Remuneration report 2022

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Table of contents

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 2022. 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.

Read the full annual report

The full account of ALK's financial performance can be found in the company's annual report.

Read more on
https://ir.alk.net/financial-reporting

Find out more about our work with sustainability

The full account of ALK's work with sustainability can be found in the company's sustainability report.

Read more on
https://www.alk.net/sustainability

Read about our corporate governance

More information can be found on the company's website.

Read more on
https://ir.alk.net/corporate-governance

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 a clear, understandable, and comprehensive overview of the remuneration provided by ALK to each.

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 Board of Management reflect company performance and individual results

No changes were made to the remuneration policy in 2022. The remuneration policy was approved at the company's annual general meeting (AGM) in March 2021.

Remuneration and Nomination Committee

The Board of Directors has established a Remuneration and 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 and Nomination Committee and, with the following members of Board of Directors serving on the Remuneration and Nomination Committee in 2022, this was aim was met.

- Anders Hedegaard (appointed Chairman)
- Lene Skole
- Alan Main (joined March 2022)

The Remuneration and 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 and Nomination Committee meets at least four (4) times a year, or whenever necessary to ensure adequate time for the topics to be handled by the committee in accordance with the Remuneration and Nomination Committee Charter. In 2022, the committee held four (4) meetings with a 100% attendance record for all members.

Advisory vote on remuneration report 2021

ALK's 2021 remuneration report was presented at the AGM in March 2022 for an advisory vote. There were no comments to the remuneration report at the meeting, and the report was approved by shareholders, with 99.1% of votes cast being in favour, and 0.67% being against its adoption. The remaining 0.23% of votes were recorded as abstentions. Based on the advisory vote at the AGM, the 2022 report will maintain the same overall level of disclosure as formed the basis for the 2021 report.

Find out more

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

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

2022 financial highlights

ALK delivered high growth in 2022 and remains on course to deliver long-term, sustainable sales growth with significantly improving profitability

2022 was yet another year of double-digit growth in revenue and earnings for ALK. Revenue was up 13% in local currencies – equivalent to 15% in reported currency – on broad-based sales growth in all regions. Earnings (EBITDA) increased by 33% to DKK 708 million, driven by top-line growth, margin expansion and ALK's efficiencies. Results exceeded initial expectations and were in line with the most recent outlook.

Sales growth was driven by tablets which increased by 18%, while sales of ALK's non-tablet product portfolio were up 8%, boosted by strong growth in International markets and North America, as well as by the adrenaline auto-injector (AAI) Jext® in Europe, which benefited from strong market growth and market supply issues.

Throughout the year, ALK also made strong progress with the items on the strategic agenda: the build-up in China, the execution of R&D programmes – ranging from new discovery activities, to our entry into food allergy and large-scale clinical trials in the respiratory allergies – as well as efforts to build prescriber bases, and the digital mobilisation of people with allergy, allowing ALK to better connect with and support the millions of untreated patients who could benefit from ALK's products.

Read more in our full annual report
https://ir.alk.net/financial-reporting

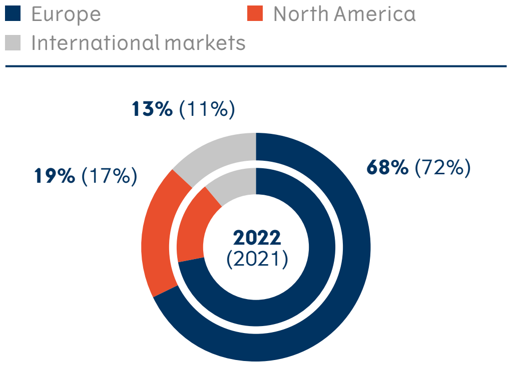
Revenue by geography

Amounts in DKKm	2022	Growth (l.c.)	2021
Europe	3,058	9%	2,809
North America	857	12%	683
Int'l markets	596	39%	424
Overall revenue	**4,511**	**13%**	**3,916**

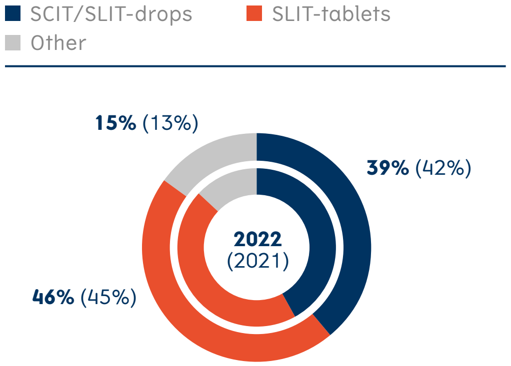
Revenue by product line

Amounts in DKKm	2022	Growth (l.c.)	2021
SCIT/SLIT-drops	1,748	3%	1,655
SLIT-tablets	2,102	18%	1,774
Other products	661	27%	487
Overall revenue	**4,511**	**13%**	**3,916**

Revenue by geography



Revenue by product line



Board of Directors

At the AGM, held on 16 March 2022, Alan Main joined the Board of Directors and also became a member of the Remuneration and Nomination Committee. From March 2022, the Board of Directors consisted of a total of 10 members, of which, seven (7) were shareholder-elected, and three (3) were employee-elected members.

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 chairman on one of 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.

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.

Members of the Board of Directors and board committees

	Board of Directors	Audit Committee	Remuneration and Nomination Committee	Scientific Committee
Anders Hedegaard	Chairman	Member	Chairman	Member
Lene Skole*	Vice Chairman		Member	Member
Gitte Aabo	Member	Member		
Lars Holmqvist*	Member			
Bertil Lindmark	Member			Chairman
Alan Main (joined March 2022)	Member		Member	
Jakob Riis*	Member	Chairman		
Katja Barnkob**	Member			
Nanna Rassov Carlsen**	Member			
Johan Smedsrud**	Member			

* 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 shares

** Employee-elected members of the Board of Directors

Multipliers of the base fee in 2022 for the Board of Directors and committees

	Board of Directors		Audit Committee		Other committees	
	2022	2021	2022	2021	2022	2021
Chairman	3.0	3.0	0.54	0.55	0.43	0.5
Vice Chairman	2.0	2.0	n/a	n/a	n/a	n/a
Member	1.0	1.0	0.36	0.37	0.29	0.33

The Board's committees do not appoint a Vice Chairman and therefore a multiplier is not applicable.

Remuneration 2022

The remuneration for the Board of Directors is reviewed annually against a benchmark for Boards of Directors in comparable Danish companies. To align ALK's fees for serving on the Board of Directors and Audit Committee with the market, the fees were adjusted with effect from March 2022, following approval at the AGM. The base fee for serving on the Remuneration and Nomination Committee and the Scientific Committee remained unchanged for both members and chairmen of the committees.

The actual remuneration payments for the Board of Directors in 2022 followed the remuneration structure for fees for the Board and committees. For Alan Main the annual base fee and committee fees were applied on a pro rata basis, corresponding to the periods served in 2022. As a result of the approved adjustment of fees for serving on the Board of Directors and Audit Committee, the total remuneration for the Board in 2022, including fees for serving on Board committees, amounted to DKK 5.6 million versus DKK 4.6 million in 2021.

There were no payments of additional fees for ad hoc activities to members of the Board of Directors in 2022.

Base fee in 2022 for the Board of Directors and committees

	Board of Directors		Audit Committee		Other committees	
Amounts in DKKt	2022	2021	2022	2021	2022	2021
Chairman	1,050	900	187.5	165	150	150
Vice Chairman	700	600	n/a	n/a	n/a	n/a
Member	350	300	125	110	100	100

Fees for serving on the Board of Directors and Audit Committee were adjusted with effect from March 2022

Remuneration for the Board of Directors 2022

Amounts in DKKt	Base fee 2022	Committee fees 2022	Total fees 2022	Total fees 2021
Anders Hedegaard	1,050	375	1,425	1,267
Lene Skole	700	200	900	802
Gitte Aabo	350	125	475	322
Lars Holmqvist	350	-	350	322
Bertil Lindmark	350	150	500	353
Alan Main*	277	79	356	n/a
Jacob Riis	350	188	538	465
Katja Barnkob	350	-	350	300
Nanna Rassov Carlsen	350	-	350	300
Johan Smedsrud	350	-	350	300
Former members of the Board	-	-	-	217
Total payments to the Board of Directors	**4,477**	**1,117**	**5,593**	**4,648**

* Fees for Alan Main were adjusted on a pro rata basis to reflect the periods served on the Board and its committees in 2022

Shares held by the Board of Directors

Overview of the shares held by the Board of Directors in 2022

Board of Directors	Shares 01 Jan 2022	Bought during the year	Sold during the year	Shares 31 Dec 2022	Market value* (DKKm)
Anders Hedegaard	20,000	-	-	20,000	1.9
Lene Skole	23,000	-	-	23,000	2.2
Gitte Aabo	-	-	-	-	-
Lars Holmqvist	-	-	-	-	-
Bertil Lindmark	4,020	-	-	4,020	0.4
Alan Main (joined March 2022)	-	-	-	-	-
Jakob Riis	20,000	-	-	20,000	1.9
Katja Barnkob	480	-	-	480	0.0
Nanna Rassov Carlsen	-	-	-	-	-
Johan Smedsrud	-	-	-	-	-

In March 2022, ALK completed a share split at a ratio of 1:20. Number of shares has been restated accordingly.
* Based on share price as of 31 December 2022

Board of Management

The Board of Management at ALK consists of four (4) registered members:

- Carsten Hellmann, President and Chief Executive Officer (CEO)
- Søren Jelert, Executive Vice President and Chief Financial Officer (CFO)
- Søren Niegel, Executive Vice President (EVP), Commercial Operations
- Henrik Jacobi, Executive Vice President (EVP), Research and Development

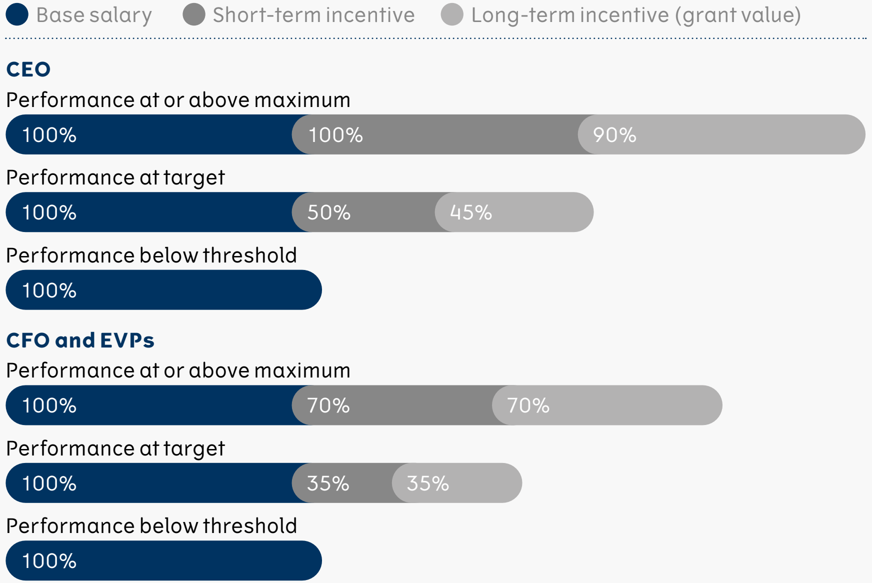
There were no changes to the members of the Board of Management in 2022, but, in 2023, Henrik Jacobi and Søren Jelert will be leaving ALK.

Components in the remuneration of the Board of Management

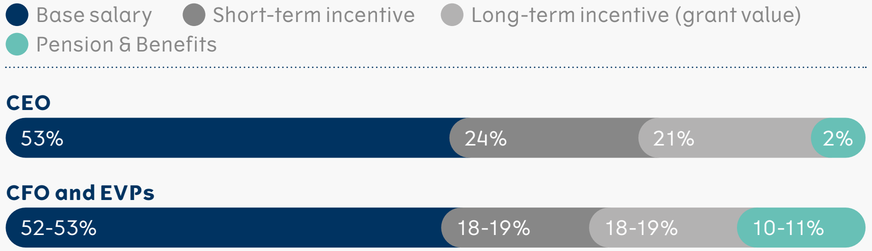
	Objective	Remuneration level	Performance measure
Base salary	Attract and retain qualified executives.	On a par with the benchmark for similar, listed companies in Denmark and Europe.	n/a
Pension and benefits	n/a	The EVPs have a pension scheme into which the company contributes the equivalent of 15% of the individual's 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% of the grant 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 structure

Variable pay element as % of annual base salary



TARGET proportion of each pay element in total remuneration



Remuneration structure

The remuneration policy approved at the AGM in March 2021 provided the framework for the remuneration for the Board of Management in 2022. Remuneration for the Board of Management consists of both fixed elements (base pay, pension and benefits), and variable elements (short-term cash incentives and long-term incentives in the form of performance shares and share options) with the purpose of linking remuneration to the principles in the remuneration policy, i.e., of providing market-competitive remuneration based on pay-for-performance, alignment with shareholders' interests in driving value creation, and reinforcement of ALK's business objectives, vision and culture.

The total remuneration for the members of the Board of Management is therefore based on the company's performance, the benchmark for positions at similar levels among comparable European and Danish based listed companies with global reach as identified by two external advisors, as well as each individual's performance.

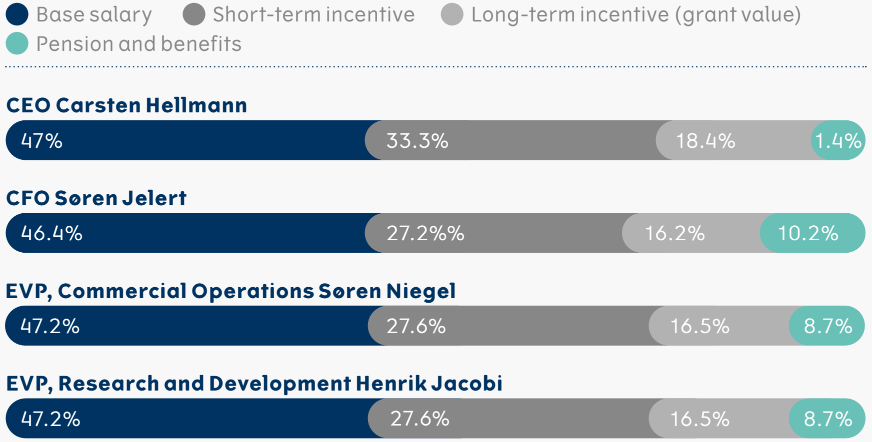
The remuneration of each member of the Board of Management is reviewed annually by the Remuneration and Nomination Committee, with proposed changes subject to approval by the Board of Directors.

Total payment to the Board of Management 2021 and 2022

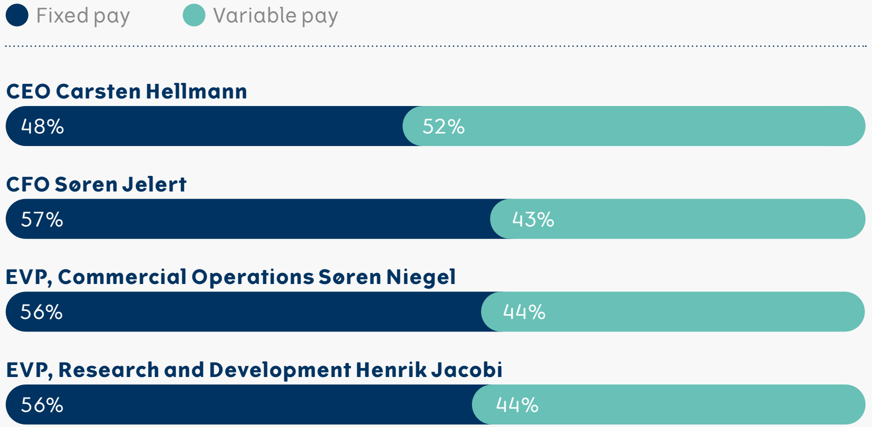
Amounts in DKKt	2022	2021
Total payments to the Board of Management incl. LTIs (based on grant value)	38,712	37,670
Total payments to the Board of Management incl. LTIs (based on the expensed accounting value)	38,505	41,843

Remuneration 2022

ACTUAL Proportion of pay element in total remuneration in 2022



ACTUAL proportion of fixed and variable pay in total remuneration in 2022



Remuneration for the Board of Management

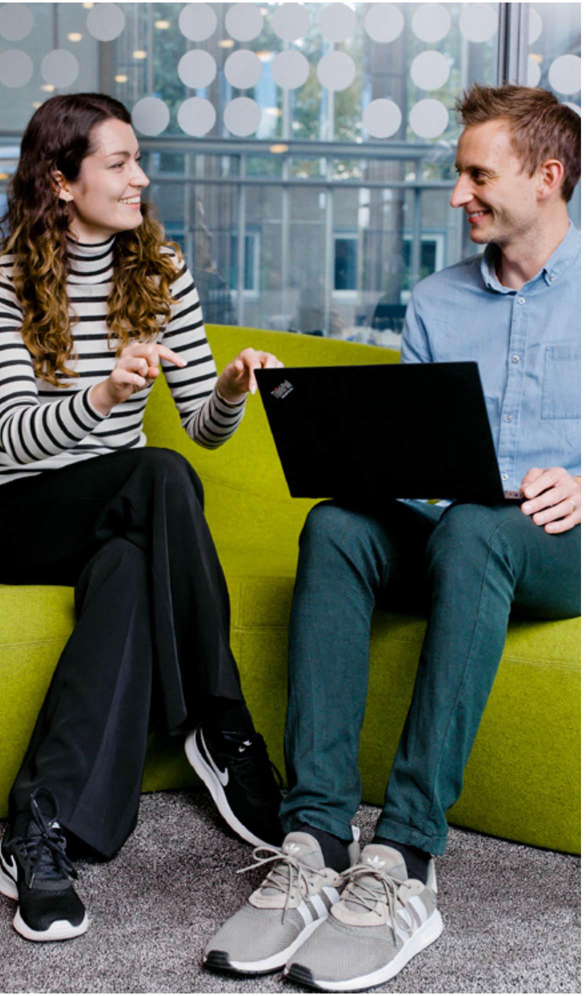
	CEO Carsten Hellmann		CFO Søren Jelert		EVP, Commercial Ops. Søren Niegel		EVP, R&D Henrik Jacobi	
Amounts in DKKt	2022	2021	2022	2021	2022	2021	2022	2021
Base salary	8,265	8,024	3,566	3,333	3,275	2,951	3,058	2,969
Short-term incentive (cash bonus)	5,857	6,184	2,087	2,067	1,917	1,831	1,790	1,842
Pension incl. social security	2	2	537	502	493	445	461	447
Other benefits	243	243	248	239	114	112	106	109
Total excl. long-term incentives	**14,367**	**14,453**	**6,438**	**6,140**	**5,800**	**5,338**	**5,415**	**5,367**
Long-term incentives (total value at grant)*	3,232	3,138	1,247	1,165	1,145	1,031	1,068	1,037
Total remuneration 2022	**17,599**	**17,591**	**7,685**	**7,305**	**6,945**	**6,369**	**6,482**	**6,404**
Long-term incentive (equity based) based on expensed accounting value	3,671	5,036	(897)	1,766	1,234	1,764	2,477	1,979

* The remuneration for the Board of Management, under the long-term, share-based incentive programme, consists of the total value of granted shares in the respective years based on fair value at the time of the grant. As supplementary information, the expensed accounting value, as determined under IFRS 2, is presented separately in the table. The actual value to the participants at the time of vesting depends on the fulfilment of performance criteria and the development of the share price.

Remuneration 2022

The remuneration provided for the Board of Management in 2022 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 2022 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 2022.



CEO
The payment for the CEO totaled DKK 17.6 million in 2022, which was on par with the total remuneration in 2021. The base salary for the CEO was increased by 3% to DKK 8.3 million, which reflected the general salary increase for employees in ALK in Denmark.

The STI cash bonus payment totaled DKK 5.9 million, reflecting overall strong results in the defined financial and non-financial targets set for 2022.

CFO
The payment for the CFO totaled DKK 7.7 million in 2022, which was an increase of 5% compared to 2021. The annual base salary for the CFO was increased by 7% to DKK 3.6 million. The increase was above the general level for employees in ALK in Denmark and was approved to move the base salary closer to the market, according to the benchmark for similar positions in Danish listed companies, as well as European and Danish pharmaceutical companies.

The STI cash bonus payment totaled DKK 2.1 million reflecting overall strong results in the defined financial and non-financial targets for 2022. On the individual KPIs, the CFO was measured on targets related to specific projects linked to ALK's strategy, leading to individual KPIs settled above targets.

EVP, Commercial Operations
The payment for the EVP Commercial Operations totaled DKK 6.9 million in 2022. This represented an increase of 9% compared to 2021. The base salary for the EVP Commercial Operations was increased by 11% to DKK 3.3 million. The increase was above the general level for employees in ALK in Denmark and was to align the base salary to the market level for similar positions in Danish listed companies, as well as European and Danish pharmaceutical companies.

The STI cash bonus payment totaled DKK 1.9 million reflecting overall strong results in the defined financial and non-financial targets for 2022. On the individual KPIs, the EVP, Commercial Operations was measured on targets related to specific projects linked to ALK's strategy leading to individual KPIs settled above targets.

EVP, Research and Development
The payment for the EVP, Research and Development totaled DKK 6.5 million in 2022. This represented an increase of 1% compared to 2021 leaving the total remuneration for 2022 on par with 2021. The base salary for the EVP Research and Development was increased by 3% to DKK 3.1 million, which reflected the general salary adjustment for employees in Denmark.

The STI cash bonus payment totaled DKK 1.8 million reflecting overall strong results in the defined financial and non-financial targets for 2022. On the individual KPIs, the EVP, Research and Development was measured on targets related to specific projects linked to ALK's strategy, leading to individual KPIs settled above targets.

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 2022, the CEO had a target bonus of 50% of his annual base salary, excluding pension, which could reach a maximum of 100%, while the CFO and the EVPs had target bonuses of 35% of their annual base salaries, which could reach a maximum of 70%.

The company KPIs are set collectively for the CEO, CFO, and the EVPs by the Board of Directors. The company KPIs consist of both financial KPIs (45% of the company KPIs in 2022) and non-financial KPIs (55% of the company KPIs in 2022). 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 and related to the specific area of responsibility.

STI 2022

The final index for the STI plan for 2022 reached 163 for the company KPIs, which is above the target index of 100.

Strong results in the financial KPIs as well as in "New horizons" were the main drivers behind the index. However, the KPIs "Lead the way - planet and people" and "Optimize towards excellence" were also settled above target and contributed positively to the final Index, while the KPI "Succeed in North America" was settled below target and negatively impacted the final index for the STI plan 2022.

The Remuneration and Nomination Committee evaluated the individual performances of the CFO and EVPs to be above expectations and recommended a performance index of 180 for the individual KPIs for each, for final approval by the Board of Directors.

Based on the final index on the company KPIs and individual KPIs, the total index for the STI 2022 reached 167 for the CFO and EVPs. The CEO had no individual KPIs and therefore reached a total index of 163.

Short-term incentive KPIs settlement 2022

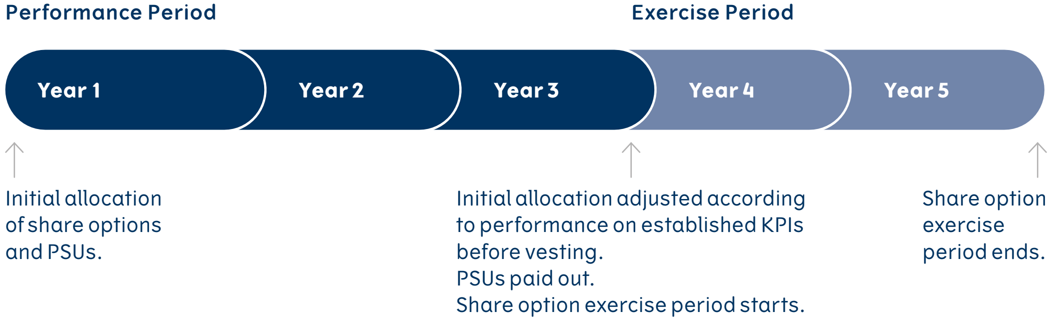
KPI description	KPI Result	KPI Weight	CEO Carsten Hellmann	CFO Søren Jelert	EVP, Commercial Ops Søren Niegel	EVP, R&D Henrik Jacobi
Company KPIs		CEO 100% CFO 75% EVPs 75%	163	163	163	163
Non-financial KPIs						
Succeed in North America	Below					
Complete and commercialise the tablet portfolio	Above					
New horizons	Above					
Optimise towards excellence	Above					
Lead the way – people & planet	Above					
Financial						
Global total revenue	Above					
EBITDA	Above					
Individual KPIs		CFO 25% EVPs 25%	n/a	180	180	180
Total			**163**	**167**	**167**	**167**

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 granted can increase or decrease to 0 – 200%. 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.

Long term incentive structure and timing 2022



In 2022, the Board of Directors approved a new, three-year plan running from March 2022 until March 2024. LTI grants equaled 45% of the annual base salary (excluding pension) for the CEO, and 35% of the annual base salary for the CFO and EVPs, with the total value at the time of grant split equally between performance shares (PSUs) and share options.

The LTI plan for 2022 has two financial targets, representing more than half of the total weight, while two non-financial targets reflect key activities in research and development, and sustainability, with the latter covering aspects within ESG (Environment, Social & Governance).

LTI plan 2020-2022

The LTI plan launched in 2020 and ending in 2022, reached a final index of 115 which is slightly above the target at 100.

The main drivers for the above target index for the LTI plan 2020 - 2022 were strong results in the KPIs "Revenue 2022" and "Total SLIT-tablets revenue 2022" both of which were settled above target.

The KPI "Deliver on sustainability aspirations 2020 - 2022" was also settled above target and contributed positively to the final index.

Pulling in the other direction, the KPIs "EBITDA 2022", "R&D progress 2020-2022" and "North America tablet sales revenue 2022" were settled below target and negatively impacted the final index.

Overview of LTI plans launched from 2020-2022

Plan	Grant	KPIs	Results	Weighted index achieved	Vesting date	Expiration date Options	Exercise price* Options
Plan 2022	March 2022	Revenue 2024 EBIT margin 2024 R&D progress 2022 -2024 Deliver on sustainability aspiration			1 March 2025	1 March 2027	141
Plan 2021	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			1 March 2024	1 March 2026	119
Plan 2020	March 2020	Revenue 2022 EBITDA 2022 Total SLIT-tablets revenue 2022 North America SLIT-tablets revenue 2022 R&D progress 2020 -2022 Deliver on sustainability aspiration 2020 -2022	Above Below Above Below Below Above	115	1 March 2023	1 March 2025	72

In March 2022, ALK completed a share split at a ratio of 1:20. Number of performance shares has been restated accordingly.

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

Share options held by the Board of Management

Share options during 2022

	Share options 01 Jan 2022	Performance adjustment	Granted during the year	Exercised during the year	Cancelled during the year	Share options 31 Dec 2022	Market value* (DKKm)
Carsten Hellmann, CEO	691,020	76,440	48,300	(619,000)		196,760	2.3
Søren Jelert, CFO **	95,980	26,060	18,640	(34,780)	(105,900)	-	-
Søren Niegel, EVP Commercial Operations	396,620	26,520	17,120	(112,000)		328,260	12.1
Henrik Jacobi, EVP Research and Development	102,180	32,360	15,980	(85,420)		65,100	0.7

In March 2022, ALK completed a share split at a ratio of 1:20. Number of share options has been restated accordingly.
* Based on the intrinsic value as of December 2022.
** In November 2022, ALK announced that CFO Søren Jelert has decided to resign from his position at ALK and consequently all his share options are cancelled.

Share options held as at 31 Dec 2022

	Plan 2022	Plan 2021	Plan 2020	Plan 2019	Plan 2018 Special plan
Carsten Hellmann, CEO	48,300	54,520	93,940	-	-
Søren Jelert, CFO	-	-	-	-	-
Søren Niegel, EVP Commercial Operations	17,120	17,920	30,900	70,000	192,320
Henrik Jacobi, EVP Research and Development	15,980	18,040	31,080	-	-

Performance shares held by the Board of Management

Performance shares during 2022	Performance shares 01 Jan 2022	Performance adjustment	Granted during the year	Delivered during the year	Cancelled during the year	Performance shares 31 Dec 2022	Market value* (DKKm)
Carsten Hellmann, CEO	63,280	16,640	11,460	(43,920)		47,460	4.6
Søren Jelert, ** CFO	22,220	5,680	4,420	(14,980)	(17,340)	-	-
Søren Niegel, EVP Commercial Operations	21,280	5,780	4,060	(15,240)		15,880	1.5
Henrik Jacobi, EVP Research and Development	23,440	7,040	3,780	(18,580)		15,680	1.5

In March 2022, ALK completed a share split at a ratio of 1:20. The number of performance shares has been restated accordingly.
* Based on the intrinsic value as of December 2022
** In November 2022, ALK announced that CFO, Søren Jelert, has decided to resign from his position at ALK and consequently all his performance shares were cancelled.

Performance shares held as at 31 Dec 2022	Plan 2022	Plan 2021	Plan 2020
Carsten Hellmann, CEO	11,460	13,520	22,480
Søren Jelert, CFO	-	-	-
Søren Niegel, EVP Commercial Operations	4,060	4,440	7,380
Henrik Jacobi, EVP Research and Development	3,780	4,460	7,440

Shares held by the Board of Management

Overview of the shares held by the Board of Management in 2022	Shares 01 Jan 2022	Bought during the year	Sold during the year	Shares 31 Dec 2022	Market value* (DKKm)
Carsten Hellmann, CEO	96,500	332,372	(329,680)	99,192	9.5
Søren Jelert, CFO	28,440	49,760	(40,000)	38,200	3.7
Søren Niegel, EVP Commercial Operations	50,000	127,240	(127,240)	50,000	4.8
Henrik Jacobi, EVP Research and Development	16,820	104,000	(100,400)	20,420	2.0

* Based on the intrinsic value as of December 2022

Termination payments

The termination payment for the CEO is 24 months, and 18 months for the CFO and the EVPs, in addition to the salary paid during the termination period, which is six (6) months for the CEO, CFO and the EVPs. For the EVP, Commercial Operations and the CFO, the termination payment will be increased by one month per year of service up to a maximum of 18 months. The EVP, Commercial Operations will qualify for a termination payment of 18 months in 2024.

No termination payments were made in 2022.

Recovery of variable pay

The company has the right to recover payments or awards that were made under either the STI or LTI plans if payments were triggered based on data which subsequently proves to be significantly misstated. There was no reason to initiate any recovery of variable pay in 2022.

Extraordinary remuneration for recruitment

The Board of Directors is authorised to approve extraordinary bonuses in connection with recruitment to the Board of Management. No extraordinary bonuses were approved in 2022, nor were any sign-on bonuses or other recruitment-related bonuses.

Remuneration development

Board of Management – Development in total remuneration

	Unit	2022	2021	2020	2019	2018
Carsten Hellmann, CEO	%	0	8	15	-10	-34
Søren Jelert, CFO	%	5	11	0	-1	n/a
Søren Niegel, EVP Commercial Operations	%	9	5	4	-18	32
Henrik Jacobi, EVP Research and Development	%	1	5	2	-14	26
Board of Management total – incl. former members	**%**	**3**	**8**	**7**	**-11**	**-17**

Board of Directors – Development in total fees

	Unit	2022	2021	2020	2019	2018
Anders Hedegaard	%	12	-3	n/a	n/a	n/a
Lene Skole	%	12	1	22	0	0
Gitte Aabo	%	16	n/a	n/a	n/a	n/a
Lars Holmqvist	%	9	-20	7	0	0
Bertil Lindmark	%	11	n/a	n/a	n/a	n/a
Alan Main (joined March 2022)	%	n/a	n/a	n/a	n/a	n/a
Jakob Riis	%	16	0	9	0	0
Katja Barnkob	%	17	0	9	0	0
Nanna Rassov Carlsen	%	17	0	9	n/a	n/a
Johan Smedsrud	%	17	0	9	n/a	n/a
Board of Directors total – incl. former members	**%**	**20**	**10**	**4**	**4**	**-5**

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	2022	2021	2020	2019	2018
Group						
Workforce*	FTEs	2,609	2,492	2,419	2,385	2,341
Development in average employee total compensation	%	3.8	2.6	5.3	4.1	2.2
Parent						
Development in average employee total compensation	%	-0.5	2.2	2.5	3.1	2.7
CEO pay ratio**	Times	33	34	34	29	33

* 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

Financial development

	Unit	2022	2021	2020	2019	2018
Group						
Revenue growth in local currencies	%	13	12	8	11	1
Revenue	DKKm	4,511	3,916	3,491	3,274	2,915
EBITDA growth	%	33	35	64	77	-46
EBITDA	DKKm	708	534	395	241	136
Parent						
Revenue growth	%	(8)	14	135	(7)	(15)
Revenue	DKKm	2,114	2,296	2,015	856	925
EBITDA	DKKm	85	412	300	(529)	(309)

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 2022 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.

PricewaterhouseCoopers is subject to the International Standard on Quality Control, ISQC 1, and thus applies a comprehensive quality control system, including documented policies and procedures concerning compliance with ethical requirements, professional standards and current statutory requirements and other regulation.

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 Executive Board 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, 3 February 2023

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 2022. 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 2022. The remuneration report is submitted to the general meeting for an indicative vote.

Hørsholm, 3 February 2023

Board of Directors

Anders Hedegaard
Chairman

Lene Skole
Vice Chairman

Gitte Aabo
Member

Lars Holmqvist
Member

Bertil Lindmark
Member

Alan Main
Member

Jakob Riis
Member

Katja Barnkob
Member

Nanna Rassov Carlson
Member

Johan Smedsrud
Member

Design and production: Noted

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