



Minutes of Annual General Meeting of ALK-Abelló A/S
12 March 2018

At 4.00 p.m. on 12 March 2018 the Annual General Meeting of

ALK-Abelló A/S

(company registration (CVR) no. 63 71 79 16)
("the Company" "ALK")

was held at the Company's registered office, Bøge Allé 1, 2970 Hørsholm, Denmark.

The Chairman of the Board of Directors, Steen Riisgaard, welcomed everyone to the Annual General Meeting and stated that in accordance with the Company's Articles of Association, the Company's Board of Directors had appointed Niels Kornerup, Attorney-at-Law, to chair the meeting.

Steen Riisgaard then gave the floor to Niels Kornerup.

The chairman of the meeting thanked for having been appointed and declared, with the consent of the shareholders, that the Annual General Meeting had been duly convened and was quorate with respect to the items on the agenda.

The chairman of the meeting stated that, at the start of the meeting, 146 people were present, of whom 95 had admission tickets with voting rights and 51 had admission tickets without voting rights, meaning that 79.56% of the votes were represented after deduction of own shares, and 62.40% of the share capital was represented at the Annual General Meeting, also after deduction of own shares.

At the Annual General Meeting, after deducting own shares, 15,892,801 votes were represented out of a total of 19,976,816 possible votes, corresponding to 79,56% of the votes, and out of a nominal share capital of DKK 108,612,920 (after deducting own shares), a nominal total of DKK 67,776,730, corresponding to 62,40% of the share capital were represented.

The Board of Directors had received proxy forms and postal votes corresponding to 1,103,406 votes, equivalent to a total of 6.94% of the votes represented.

The chairman of the meeting then explained the rules of section 101(5) of the Danish Companies Act on full reporting on votes. The chairman of the meeting stated that the Annual General Meeting may agree to depart from these rules for each item. The chairman of the meeting moved that this option should be used. The Annual General Meeting agreed to this motion.

Agenda

1. Report on the activities of the Company
2. Adoption of the annual report and resolution to discharge the Board of Directors and the Board of Management from their obligations
3. Resolution on the allocation of profit
4. Adoption of the remuneration to the Board of Directors for the present year
5. Election of Chairman of the Board of Directors
6. Election of Vice Chairman of the Board of Directors
7. Election of other members of the Board of Directors
8. Appointment of auditor

9. Proposals from the Board of Directors

- (a) *Renewal of the Board's powers to increase the share capital (article 4a of the Articles of Association)*
- (b) *Change to requirements for participation in general meetings (article 6.1 of the Articles of Association)*
- (c) *Removal of age limit for Board members (article 8.3 of the Articles of Association)*
- (d) *Change to details of the Company's registrar (article 4.3 of the Articles of Association)*
- (e) *Change to the Articles of Association for Ingeniør Johannes Hansen's Fond*
- (f) *Addition to the general guidelines for incentive payments to the Board of Directors and the Board of Management*
- (g) *Authorisation to the chairman of the meeting*

Re 1-3: Report by the Board of Directors, annual report and allocation of profit

The chairman of the meeting stated that, as is customary at ALK's Annual General Meetings, items 1, 2 and 3 would be treated together.

The chairman of the meeting then gave the floor to the Chairman of the Board of Directors Steen Riisgaard and President & CEO Carsten Hellmann, who presented oral reports and the annual report 2017.

Steen Riisgaard started by presenting the following oral report:

"Highlights in the past year

2017 was not only an eventful year for ALK, it was, in fact, also a landmark year with many highlights – but also a number of difficult decisions:

- ▶ We built a new organisation in North America, which brought forward the launch of ACARIZAX[®] under the name of ODACTRA[™] in the USA.
- ▶ We defended our newly acquired market shares in Europe and remained the market leader.
- ▶ We and our partners made substantial clinical and/or commercial progress with all five tablets. Let me just mention that ALK completed the development of the tree pollen tablet in Europe with very strong results.
- ▶ Clinical data from ACARIZAX[®] led to a significant update of GINA, the Global Initiative for Asthma: For the first time, allergy immunotherapy, AIT, is recommended as a possible treatment for asthma.
- ▶ The Board of Management was strengthened: Carsten Hellmann and Søren Jelert joined ALK as new CEO and CFO, respectively, while Søren Niegel also took over Product Supply.
- ▶ We presented an ambitious growth strategy – a plan for how ALK is to develop into a broader-based allergy company that seeks to help not only the most severely affected patients but also many other allergy sufferers. And we raised DKK 700 million to fund this strategy.

We succeeded in most respects – but there were two exceptions: We did not get the SCIT production up to full speed, and in September we received an injunction from the French authorities to strengthen the quality system at our factory in Vandeuil.

I will get back to these highlights later in my report. This year I will have special focus on the new growth strategy and the reflections on which it is based.

Financial highlights 2017

But first, I will present the financial highlights for the past year.

The results for 2017 were in line with expectations. Revenue fell by 2% measured in local currencies, to just over DKK 2.9 billion, but that was in accordance with our forecasts: In 2016, ALK profited strongly from the turmoil that arose when our largest competitor was out of the market for several months. In 2017, our competitor was back and the European markets normalised. It should be noted that ALK is, nevertheless, 18% larger than in 2015 so this is a very good growth story that could have been even better if we had been able to produce more, corresponding to approximately 10% growth.

Operating income (EBITDA) was DKK 253 million – slightly higher than the most recent outlook, which said DKK 225-250 million. Compared with 2016, you could say that we chose to spend DKK 400 million more on promoting growth: We spent a substantial amount on building up a brand new organisation for tablets in the USA. We allocated extra resources to several European markets to defend the market shares obtained in 2016. And we had expenses for e.g. the rollout of ACARIZAX® in several markets.

The net result was a deficit of DKK 158 million. This is mainly attributable to a write-down totalling DKK 152 million on outdated equipment and discontinued development projects. This did not have any impact on cash flows but reduced the bottom line.

Sales regions

The money we invested in defending market shares gained in Europe was well spent. We succeeded in retaining ALK's position as the market leader in Europe – also in the large French market. Admittedly, sales in Europe fell by 9% relative to 2016, but relative to 2015 – which was the last normal year before the market turmoil erupted – ALK's sales grew by 18% organically. It could have been even more. But as I have already indicated, capacity constraints in production had a negative impact on sales.

In North America, revenue fell by 2% organically due to supply problems, while reported growth was 18% after the acquisition of ALOK – an Oklahoma-based company that primarily produces diluents for AIT.

In International markets, revenue increased by 48%, reflecting strong growth in China and sound growth in the Middle East and elsewhere. In Japan, our partner has stepped up sales.

Europe remains the largest sales region. But North America and International markets account for a steadily increasing share.

Products – revenue breakdown

In terms of product categories, sales of SCIT and SLIT-drops – injection- and drop-based immunotherapy – fell by 12%. Some of this decline reflects normalisation of the French market, but most of it is attributable to lack of capacity at ALK's SCIT production facilities in connection with upgrades to replace equipment and systems and to strengthen quality assurance and control. Sales could have been around DKK 250 million higher if we had not lost capacity in SCIT production.

Tablet sales reached a small milestone. Growth of 8% meant that sales exceeded half a billion DKK for the first time. This growth was driven by ACARIZAX®, which is really beginning to look like a winner. Adjusted for one-off milestone payments, growth in tablet sales was 17%, and we expect to increase the pace further this year as we will be launching ACARIZAX® in more countries and because tablets go well

in hand with the European authorities' ever-increasing requirements for allergy immunotherapy products to be registered and documented products.

Sales of other products and services rose by 41%. This growth was mainly fuelled by a strong comeback for the adrenaline pen Jext[®] and the contribution from the ALOK acquisition in the USA.

SCIT and SLIT-drops remain the largest category, but tablets will become more and more important.

Point of departure for the new strategy

That was 2017. Now let me turn to the new growth strategy – and the point of departure for this strategy.

Building the ALK of the future requires a solid foundation. So it was important that we retained our position as the market leader in Europe in 2017 and that we rapidly built up a new organisation in North America, and also that we and our partners saw growth in the emerging International markets, where the number of people with allergy and asthma is rising.

Against this background, the strategy is aimed at creating considerable future growth in ALK. Growth is mainly to come from tablets, but in the long run we will also see a rising contribution to the top line from brand new products and services.

Growth must be consistent and sustainable. That is why we are taking a number of hard decisions – to reduce the legacy product portfolio, to finally get production under control and to reallocate ALK's resources. These decisions are painful in the short term but will bring advantages in the long term because we avoid having to take one step backwards every time we have taken two steps forward. Now we need to create persistent growth.”

Steen Riisgaard then gave the floor to CEO Carsten Hellmann, who added the following in relation to ALK's new growth strategy:

“ALK's new growth strategy

Today, ALK is the global leader in AIT – a unique treatment that addresses the underlying cause of allergy as well as reducing patients' symptoms and their use of medications. Our biological products are protected by highly specialised production processes that are difficult to imitate. We have unsurpassed clinical documentation and more FDA-approved products than anyone else in our industry, supported by highly skilled employees and almost 100 years' experience with this disease.

But despite our strengths, we currently treat less than 1% of all people with respiratory allergies and capture only 2% of the overall spend in the global allergy and allergic asthma market. And the figure is even smaller for the aggregate allergy market.

That must change. We are treating a widespread disease – remember that allergy is the most common chronic disease globally – so ALK should be helping many, many more patients and prescribers. That is the essence of the new growth strategy.

The strategy is to transform ALK into a broad-based allergy company helping many more people with allergy. Above all, we must expand our core business with allergy tablets, especially in the important North American market, and we must roll out the tablets in many other markets. But we must also introduce new, complementary products and services that will help more allergy sufferers on the long journey from symptom relief via diagnosis to AIT and treatment of acute allergic reactions. That journey typically takes 8-10 years. There is an existing market of more than DKK 150 billion in which patients are doing what they can without any structured support. That must change.

Succeed in North America

The strategy rests on four pillars. The first pillar is to win in North America. That means: Building up a scalable tablet business in the world's largest allergy market.

There are 50 million allergy sufferers in North America, and in the USA alone there are 10 million people who would benefit from our AIT, but only one third are receiving treatment. So there is a huge potential for ALK that we cannot see elsewhere in the world in the medium term. That is why we are investing DKK 1 billion over three years in building up a powerful sales and marketing organisation – this is the largest investment in a single market in ALK's history.

We have already created a new pharma organisation – besides ALK's existing organisation with extracts, diagnostics and other products – and, to take an example, we have nearly quadrupled the sales force. In November, we launched ACARIZAX® in Canada, followed by the US launch in January, six months ahead of the original schedule.

We all know what happened: Our previous partner, Merck, returned the portfolio to ALK. I have been asked how ALK can expect to succeed when mighty Merck did not. Let me give you five good reasons:

1. We are not seeking to cannibalise American allergy specialists' profitable business with the injections they mix based on extracts from ALK, among others. In contrast, we are telling the allergy specialists that we want to help them revitalise and strengthen their business by giving the tablets to the many patients who drop out of treatment or leave the clinics without ever commencing treatment. That is, extra business.
2. We approach the market in a very focused way. We start with 2,000 allergy specialists that we will almost mark man-to-man and visit frequently. Once we have built up a real business with them, we will expand to the next 4,000 specialists. Merck targeted 20,000 specialists.
3. We have spent one year obtaining general acceptance of the tablets, negotiating reimbursements, developing systems and helping patients with many other things.
4. We now have ODACTRA™, as ACARIZAX® is called in the USA. ODACTRA™ treats the most common allergy – house dust mites – which occurs all year round, and this opens the doors to the southern part of the USA, where pollen allergy is virtually unknown. ODACTRA™ is an amazing product, and it will be even better in a few years, when we can also use it for children and adolescents – and against asthma. That is why we are focusing on ODACTRA™ this year, with strong expectations that this product will pave the way for the seasonal pollen tablets, as seen in Europe.
5. We know the market, we know the allergy specialists and they know us, because our sales in North America already amount to DKK 600 million. Several companies are pulling out of the allergy market because their patents have expired and because patients are applying self-medication. This has created a vacuum that ALK has good chances of filling because we already have a strong business with prescribers and because we can boost this business further by giving them even better support, even more products and refer more patients via digital platforms and reference systems.

Overall, I would say that we have the self-confidence that goes with having done our homework well. But we are aware that we are facing an enormous task and must be humble in our approach to it. This year, it is about validating the market approach – and if necessary fine-tuning it – and then scaling it up when we have the right model. That is why our cautious ambition is to start 5,000 patients in the USA on ODACTRA™ and a similar number in Canada. But obviously higher numbers are welcome. The first feedback from the launch is encouraging, but we will not have a solid indication until Q4, when we have good market data.

Complete the tablet portfolio

As the next, essential element of the strategy, we will be developing a complete portfolio of tablets for treatment of the five most common global respiratory allergies. When we have done so, we will be able to cater to more than 80% of all people with respiratory allergies.

We are investing in completing the clinical development, obtaining registration, establishing market access and documenting the effect in children, adolescents and asthma. And in parallel with the clinical effort we and our partners will be stepping up commercial activities. These activities are also a regulatory requirement if we are to retain our registrations.

Activities are underway in North America, Europe, the Middle East, Russia, Asia, Australia/New Zealand and Japan with ACARIZAX® in focus, but we have activities relating to all tablets and over the next five years we will be spending between DKK 400 and 600 million annually on clinical development and registration. The annual report provides an extensive description of our clinical activities and milestones.

Develop patient engagement systems and adjacent business

The third strategic pillar is to make ALK relevant for and available to many more allergy sufferers. This effort is driven mainly by a new consumer care division.

Today, if an allergy sufferer wakes up in the middle of the night with breathing difficulties or other allergy symptoms, he or she will typically search for information on the internet. The internet is the primary source of information about diseases and their treatment for allergy sufferers. 60% seldom or rarely consult a specialist – they apply self-medication based on the information found online. This means that ALK needs a massive digital presence in order to engage in a dialogue with the patients and use our knowledge to make the right information available – so that we can help the right patients to contact a specialist who can prescribe AIT treatment where relevant.

But AIT is for the few, the one per cent, although we are working to increase that share. We must also have other products that can help patients at an earlier stage on the journey towards AIT. This is why we will acquire new products and services via partnerships, inlicensing or acquisitions, so that ALK can market these products and services digitally and make life easier for allergy sufferers. We want to avoid, prevent and treat symptoms on the 8-10 year journey today's allergy sufferers take before they receive help.

Besides paving the way for AIT, we also want to help allergy specialists to ensure that patients complete their treatment by launching a new range of support tools.

This is what the new digital platform looks like

The website allergiecheck.de, which is operated by ALK's German subsidiary, provides a strong indication of what we mean by digital patient engagement.

Allergiecheck.de now has more than two million unique users, who use it to find information about respiratory allergies as well as fungus, food and latex allergies. The website also includes pollen alerts, pollen calendars, apps, treatment options, guides for allergists and other healthcare professionals and much more. In fact, everything you need to know about allergy.

We are currently adding a webshop where users can buy a number of allergy-related consumer goods, some of which will be marketed under ALK's own label. That is what you can see on the picture. There will be products for parents of children with allergy, oral products for allergy prevention, skincare products and products to make life easier for allergy sufferers.

We will be testing the webshop thoroughly. When we are sure that the platform works, we will be introducing similar sites in other markets. In that way, we can reach many million allergy sufferers at an earlier stage of their disease and help them with proper products and services, while *also* engaging in a dialogue with them and leading the right patients towards AIT – with ALK’s tablets and our other products.

Optimise and reallocate ALK’s resources

The final pillar in the strategy is to make ALK more efficient by strengthening competences and structures and streamlining processes – especially in production. This is a multi-faceted effort, but let me give you a few examples:

We are reviewing our product portfolio and phasing out small products. This will reduce sales in the short term, but it will also remove a lot of complexity from production, where it is difficult to be profitable if we constantly have to adjust processes to run small batches. Instead, we will be focusing on products with high volumes and high value. This is one of the many production initiatives that are to help boost our gross margin and hence earnings.

We must also finish the work to make SCIT production in particular more robust and scalable. We might as well be honest: This effort has been going on for far too long – more specifically 2½ years – and it has had a depressingly negative impact on sales because we have not had sufficient capacity. We *must* complete the process now and this year we must rebuild stocks so that we can normalise supplies to prescribers and patients.

Across the Company, we are releasing and redistributing resources. We have moved key employees around and abolished positions, but this is not just cost-cutting. It is a question of consistent prioritisation. We should focus only on tasks that create value – and support the strategy. Everything else must be weeded out.

Another, equally important development is the ongoing change of culture. If we are to be the world’s leading allergy company – and not just the leading AIT company – we must think out of the box, and out of our niche. We must change the way we see ourselves. We must change our way of working.

Growth and culture go hand in hand. We have launched an internal lighthouse to show the visionary and cultural direction in which we are moving, and we will be rolling out a new set of cultural beliefs to encourage new forms of collaboration. It must be easier for everyone – at all levels – to get involved and make knowledge, experience and skills available.

In 2018 to date we have held 20 spirit days at 16 locations, bringing employees together around the lighthouse, strategy and new set of cultural beliefs. And the cultural build-up will continue so that integrating the interests of as many allergy sufferers as possible becomes a natural element of our way of thinking and working. That will also benefit ALK’s top and bottom lines.

Long-term financial targets

The new strategy is aimed at creating an ALK that is capable of posting double-digit revenue growth year after year – and raising the profit ratio to an attractive level. This will make ALK an attractive growth share that provides a high return for investors, and we expect to achieve double-digit growth again from next year.

Outlook for 2018

But first we must go through a transformation period not exceeding three years. 2018 is set to be the toughest transformation year, and that is also reflected in the outlook for the year:

Revenue in 2018 is expected to be around DKK 2.7 billion – a couple of hundred million DKK lower than last year.

Exchange rates, especially the lower dollar, explain some DKK 75 million of the top line decrease. Furthermore, we are facing three factors in Europe that may jointly reduce revenue by around DKK 300 million. These three factors are: Phasing-out of products, capacity constraints in production and expected pressures on prices and reimbursement in Southern Europe, where we see a real risk that market conditions may be challenged.

Exchange rates and these three factors account for a total of DKK 300 to 375 million. But fortunately, there are also circumstances pointing in the opposite direction. Across ALK's markets, we expect strong double-digit growth in tablet sales, and in Europe we also expect to see robust growth in products such as the adrenaline pen Jext[®]. Furthermore, we expect sales to rise in both North America and International markets.

That is why we say revenue of 'around DKK 2.7 billion'. We may also receive earnings from new products and services from our new Consumer Care division, for which we have not budgeted with any sales in 2018, so the underlying business is actually growing nicely, but we need to tidy up.

Lower revenue will affect our gross margin, which will also be squeezed by costs relating to the final efforts to make production 100% robust. In addition, we have sizeable expenses for initiatives that will not pay off in earnest until later. This is particularly true of the build-up of the US business, but also applies to tablet launches in other markets. So, we expect operating income – EBITDA – to be marginally negative.

Free cash flow is expected to be negative by around DKK 600 million.

So by any financial yardstick, 2018 will be a tough year with pressure on the top line and on financial resources. But from 2019 the results of the transition will begin to materialise and ALK will be back on the growth track with double-digit revenue growth.

I look forward to standing here in one year from now and reporting that we are on the right track.”

Carsten Hellmann then gave the floor to Steen Riisgaard, who concluded the report and presentation of the annual report for 2017 with the following oral statement:

“Financing the growth strategy

As already mentioned, we expect that it will take three years – but no more – to transform ALK and create the company outlined by Carsten. In those three years, the new strategy will require considerable investment. Alone the expenses for clinical trials and sales and marketing in North America will, in round figures, amount to DKK 2.5 billion over three years. And we will also incur heavy expenses for upgrading SCIT and SLIT production and for launching tablets. Furthermore, income will be lost when we remove products from our portfolio.

So, in these three years there will be strong pressure on ALK's earnings and financial resources. Overall, we expect the cash flow to be negative by DKK 1 billion in 2018-20.

In December, the Board of Directors assessed that the best way to finance the growth strategy would be to exercise our powers to increase the share capital by up to 10%. Consequently, we issued 92,076 new AA shares and 920,760 new B shares in an issue process that received plenty of attention and was oversubscribed by Danish and international investors.

The issue yielded proceeds of almost DKK 700 million. Besides these proceeds, we have our credit facilities, and the Board of Directors has also chosen to bring a third component into play to fund the strategy: We propose temporarily suspending dividend payments. We will regularly revisit our dividend policy to see when we may be able to distribute dividends again. The sooner, the better.

The suspension of dividends comes at a time when our share price has not been favourable for a couple of months. Our dialogue with investors and analysts shows that there is, in fact, strong support for our new strategy – and an understanding that this is a unique opportunity for ALK because big pharma is not particularly interested in allergy.

It is a tough diet. But it is the duty of the Boards of Directors and Management to ensure the long-term growth of ALK – and a long-term return for investors. There is no alternative to the new strategy.

To ensure execution of ALK's growth strategy, the Board of Directors under item 9 (f) of the agenda proposes a special incentive programme for 2018 for the Board of Management and a small group of key employees. This programme is to reflect the considerable challenges faced over the next three years in relation to transforming the Company and ensuring the long-term growth of ALK to the benefit of us all, not least the shareholders.

There is an exhaustive, but also rather technical description of the incentive programme in an appendix to the notice convening the Annual General Meeting. To ensure a 100% correct description, it did perhaps end up being a little too complex, so let me try to present it in a simpler, easier-to-understand way.

It is a special programme with one-off allocations of share options and performance shares. Under the programme, the Board of Management will receive share options corresponding to 25% of their annual base salaries in 2018 and performance shares also corresponding to 25% of each member's annual base salary in 2018. Allocations are expected to take place shortly after the Annual General Meeting.

The special programme is linked to a number of clear, predefined targets and financial indicators supporting the four key areas of the strategy. These targets are to be met if the programme is to have any value for the Board of Management. We will look at the final results after three years, and only if the targets set have been met by then will the Board of Management receive the performance shares and earn the options.

There is a ceiling on how much the Board of Management and other managers can earn under this programme. No person can in any way end up receiving an amount exceeding three times his or her current base salary. For the options, this means that if the ceiling is reached as they are exercised, any remaining options will be cancelled. And this maximum payment will take place only if ALK displays exceptionally good performance and substantially exceeds the targets in the strategy plan, which can also be expected to benefit the shareholders.

If, on the other hand, ALK 'merely' – in quotation marks – meets the strategy targets, payments to the Board of Management and other managers will be considerably smaller. But in this case we still assume that sizeable value has been created for the shareholders.

So a special three-year programme made to match ALK's current situation and to provide an extra incentive during the three-year transformation of ALK: Under item 9 (f) on the agenda, the Board of Directors will recommend that this special incentive programme be approved.

The work of the Board of Directors

The Board of Directors held nine meetings last year. The September meeting was a two-day seminar with the Board of Management at which we thoroughly discussed the strategy, which the Board of Management then fine-tuned and upgraded before it was presented in December.

Besides the Board meetings, the Audit Committee met four times, the Remuneration Committee three times, the Scientific Committee once and the Nomination Committee regularly. Numerous meetings were also held between the chairmanship and the Board of Management.

As usual, we conducted a self-evaluation of the Board of Directors at the end of the year, assisted by an external facilitator. The evaluation was conducted by way of questionnaires, followed by individual interviews between the facilitator and all members of the Boards of Directors and Management. The evaluation showed that the focus areas identified in the previous self-evaluation have been satisfactorily followed up, and the Board of Directors selected new focus areas for 2018. The necessary Board competences are assessed to be in place, and the meetings are held in an open, constructive and solution-oriented dialogue. There was agreement that the Chairman leads the meetings in a competent manner.

Evaluations were also performed of the Board committees, showing that the issues discussed in 2017, scope, materials and cooperation were all satisfactory.

New Chief Financial Officer and merging of responsibilities

I would like to say a few words about the Board of Management, which has seen several changes since last year:

Søren Jelert joined ALK as new CFO on 1 January. Søren has, inter alia, been CFO of NNE Pharmaplan – an engineering company specialising in assisting pharmaceutical companies – and he has also held financial positions at Novo Nordisk and Mærsk. Søren brings experience within financial leadership and he has also played a large role in change processes. We will certainly be needing both skills at ALK.

Furthermore, in November Søren Niegel also took over responsibility for Product Supply, so that he became Executive Vice President for Commercial Operations and Product Supply – in short, Operations. Søren is the ideal person to take over responsibility for Product Supply at a stage where it is critical quickly to obtain robust and efficient production. We also see major advantages in having close cooperation between Product Supply and Commercial Operations in relation to e.g. the product portfolio optimisation process now being launched.

Besides Søren and Søren, the Board of Management comprises Carsten Hellmann – who joined us on 1 January 2017 and was introduced last year – and Henrik Jacobi, Executive Vice President, Research & Development.

Thank you to the Board of Management and the employees

I would like to thank the Board of Management and all other employees for their strong commitment and effort over the last year.

The Board of Directors is fully aware that this year has brought many changes at ALK. There have been a few balls to juggle, and traditions and conventional wisdom have been challenged. Such changes are taxing for employees.

But they are necessary in a transformation process. If ALK is to grow beyond its narrow AIT niche and become a large, broad-based allergy company, we need to change the way we think and act. We cannot

create change if our point of departure is what we ‘usually’ do. We must obviously stick to our solid, professional and scientific point of departure, but we must use it better so that we can help many, many more allergy and asthma patients to have a better life.

Fortunately, the employees are embracing the changes: Many have shown great commitment to the development of the new strategy and the scores of projects resulting from this strategy. And even more employees meet up with open minds at workshops on culture and changes – determined to come out of their silos and contribute with knowledge, experience and competences to further a common cause.

We have embarked on an amazing journey at ALK. If we complete it – as we are convinced that we will – we will have created a much larger and stronger company. But the journey will be demanding for all of us. Employees must be adaptable. Management must be able to take decisions and remain in control. And shareholders must be patient – we hope to be able to reward this patience many times.

When we meet again next year, we expect to see ALK back on the growth track – after a good start to the year 2019, which will bring double-digit sales growth. And from there we will be able to see the end of the transformation process. Along the way, we will have only one guiding principle: To do it right so that ALK becomes a much more valuable company, to the benefit of everyone, not least the shareholders.

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

Steen Riisgaard then gave the floor to the chairman of the meeting.

The chairman of the meeting stated that the annual report had been signed by the Board of Directors and the Board of Management, that the auditor had stated that the financial statements give a true and fair view and that the Board of Directors proposed not distributing any dividend for the financial year 2017. The chairman of the meeting also stated that this proposal was based on the financial statements of the parent company.

The chairman of the meeting opened up the meeting for debate and gave the floor to the first and only speaker, Claus Berner Møller, deputy director, ATP, on behalf of ATP.

Claus Berner Møller noted that 2017 had been a year in which the Company had achieved positive results in clinical trials and that several new products had been approved in new countries. Claus Berner Møller mentioned sales of ACARIZAX® in Europe and MITICURE™ as very encouraging. On the other hand, Claus Berner Møller noted that the production problems at ALK had turned out to be even greater than first assumed and that this had resulted in loss of sales and earnings.

Furthermore, Claus Berner Møller noted that ALK had presented a new strategy in 2017, which initially ensured sufficient resources to generate successful tablet sales in the USA as ALK still had to focus on boosting production of old and new products. In this connection, Claus Berner Møller pointed out that ALK increased its capital in late 2017 in order to have sufficient capital to upgrade production and to implement the new strategy. Claus Berner Møller noted that ATP supported the capital increase and that ATP found it absolutely necessary, but that it had been handled clumsily as it led to a strong fall in the share price which foundations – speculating in price falls – benefited from.

Claus Berner Møller then noted that ATP had discussed the addition to the Company’s guidelines for incentive pay for the Company’s Board of Directors and Board of Management – which was to be decided upon at the Annual General Meeting – with ALK prior to the Annual General Meeting as the description of the new programme was rather brief in the draft new guidelines. After having discussed the matter with

ALK, ATP had decided to vote in favour of item 9 (f) on the agenda concerning the addition regarding the new incentive programme. In this connection, Claus Berner Møller pointed out that ATP's criticism of the new incentive programme concerned (i) the use of options, (ii) that the programme was not revolving and (iii) that the programme was very complex. On the other hand, ATP appreciated (i) the size of the amounts at the time of allocation, which was fair, (ii) that the programme was based on the right KPIs and (iii) that a maximum had been set for final disbursements.

Finally, Claus Berner Møller noted that there was full support for ALK, which would in the long term achieve high revenue growth and rising margins, but that investors had to be patient for another year or so.

The chairman of the meeting gave the floor to Steen Riisgaard, who responded to the comments from Claus Berner Møller.

Steen Riisgaard started by thanking for the comments and agreed that the new growth strategy meant that the future looked very bright for ALK. Steen Riisgaard then added that the Company had noted that there was room for improvement in relation to raising capital and in relation to the wording of notices to convene general meetings.

Finally, Steen Riisgaard thanked ATP for the support and gave the floor to the chairman of the meeting.

As no-one else wished to take the floor, the chairman of the meeting, with the consent of the Annual General Meeting, noted:

- that the general meeting had taken note of the report from the Board of Directors,
- that the general meeting had adopted the annual report 2017 and discharged the Board of Directors and Board of Management from their duties, and
- that the general meeting had approved the proposal for allocation of the profit.

Re 4: Adoption of the remuneration to the Board of Directors for the present year

The chairman of the meeting stated that the next item on the agenda was approval of the remuneration to the Board of Directors for the present year.

The chairman stated that the Board of Directors proposed to the general meeting that the fees to the Board of Directors remain unchanged, meaning

- that remuneration to members of the Board of Directors amounted to DKK 275,000,
- that remuneration to the Vice Chairman was twice that amount, DKK 550,000.
- that remuneration to the Chairman was three times that amount, DKK 825,000, and

The Board of Directors furthermore proposed:

- that the additional fee to the chairmen of the Company's Board committees remained unchanged at DKK 150,000, and
- that the additional fee to the members of the Board of Directors who were members of these committees remained unchanged at DKK 100,000.

As no shareholders wished to take the floor, the chairman of the meeting, with the consent of the general meeting, established that the proposal had been adopted.

Re 5: Election of Chairman of the Board of Directors

The chairman of the meeting stated that the Board of Directors proposed re-election of Steen Riisgaard.

The chairman of the meeting also stated that the Chairman's directorships in other commercial enterprises were listed in the annual report 2017.

Since no other names were put forward as Chairman of the Board of Directors, Steen Riisgaard was re-elected for a period of one year.

Re 6: Election of Vice Chairman

The chairman of the meeting stated that the Board of Directors proposed re-election of Lene Skole.

The chairman of the meeting also stated that the Vice Chairman's directorships in other commercial enterprises were listed in the annual report 2017.

Since no other names were put forward as Vice Chairman of the Board of Directors, Lene Skole was re-elected for a period of one year.

Re 7: Election of members of the Board of Directors

The chairman of the meeting stated that the Board of Directors proposed re-election of Lars Holmqvist and Jakob Riis.

The chairman of the meeting stated that the directorships of Lars Holmqvist and Jakob Riis in other commercial enterprises were listed in the annual report for 2017.

The chairman of the meeting also stated that the Board of Directors proposed election of Gonzalo De Miquel as a new member.

The chairman gave the floor to Steen Riisgaard.

Steen Riisgaard motivated the proposal of re-election of Lars Holmqvist and Jakob Riis and the new election of Gonzalo De Miquel:

“According to ALK's Articles of Association, all members of the Board of Directors elected at the Annual General Meeting are up for election every year. You have already re-elected the Chairman and Vice Chairman – for which I thank you. In addition, the Board of Directors proposes re-election of Lars Holmqvist and Jakob Riis.

Anders Gersel Pedersen and Per Valstorp are not seeking re-election. Instead, the Board of Directors proposes election of Gonzalo De Miquel as a new member. I will introduce him in a moment.

We endeavour to compose the Board of Directors in such a way that it has the managerial, financial, pharmaceutical and production expertise needed to safeguard the interests of ALK and the shareholders in the best possible way. We believe that the candidates proposed satisfy these criteria. In the notice convening the Annual General Meeting, we have motivated the proposal to elect each of these candidates, but let me nevertheless briefly present the candidates:

Lars Holmqvist

The Board of Directors proposes re-election of Lars Holmqvist due to his experience in management, finance, sales and marketing in international life science companies, including med-tech and pharmaceutical companies. Lars is now a professional Board member and is on the Board of e.g. Lundbeckfonden.

Jakob Riis

The Board of Directors proposes re-election of Jakob Riis due to his experience in management, sales and marketing in the international pharmaceutical industry. Since last year, Jakob has left a position as Executive Vice President at Novo Nordisk to become President and CEO of Falck, and he is being nominated as a non-independent member of the Board of Directors.

Gonzalo De Miquel

We propose Gonzalo De Miquel as a new member of the Board of Directors due to his extensive experience within pharmaceutical research and development. Gonzalo was born in Spain; he holds a medical degree from the Autonomous University of Barcelona, specialising in clinical rheumatology, and he has 20 years' experience from the pharmaceutical industry, working for companies such as Almirall, AstraZeneca and Boehringer-Ingelheim. Today, Gonzalo is Chief Medical Officer and Executive Vice President of the listed UK pharmaceutical company Vectura Ltd. and a member of the Board of Directors of the biotech company Ventaleon.

We wanted an international profile from the pharmaceutical industry in order to strengthen the Board's competences within clinical development, registration, pharmacoeconomics and product launches. Gonzalo has that profile. On top of that, he also has considerable experience within respiratory diseases and inhalation products, which are close to ALK's field. Gonzalo is being nominated as an independent member of the Board of Directors."

Employee-elected members

The Board of Directors also includes three members elected by the employees of the Company: Katja Barnkob Thalund, Andreas Holst and Jacob Kastруп. They were elected for four years in 2015 – and are obviously not up for election today. But they put in a lot of work and we owe them a thank you for that.

With these words, I recommend Lars Holmqvist and Jakob Riis for re-election – and Gonzalo De Miquel for election as a new member.

At the same time, I would like to express my warm thanks to Anders Gersel Pedersen and Per Valstorp for their large contributions to ALK's development in recent years – in the case of Anders an impressive 12 years, which is quite an achievement. Many thanks."

Steen Riisgaard then gave the floor to the chairman of the meeting, who noted that shareholder Jens Frederik Demant wanted to speak.

The chairman of the meeting gave the floor to Jens Frederik Demant who enquired whether it would be possible for the candidates nominated to present themselves to those present at the Annual General Meeting.

Jens Frederik Demant then gave the floor to the chairman of the meeting, who organised a physical presentation of the candidates nominated, who were all present at the Annual General Meeting.

The chairman of the meeting noted that there were no other candidates and that Lars Holmqvist, Jakob Riis and Gonzalo De Miquel had all been elected for a period of one year. The chairman of the meeting congratulated the members of the Board of Directors on their election.

The members of the Board of Directors elected at the general meeting are thus:

- ▶ Steen Riisgaard (Chairman)
- ▶ Lene Skole (Vice Chairman)
- ▶ Lars Holmqvist
- ▶ Jakob Riis
- ▶ Gonzalo De Miquel
- ▶ Katja Barnkob Thalund (employee-elected)
- ▶ Andreas Holst (employee-elected)
- ▶ Jacob Kastrup (employee-elected)

Re 8: Appointment of auditor

The chairman of the meeting stated that the Board of Directors proposed re-appointment of Deloitte Statsautoriseret Revisionspartnerselskab.

The chairman of the meeting noted that the general meeting re-appointed Deloitte Statsautoriseret Revisionspartnerselskab as the Company's auditors.

Re 9: Proposals from the Board of Directors

The chairman of the meeting stated that the next item on the agenda was proposals from the Board of Directors, and that this agenda item consisted of seven proposals.

9(a): Renewal of the Board's powers to increase the share capital (article 4a of the Articles of Association)

The chairman of the meeting stated that the Board of Directors proposed renewing the Board of Directors' powers to increase the AA and B share capital since the existing powers under article 4a.1-4a.5 of the Articles of Association had been fully exercised.

The chairman of the meeting stated that the proposal entailed changing the heading of article 4a of the Articles of Association to "*Powers to increase the AA and B share capital*", and that the wording of articles 4a.1-4a.5 of the Articles of Association would be as follows:

"4a.1 The share capital may by resolution of the Board of Directors up to and including 11 March 2023 be increased 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. On any increase of the share capital, the ratio between the two share classes shall remain unchanged, as A shares and AA shares are considered as a whole in this article 4a, and AA shares and B shares shall be offered at the same price. The share capital may be increased for cash or other consideration. Increases of the capital pursuant to this authorisation may take place at a price below the market price and shall be with pre-emption rights to all shareholders within the respective share classes.

4a.2 The share capital may by resolution of the Board of Directors up to and including 11 March 2023 be increased 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. On any increase of the share capital, the ratio between the two share classes shall remain unchanged, as A shares and AA shares are considered as a whole in this article 4a, and AA shares and B shares shall be offered at the same price. Increases of the capital pursuant to this authorisation must be at market price and subscription must take place without pre-emption rights to the B shareholders.

The Board of Directors may decide that the new shares may only be subscribed by one or more specific investors, by way of a specific creditor's swap of debt, or as full or partial consideration for the acquisition of an operation or specific assets. However, the Board of Directors shall not have the power to direct that the capital increase can only be subscribed by one or more specific investors for cash consideration. If the shares are offered at market price, the price of both the AA shares and the B shares shall be the market price of the Company's B shares.

4a.3 Increases of the share capital pursuant to articles 4a.1 and 4a.2 may not in total exceed a nominal value of DKK 11,141,196, equivalent to AA shares having a nominal value of up to DKK 1,012,836, and B shares having a nominal value of up to DKK 10,128,360.

4a.4 AA shares subscribed and issued pursuant to articles 4a.1 and 4a.2 above shall be non-negotiable instruments, which shall be issued to bearer and be registered in the name of the holder in the Company's register of shareholders. The B shares subscribed and issued pursuant to articles 4a.1 and 4a.2 above shall be negotiable instruments issued as registered shares. No restrictions apply to the transferability of the new shares, see article 4.4 above.

With the exception of the provision set out in article 4a.6, the AA shares shall have the same rights and obligations as A shares. If the authorisations under articles 4a.1 and/or 4a.2 are utilised, the A shareholders and the AA shareholders shall have joint pre-emption rights to the AA shares offered, and the pre-emption rights shall be exercised in proportion to each shareholder's nominal holding of A shares and AA shares.

4a.5 The Board of Directors is authorised to amend the Articles of Association as a result of any capital increases made in pursuance of articles 4a.1 and/or 4a.2 above."

The chairman of the meeting also stated that the Board of Directors – as part of this proposal – suggested revising a number of further provisions of the Articles of Association in consequence of the wording of the authorisations and a share emission in the Company in December 2017, which entailed:

- i. Article 4.2, first and second sentences, shall be worded as follows:

"Shares are issued as registered shares and are registered in the register of shareholders of the Company. A and AA shares are non-negotiable instruments and B shares are negotiable instruments, which are registered with VP Securities A/S."

- ii. Article 4.4 shall be worded as follows:

"No restrictions apply to the transferability of the A shares, AA shares or B shares."

- iii. In article 4.5, first sentence, "article 4a.1" shall be amended to "article 4a.2" and "and 4a.5" shall be deleted.

- iv. Article 4.6, first and second sentences, shall be worded as follows:

"The share capital may be increased by subscription of A shares, AA shares and B shares in the existing nominal ratio between the three share classes. A shareholders shall have pre-emption

rights to new A shares, AA shareholders shall have pre-emption rights to new AA shares, but cf. article 4a.4, and B shareholders shall have pre-emption rights to new B shares.”

- i. Article 4a.6 shall be deleted; article 4a.7 shall be numbered as article 4a.6, and “*and 4a.6 above*” shall be deleted from the last sentence of article 4a.7.

As no shareholders wished to take the floor, the chairman of the meeting, with the consent of the general meeting, established that the proposal had been adopted.

9(b): Change to requirements for participation in general meetings (article 6.1 of the Articles of Association)

The chairman of the meeting stated that the Board of Directors proposed that the requirements in the Articles of Association for participation by shareholders in the general meeting should follow the rules in the Danish Companies Act, whereby the Articles of Association should no longer require an admission ticket to be shown in order to participate.

The chairman of the meeting informed the Annual General Meeting that the proposal entailed the following changes to the Articles of Association:

- i. Article 6.1, second sentence, shall be worded as follows:

“The right to attend the general meeting is also subject to the shareholder having announced his participation in the relevant general meeting not later than three days before the date of the general meeting.”

- ii. Article 6.1, second paragraph, shall be deleted.

- iii. Article 6.4, second sentence, shall be worded as follows:

“The proxy shall announce his participation in compliance with article 6.1 above.”

- v. In article 7.2, first sentence, “admission ticket” shall be deleted, and article 7.2, second sentence, shall be worded as follows:

“The documents set out above will be available on the Company’s website: www.alk.net”

As no shareholders wished to take the floor, the chairman of the meeting, with the consent of the general meeting, established that the proposal had been adopted.

9(c): Removal of the age limit for Board members (article 8.3 of the Articles of Association)

The chairman of the meeting stated that the Board of Directors proposed removing the age limit of 70 years for Board members from the Articles of Association.

The chairman of the meeting elaborated on this, explaining that the main reason for the proposal was that – in the opinion of the Board of Directors – age does not in itself qualify or disqualify a person wishing to serve on the Board and that the proposal would entail deleting Article 8.3 of the Company’s Articles of Association and renumbering subsequent sub-articles to Article 8 accordingly.

The chairman of the meeting then noted that shareholders Kjeld Beyer and Jens Frederik Demant had comments regarding this proposal.

The chairman of the meeting gave the floor to Kjeld Beyer, who said that he did not support the proposal and would consequently vote against it.

The chairman of the meeting then gave the floor to Jens Frederik Demant, who said that he welcomed the proposal as he saw no reason to continue to have an age limit for Board members.

The chairman of the meeting then gave the floor to Steen Riisgaard to respond to the comments from Kjeld Beyer and Jens Frederik Demant.

Steen Riisgaard started by thanking for the comments from the two shareholders. He then pointed out that the Board of Directors of the Company is currently made up of people of different ages – and genders and other parameters – and that the Board of Directors aimed for diversity among its members. Finally, Steen Riisgaard noted that the Company's approach to and composition of the Board membership was in line with the guidelines for good corporate governance, both in Denmark and abroad.

Since no other shareholders wished to take the floor, the chairman of the meeting – noting Kjeld Beyer's vote against the proposal – established, with the consent of the Annual General Meeting, that the proposal had been adopted.

9(d): Change to details of the Company's registrar (article 4.3 of the Articles of Association)

The chairman of the meeting stated that the Board of Directors proposed that the address of the Company's registrar, VP Investor Services A/S, be replaced with the registrar's CVR number in article 4.3 of the Articles of Association.

The chairman of the meeting explained that the background to this proposal was that the address of the Company's registrar is not a legal requirement, and that it would not be necessary to change the Articles of Association if VP Investor Services A/S moved to another address.

Further to this, the chairman of the meeting explained that the proposal entailed amending Article 4.3 of the Articles of Association as follows:

"The Company's registrar is VP Investor Services A/S, CVR number 30201183, which has been appointed by the Board of Directors as registrar."

As no shareholders wished to take the floor, the chairman of the meeting, with the consent of the general meeting, established that the proposal had been adopted.

9(e): Change to the Articles of Association for Ingeniør Johannes Hansen's Fond

The chairman of the meeting stated that the Board of Directors proposed an amendment to article 9 of the Articles of Association for Ingeniør Johannes Hansen's Fond so that the Foundation itself could appoint an auditor to audit the Foundation's annual report. The chairman of the meeting explained that the proposal entailed amendment of article 9, 2nd paragraph, 1st sentence of the Articles of Association for Ingeniør Johannes Hansen's Fond as follows:

"The Foundation's annual report shall be audited in accordance with the law applicable to non-commercial foundations at any given time, by a legal or natural person appointed by the Board of Directors of the Company for one year at a time at the Board meeting at which the annual report of the Foundation is discussed."

As no shareholders wished to take the floor, the chairman of the meeting, with the consent of the general meeting, established that the proposal had been adopted.

9(f): Addition to the general guidelines for incentive payments to the Board of Directors and the Board of Management

The chairman of the meeting stated that the Board of Directors proposed an addition to the general guidelines for incentive payments to the Board of Directors and the Board of Management of ALK.

The chairman of the meeting also stated that the purpose was to implement the Company's new growth strategy, which Carsten Hellmann had previously presented, and that the Board of Directors' draft for updated general guidelines for incentive payment had been posted on the Company's website on 13 February 2018.

After this, the chairman of the meeting informed the Annual General Meeting that the proposal entailed a number of amendments to the general guidelines for incentive payments to the Board of Directors and the Board of Management, mainly relating to the introduction of the special incentive programme previously outlined by Steen Riisgaard, and summed up as follows:

- ▶ The special incentive programme was a one-off programme solely introduced with a view to meeting the targets of the Company's new growth strategy. Under the special incentive programme, the Board of Management was solely to receive share options and performance shares that could be exercised only if a number of predefined targets of significance to the growth strategy were met. The share options and performance shares were to be allocated shortly after the Annual General Meeting.
- ▶ If the predefined targets were met, the relevant members of the Board of Management could exchange their share options and performance shares for shares in ALK, but under the special incentive programme no-one could receive more than an amount corresponding to three times his current base salary. Furthermore, this would only be relevant if ALK's performance had been exceptionally good.

After this, the chairman of the meeting stated that the Board of Directors – in addition to the introduction of the special incentive programme – proposed a number of modernisations of the guidelines as also stated in the draft of the updated guidelines posted on the Company's website on 13 February 2018.

As no shareholders wished to take the floor, the chairman of the meeting, with the consent of the general meeting, established that the proposal had been adopted.

9(f): Authorisation to the chairman of the meeting

The chairman of the meeting stated that the Board of Directors proposed that the General Meeting authorised the chairman of the meeting, with power of delegation, to make such changes in and supplements to the resolutions adopted at the General Meeting and to the notification hereof as may be required by the Danish Business Authority or other authorities in connection with the registration of the amendments adopted, and to continuously make and notify linguistic and other amendments with no impact on content in the Company's Articles of Association.

As no shareholders wished to take the floor, the chairman of the meeting, with the consent of the general meeting, established that the proposal had been adopted.

The chairman of the meeting concluded that the actual agenda had now been completed so that only the *de facto* item "Any other business" remained. The chairman of the meeting noted that Erling Vangstrup wished to take the floor and gave the floor to Erling Vangstrup.

Erling Vangstrup noted – with reference to item 7 on the agenda – that the Board of Directors had been reduced by one member and wanted to know why the Company did not keep the number of Board members elected at the Annual General Meeting unchanged; it was six before this year's meeting.

The chairman of the meeting gave the floor to Steen Riisgaard for him to answer the question put forward.

Steen Riisgaard thanked for the question and explained that the Board of Directors had been informed of Per Valstorp's decision not to seek re-election relatively close to the Annual General Meeting. The information from Per Valstorp came so late in the preparation of the Annual General Meeting that the Board of Directors did not have sufficient time to recruit a new member.

Steen Riisgaard added that the Board of Directors intended to increase its membership to six members elected at the Annual General Meeting – plus those elected by the employees – and that it was already discussing the profile of the new Board member. Finally, Steen Riisgaard noted that a new Board member could not be elected until next year's Annual General Meeting, but that it would be expedient to invite the person in question to participate in Board meetings as an observer until the Annual General Meeting had an opportunity to decide whether to elect that person to the Board of Directors.

Steen Riisgaard then gave the floor to the chairman of the meeting.

As no shareholders wished to take the floor, the chairman of the meeting thanked those present and concluded that his duties as chairman of the meeting had now been fulfilled

The chairman of the meeting then gave the floor to Steen Riisgaard.

In a few concluding remarks, Steen Riisgaard thanked the chairman for chairing the meeting and the shareholders for attending the general meeting and showing an interest in ALK and then announced that light refreshments were available in the foyer, where the shareholders would have the opportunity to meet the members of the Board of Directors and the Board of Management.

General meeting adjourned.

Chairman of the meeting

Niels Kornerup

Chairman of the Board of Directors

Steen Riisgaard