non-financial KPIs	55%	55%
Individual KPIs - weight	0%	25%

The outcome value of the plan depends on the achievement of pre-defined, weighted KPIs. Based on achievement of the targets at end of the year, the bonus payment can increase or decrease to 0 -200% (target equals 100%).

The company KPIs are set collectively for the CEO, CFO, and the EVPs by the Board of Directors and consists of both company goals with financial KPIs and non-financial KPIs and individual KPIs. The non-financial KPIs are linked to ALK’s four strategic pillars in the company’s strategy, and to ALK’s sustainability aspirations. Individual KPIs reflect activities and projects linked to ALK’s strategy.

### STIs in 2023

The final index for the STI plan for 2023 reached 110 for the company KPIs. Above target results on EBIT margin and activities related to business optimisation pushed the index upwards while below target results on key milestones within "Lead the way - people and planet" negatively impacted the final index for the STI plan 2023.



The performance KPI "Lead the way - people and planet" covers various aspects linked to ALKs work on ESG including milestones on CO<sub>2</sub> reduction, reuse or recycle or waste fractions as well as milestone linked to ALKs employee engagement and women in management (More information on ALKs work on sustainability can be found in the annual report).

The Remuneration & Nomination Committee evaluated the individual performances and recommended an index of 110 for individual KPIs to reflect the company results. The recommended index for individual KPIs was approved by the Board of Directors.

**Short-term incentive KPIs settlement 2023**

KPI description	Result	Weight	CEO Carsten Hellmann	CEO Peter Halling	CFO Claus Sølje	CFO Søren Jelert	EVP, CO Søren Niegel	EVP, R&D Henriette Mersebach	EVP, R&D Henrik Jacobi
<b>Company KPIs</b>		CEO 100% CFO 75% EVPs 75%	110	100	110	110	110	110	110
<b>Non-financial KPIs</b>									
Succeed in North America	Around target								
Complete and commercialise the tablet portfolio	Around target								
New horizons	Below target								
Optimise for excellence	Above target								
Lead the way - people & planet	Below target								
<b>Financial</b>									
Global total revenue	Around target								
EBIT Margin	Above target								
<b>Individual KPIs</b>		CFO 25% EVPs 25%	n/a	n/a	110	110	110	110	110
<b>Total</b>			<b>110</b>	<b>100</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>110</b>

## Long-term incentive plan

Members of the Board of Management are eligible to participate in an equity-based plan linked to the creation of shareholder value, and the fulfilment of strategic goals, in line with the principle of alignment with shareholders' interests, as outlined in the remuneration policy. The Board of Directors decides on a yearly basis whether such a plan should be established.

The KPIs set for the long-term incentive (LTI) plan reflect ALK's strategic priorities to link remuneration for the Board of Management directly to its delivery of the long-term strategy.

The outcome value of the plan depends on two factors. Firstly, the achievement of the pre-defined, weighted KPIs related to the plan. Based on achievement of the targets at end of the plan, the number of shares vested can increase or decrease to 0 – 200% (target equals 100%). Secondly, the development in ALK's share price from the time of grant to the time of vesting/exercise, also impacts the final value of the plan.

### LTI 2023

In 2023, the Board of Directors approved a new, three-year plan. LTI grants equaled 45% of the annual base salary excluding pension for the CEO Carsten Hellmann and 35% of the annual base salary excluding pension for CFO, Claus Søjle, EVP, Søren Niegel and EVP, Henriette Mersebach.

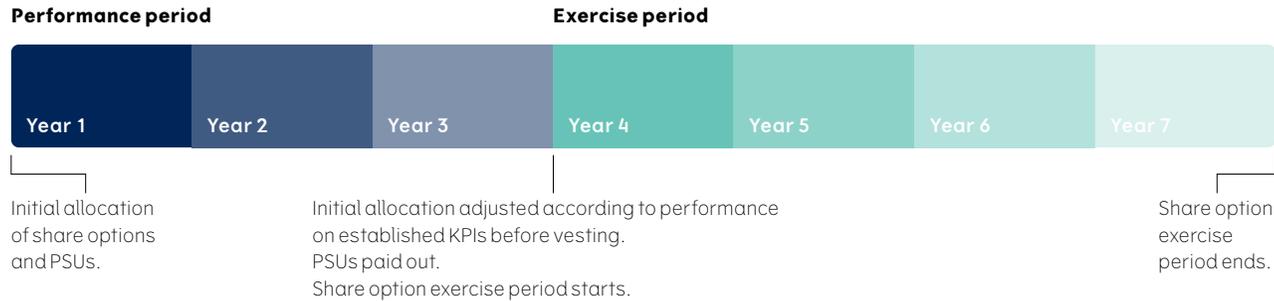
### LTI plan design 2023

	CEO	CFO & EVPs
Plan type	Performance Shares (PSU): 70% Share Options (SO): 30%	
Minimum grant (of annual base salary)	0%	0%5
Target grant (of annual base salary)	45%	35%
Maxium grant (of annual base salary)	90%	70%
Plan KPIs	Revenue growth 2023 - 2025 EBIT margin 2025 R&D Progress 2023 - 2025	
Performance period	3 years	
Exercise period (Share Options)	4 years	
Grant Criteria	Board of Director assessment and approval	
Vesting Criteria	Continued employment KPI achievement Board Approval	

### LTI sign-on plan design

	CEO Peter Halling	CFO Claus S. Søjle	EVP, R&D Henriette Mersebach
Plan type	Restricted Stock Units	Stock Options	Restricted Stock Units
Value at grant	10 DKKm	10 DKKm	2.3 DKK m
Gap	three times value at grant	7 times annual base salary and maximum 14.4DKKm per calendar year	n/a
Vesting	3 years (November 1, 2026)	3 years (June 1, 2026)	3 years (March 1, 2026)
Exercise period (Stock Options)	n/a	4 years (May 31, 2030)	n/a
Grant Criteria	Board of Director assessment and approval		
Vesting Criteria	Continued employment Board Approval		

## Long term incentive structure and timing 2023



The total value at the time of grant split was between performance shares (70%) and share options (30%). CEO, Peter Halling, CFO, Søren Jelert and EVP Henrik Jacobi did not participate in the LTI plan for 2023.

The LTI plan includes performance targets related to ALK’s long-term financial growth as well as targets and milestones related to ALKs R&D progress to ensure focus on future growth.

### Shareholding

To align the interests of the Board of Management with the interests of the shareholders, members of the Board of Management are required to hold a specific portion of shares in ALK to remain eligible to participate in the LTI plan. The CEO is required to hold shares in ALK of a value

corresponding to the annual base salary while the requirement is 6 months’ salary for the CFO and EVPs.

Members of the Board of Management may build up their shareholding over a period of five years from being promoted to or employed as member of the Board of Management. The Remuneration & Nomination Committee reviews the shareholding annually to ensure the shareholding is fulfilled prior to launch of the new LTI plan.

In 2023, all members of the Board of Management fulfilled the remuneration policy shareholding requirement with the CEO, Peter Halling, CFO, Claus Sølje and EVP R&D, Henriette Mersebach having five years to build up the required shareholding.



**LTIP 2021 - 2023**

The LTI 2021 plan included performance targets related to ALKs financial growth and tablet sales as well as milestones related to ALKs long-term sustainability aspirations (e.g., accessibility of tablets in new countries, targets on CO<sub>2</sub> reduction and women in management) and targets for R&D progress on key clinical trials and activities related to ALKs work within food and adrenaline.

The LTI 2021-2023 plan reached a final index of 140. The final index was positively impacted by the results on revenue, tablet sales and milestones related to ALKs sustainability aspirations but was negatively impacted on results related to tablet revenue in North America.

**Overview of LTI plans launched from 2021 - 2023**

Plan	Grant	KPIs	Results	Weighted index achieved	Vesting date	Expiration date Options	Exercise price* Options
<b>Plan 2023</b>	April 2023	Revenue growth 2023 -2025 EBIT Margin 2025 R&D Progress 2023 - 2025			1 April 2026	1 March 2030	104
<b>Plan 2022</b>	March 2022	Revenue 2024 EBIT margin 2024 R&D progress 2022 -2024 Deliver on sustainability aspiration			1 March 2025	1 March 2027	144
<b>Plan 2021</b>	March 2021	Revenue 2023 EBIT margin 2023 Total SLIT-tablets revenue 2023 North America SLIT-tablets revenue 2023 R&D progress 2021- 2023 Deliver on sustainability aspiration	Above Target At target Above Target Below target At Target Above Target	140	1 March 2024	1 March 2026	122

The exercise price is equivalent to the average market price of the share for the five days immediately preceding the date of grant. For the LTI plan 2021 and LTI Plan 2022, the share price is increased by 2.5% p.a. and reduced by dividends paid.



## Termination payments

ALK operates with termination payments of up to two years' remuneration. For the EVP CO, the termination payment will be increased by one month per year of service up to a maximum of 18 months and will qualify for a termination payment of 18 months in 2024.

## Clawback

The company has the right to recover in full or in part variable remuneration and/or other payments or awards in case such payment were based on information that subsequently turned out to be incorrect or misstated or if the recipient had acted in bad faith, with gross negligence and/or willful misconduct. There was no reason to initiate any recovery of variable pay in 2023.

## Extraordinary remuneration

The Board of Directors may in special circumstances approve extraordinary payments. In 2023, extraordinary LTI grants in the form of sign-on compensation and severance payments were provided to new members to the Board of Management in connection with the commencement or closure of their duties in ALK. All grants are aligned to the conditions for extraordinary grants in the Remuneration Policy.

# Share options and performance shares held by the Board of Management

## Share options held by the Board of Directors in 2023

Share options during 2023	Share options 01 Jan 2023	Performance adjustment	Granted during the year	Exercised during the year	Share options 31 Dec 2023	Market value* (DKKm)
Peter Halling, CEO	-				-	-
Claus Steensen Sølje, CFO	-		329,455		329,455	6.1
Søren Niegel, EVP CO	328,260	4,635	9,583	(192,320)	150,158	3.9
Henriette Mersebach, EVP R&D	-		8,198		8,198	1.0

\* Based on the intrinsic value as of December 2023

Share options by LTI plan held as at 31 Dec 2023	Plan 2023	Sign-on Plan 2023	Plan 2022	Plan 2021	Plan 2020	Plan 2019
Peter Halling, CEO	-					
Claus Steensen Sølje, CFO	5,936	323,519				
Søren Niegel, EVP CO	9,583		17,120	17,920	35,353	70,000
Henriette Mersebach, EVP RD	8,198					



## Share options and performance shares held by the Board of Management, continued

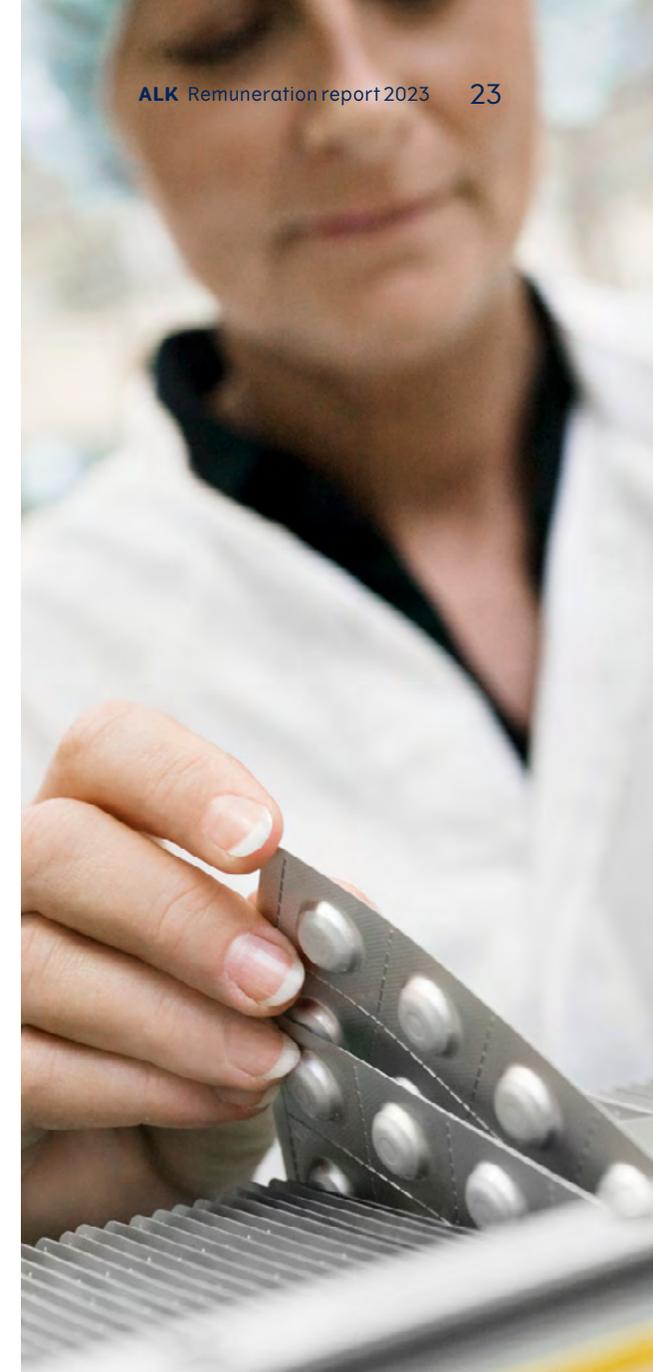
### Performance shares and Restricted Stock Units held by the Board of Management

Performance shares & Restricted Stock Units during 2023	Units 01 Jan 2023	Performance adjustment	Granted during the year	Exercised during the year	Performance shares 31 Dec 2023	Market value* (DKKm)
Peter Halling, CEO			130,072		130,072	13.2
Claus Steensen Sølje, CFO			4,947		4,947	0.5
Søren Niegel, EVP CO	15,880	1,107	7,985	(8,487)	16,485	1.8
Henriette Mersebach, EVP R&D			28,756		28,756	2.9

\* Based on the intrinsic value as of December 2023

### Performance shares and Restricted Stock Units held as of 31 Dec 2023

	Plan 2023	Plan 2022	Plan 2021
Peter Halling, CEO		130,072	
Claus Steensen Sølje, CFO	4,947		
Søren Niegel, EVP CO	7,985	4,060	4,440
Henriette Mersebach, EVP R&D	6,831	21,925	



# Shares held by the Board of Directors and Board of Management

## Overview of the shares held by the Board of Directors in 2023

	Shares 01 Jan 2023	Bought during the year	Sold during the year	Shares 31 Dec 2023	Market value* (DKKm)
Anders Hedegaard	20,000			20,000	2.0
Lene Skole	23,000			23,000	2.3
Gitte Aabo	-	1,834		1,834	0.2
Lars Holmqvist	-			-	-
Jesper Høiland	-			-	-
Bertil Lindmark	4,020			4,020	0.4
Alan Main	-			-	-
Jakob Riis	20,000			20,000	2.0
Katja Barnkob	480			480	0.0
Nanna Rasso Carlsson	-			-	-
Lise Lund Mærkedahl	160			160	0.0
Johan Smedsrud	-			-	-

## Overview of the shares held by the Board of Management in 2023

	Shares 01 Jan 2023	Bought during the year	Sold during the year	Shares 31 Dec 2023	Market value* (DKKm)
Peter Halling, CEO	-			-	-
Claus Steensen Sølje, CFO**	4,550			4,550	0.5
Søren Niegel, EVP CO	50,000	8,487	(20,000)	38,487	3.9
Henriette Mersebach, EVP R&D	-			-	-

\* Based on share price as of 31 December 2023

\*\* Claus Steensen Sølje joined ALK on 1 June 2023 and owned 4,550 shares at that time

# Remuneration development

## Board of Management – Development in total remuneration

	Unit	2023	2022	2021	2020	2019
Carsten Hellmann, CEO	%	(6)	0	8	15	(10)
Peter Halling, CEO	%	n/a				
Søren Jelert, CFO	%	(9)	9	11	0	(1)
Claus Steensen Sølje, CFO	%	n/a				
Søren Niegel, EVP CO	%	(6)	9	5	4	(18)
Henrik Jacobi, EVP RD	%	(6)	11	5	2	(14)
Henriette Mersebach, EVP RD	%	n/a				
<b>Board of Management total – incl. former members (excluding sign-on and termination payments)</b>	%	<b>3</b>	<b>3</b>	<b>8</b>	<b>10</b>	<b>11</b>

Development for members leaving the Board during the year is based on annualised remuneration for 2023 including estimated long-term incentive

## Board of Directors – Development in total fees

	Unit	2023	2022	2021	2020	2019
Anders Hedegaard	%	(7)	12	(3)	n/a	n/a
Lene Skole	%	0	12	1	22	0
Gitte Aabo	%	10	16	-	-	-
Lars Holmqvist	%	28	9	(20)	7	0
Jesper Høiland (joined March 2023)	%	-	-	-	-	-
Bertil Lindmark	%	0	11	-	-	-
Alan Main	%	0	-	-	-	-
Katja Barnkob	%	0	17	0	9	0
Nanna Rassev Carlson	%	0	17	0	9	0
Lise Lund Mærkedahl	%	-	-	-	-	-
Johan Smedsrud	%	0	17	0	9	0
<b>Board of Directors total – incl. former members</b>	%	<b>7</b>	<b>7</b>	<b>10</b>	<b>4</b>	<b>4</b>

Development for members joining or leaving Board is based on full-year base fee and committee fees for the year joining or leaving.

## Employee remuneration

	Unit	2023	2022	2021	2020	2019
<b>Group</b>						
Workforce*	FTEs	2,752	2,609	2,492	2,419	2,385
Development in average employee total compensation	%	1.2	3.8	2.6	5.3	4.1
<b>Parent</b>						
Development in average employee total compensation	%	6.9	(0.5)	2.2	2.5	3.1
CEO pay ratio**	Times	30	33	34	34	29

\* Workforce calculated as the average number of full-time equivalent employees in the given year

\*\* The CEO pay ratio is calculated as the CEO total compensation / median employee compensation for the ALK group. For 2023, the CEO total compensation includes compensation for the previous CEO and new CEO for their period of employment respectively and includes all pay elements except for severance payment and sign-on compensation.

## Financial development

	Unit	2023	2022	2021	2020	2019
<b>Group</b>						
Revenue growth in local currencies	%	9	13	12	8	11
Revenue	DKKm	4,824	4,511	3,916	3,491	3,274
EBIT growth	%	42	61	95	n/a	n/a
EBIT	DKKm	666	470	292	150	(14)
<b>Parent</b>						
Revenue growth	%	3	(8)	14	135	(7)
Revenue	DKKm	2,171	2,114	2,296	2,015	856

# Independent auditor's report on the remuneration report

## To the shareholders of ALK-Abelló A/S

We have examined whether the remuneration report for ALK-Abelló A/S for the financial year 1 January – 31 December 2023 contains the information required under section 139b, subsection 3 of the Danish Companies Act.

We express reasonable assurance in our conclusion.

### **The Board of Directors' responsibility for the remuneration report**

The Board of Directors is responsible for the preparation of the remuneration report in accordance with section 139b, subsection 3 of the Danish Companies Act. The Board of Directors is also responsible for the internal control that the Board of Directors deems necessary to prepare the remuneration report without material misstatement, regardless of whether this is due to fraud or error.

### **Auditor's independence and quality management**

We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is

founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and ethical requirements applicable in Denmark.

Our firm applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the remuneration report based on our examinations. We conducted our examinations in accordance with ISAE 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the additional requirements applicable in Denmark to obtain reasonable assurance in respect of our conclusion.

As part of our examination, we checked whether the remuneration report contains the information required under section 139 b, subsection 3 of the Companies Act, number

1 - 6, on the remuneration of each individual member of the Board of Management and the Board of Directors.

We believe that the procedures performed provide a sufficient basis for our conclusion. Our examinations have not included procedures to verify the accuracy and completeness of the information provided in the remuneration report, and therefore we do not express any conclusion in this regard.

### **Conclusion**

In our opinion the remuneration report, in all material respects, contains the information required under the Companies Act, section 139b, subsection 3.

Hellerup, 8 February 2024

### **PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab,  
CVR No 33 77 12 31

#### **Lars Baungaard**

State Authorised  
Public Accountant  
(Mne 23331)

#### **Kim Tromholt**

State Authorised  
Public Accountant  
(Mne33251)

# Management's statement

The Board of Directors has today considered and adopted the remuneration report of ALK-Abelló A/S for the financial year 2023. The remuneration report has been prepared in accordance with section 139b of the Danish Companies. In our opinion, the remuneration report reflects the remuneration policy adopted at the AGM and provides an overview of the total remuneration of our Board of Directors and Board of Management in 2023. The remuneration report is submitted to the general meeting for an indicative vote.

Hørsholm, 8 February 2024

## Board of Directors,

**Anders Hedegaard**  
Chair

**Lene Skole**  
Vice Chair

**Gitte Aabo**  
Member

**Lars Holmqvist**  
Member

**Jesper Høiland**  
Member

**Bertil Lindmark**  
Member

**Alan Main**  
Member

**Katja Barnkob**  
Member

**Nanna Rassov Carlson**  
Member

**Lise Lund Mærkedahl**  
Member

**Johan Smedsrud**  
Member

Design og produktion: **Noted**

**ALK-Abelló A/S**  
Bøge Allé 6-8  
DK-2970 Hørsholm  
Denmark  
CVR no. 63 71 79 16

