



Company Announcement no. 05/2018

To: NASDAQ Copenhagen A/S

Copenhagen, Denmark, 22 March 2018

Notice to Convene Annual General Meeting 2018

The board of directors of Veloxis Pharmaceuticals A/S, CVR no. 26 52 77 67 ("the Company"), hereby convenes the annual general meeting in the Company which will be held on

Friday 13 April 2018 at 9 am. CET

at the offices of Plesner Law Firm, Amerika Plads 37, 2100 Copenhagen, Denmark.

Agenda

- 1 Report by the Company's board of directors on the Company's activities during the past financial year
- 2 Presentation of the audited annual report for approval
- 3 Resolution on covering of losses as per the approved annual report
- 4 Election of members to the board of directors
- 5 Election of auditor
- 6 Approval of fee to the board of directors for the financial year 2018
- 7 Proposal by the board of directors on authorization to the board of directors to issue warrants and amendment of the articles of association in accordance therewith
- 8 Proposal by the board of directors for approval of updated remuneration policy including general guidelines for incentive-based remuneration to members of the board of directors and executive management and amendment of the articles of association in accordance therewith
- 9 Proposal from the board of directors to authorize the board of directors to increase the share capital at market price by cash payment with up to nominally DKK 17,126,385.31

with pre-emptive subscription rights for the shareholders, including the proposal for amendment of the Company's articles of association in accordance therewith

- 10 Proposal by the board of directors on authorization to the Company to acquire own shares
- 11 Proposal by the board of directors on authorization to the chairman of the annual general meeting, with a right of substitution, to file the resolutions passed at the general meeting for registration with the Danish Business Authority

Complete proposals

Re item 2:

The board of directors proposes that the presented audited annual report is approved.

Re item 3:

The board of directors proposes that the previous year's net loss of USD 9.5 million be carried forward by transfer to accumulated deficit.

Re item 4:

According to the Company's articles of association, the board of directors is elected for one year at a time which implies that all board members elected by the general meeting are up for election.

The board of directors proposes that all members of the board of directors are re-elected, i.e.:

- Mette Kirstine Agger
- Anders Götzsche
- Michael Thomas Heffernan
- Robert Samuel Radie
- Lars Kåre Viksmoen
- Paul Kevin Wotton

For a description of the qualifications of the nominated candidates, see [Exhibit 1](#) to the notice.

Re item 5:

The board of directors recommends the re-election of PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab in accordance with the Audit and Risk Management Committee's recommendation. The Audit and Risk Management Committee has not been influenced by third parties and has not been subject to any agreement with third parties, which limits the general meetings election to certain auditors or to certain audit firms.

Re item 6:

The board of directors proposes that the general meeting approves the fee to the board of directors for the financial year 2018.

An external compensation consulting company has performed a compensation review of the Company's compensation structure (i) to compare the Company's board of directors compensation practices and levels to US peer company practices and levels, (ii) to provide an assessment of the Company's competitive posture and (iii) to make recommendations for changes, if any, to the Company's practices to be implemented in 2018.

The board of directors proposes that the board of directors receives the following remuneration in 2018 in accordance with the recommendations from the aforementioned review:

Remuneration to the board of directors and board sub-committees (USD)	2018
Chairman of the Board of Directors	100,000
Members of the Board of Directors	50,000
Chairman of the Audit Committee	20,000
Members of the Audit Committee	10,000
Chairman of the Compensation Committee	15,000
Members of the Compensation Committee	7,500
Chairman of the Nomination Committee	10,000
Members of the Nomination Committee	5,000

Further, members of the board of directors may receive incentive-based remuneration under the Company's general guidelines for incentive pay to the members of the board of directors and the executive management, ref. article 16 of the articles of association.

The board of directors proposes that each board member is granted warrants equal to the value of USD 150,000 calculated at the share price on the day of grant.

Re item 7:

The board of directors proposes that the general meeting approves an authorisation to the board of directors to issue warrants in accordance with the following provisions to be inserted in the Company's articles of association as a new article 5E:

"Article 5E

The Board of Directors is until 13 April 2023 authorised, at one or more times, to issue up to 51,379,156 warrants, each conferring a right to

subscribe for 1 share of nominal DKK 0.1 in the Company, and to implement the corresponding increase(s) of the share capital.

The warrants can be issued to employees, executive directors and board members in the Company and its subsidiaries without pre-emptive subscription rights for the Company's shareholders.

The exercise price for warrants, which are issued pursuant to the authorisation, shall at a minimum correspond to the market price of the Company's shares on the date of issuance of the warrants. The other terms for the warrants issued pursuant to this authorisation, including payment for the warrants, duration, exercise periods, vesting periods, adjustments as a result of corporate changes etc. shall be determined by the Board of Directors. The shares subscribed for on the basis of the issued warrants shall be negotiable shares issued to registered holders and shall be recorded in the Company's Register of Owners. The shares shall not have any restrictions as to their transferability and no shareholder shall be obliged to have their shares redeemed fully or partly.

The Board of Directors is entitled to make such amendments to the Articles of Association which are connected with the issuance of warrants comprised by this clause or the exercise thereof."

Re item 8:

The board of directors proposes that the general meeting approves draft updated remuneration policy including general guidelines for incentive-based remuneration to members of the board of directors and executive management enclosed as Exhibit 2 to this notice. The proposal is made to ensure alignment with the new Recommendations on Corporate Governance.

Provided that the proposal is approved, article 16 of the Company's articles of association will have the following wording: "*On the general meeting held on 13 April 2018, the Company adopted general guidelines for incentive pay to the members of the board of directors and executive management.*"

Re item 9:

The board of directors proposes that the general meeting approves an authorisation to the board of directors to increase the Company's share capital at market price by cash payment with up to nominally DKK 17,126,385.31, corresponding to 10% of the Company's current nominal share capital, with pre-emptive subscription rights for the shareholders.

As a consequence of the proposed authorization the board of directors proposes that the following new provisions are inserted in article 6 of the Company's articles of association:

"Article 6

The Board of Directors is until 13 April 2023 authorised, at one or more times, to increase the share capital by cash payment up to nominally DKK 17,126,385.31 at market price by issuing new shares, each with a nominal value of DKK 0.1, with pre-emptive subscription rights for the Company's shareholders.

The new shares issued pursuant to this authorisation shall be negotiable shares issued to registered holders and shall be recorded in the Company's Register of Owners. The new shares shall not have any restrictions as to their transferability and no shareholder shall be obliged to have their shares redeemed fully or partly. The new shares shall carry the same rights as the Company's existing shares.

The Board of Directors shall decide on the further conditions for effecting the capital increases pursuant to the authorisation, including decision on when the rights attached to the new shares shall accrue. The Board of Directors is authorised to make the required amendments of the Articles of Association if the authorisation to increase the share capital is exercised."

Re item 10:

The board of directors requests the general meeting to grant an authorisation until the next annual general meeting for the Company to acquire the Company's own shares for up to 10 per cent of the Company's share capital at any time, provided that the acquisition, in accordance with the Danish Companies Act section 197, can be financed by the funds that may be distributed as ordinary dividends. The payment may not deviate from the stock price at NASDAQ Copenhagen A/S with more than 10 per cent at the time of purchase.

Re item 11:

The board of directors proposes that the chairman of the annual general meeting, with the right of substitution, be authorized to file the resolutions passed by the general meeting for registration with the Danish Business Authority and to make such alterations or amendments as the Danish Business Authority may require for registration.

Language

In accordance with article 8 of the articles of association the general meeting is held in English without simultaneous interpretation.

Resolution requirements

The following adoption requirements apply to adopt the resolutions which shall be fulfilled in order for the proposals to be adopted:

The proposals under items 2, 3, 4, 5, 6, 8, 10 and 11 are adopted by simple majority of votes. The adoption of the proposals under items 7 and 9 require that the proposals are adopted by at least two-thirds of the votes cast as well as at least two-thirds of the share capital represented at the general meeting.

General information

The share capital of the Company amounts to nominally DKK 171,263,853.10. The nominal amount of each share is DKK 0.1. Each share of DKK 0.1 has one vote at the general meeting.

The shareholders may exercise their financial rights through their own depository bank.

The website of the Company

Further information will be available from 22 March 2018 to 13 April 2018 on the website of the Company, www.veloxis.com, concerning the general meeting, including the total number of shares and voting rights on the date of the notice, the notice with agenda and the complete proposals as well as appendix (qualifications of the nominated candidates and draft remuneration policy), proxy form, postal vote form and registration form to be used when ordering admission card as well as the annual report and draft revised articles of association.

Publication of notice

The notice has also been made public at the Company's website and forwarded to the shareholders registered in the register of shareholders of the Company who have made such request.

Questions

Shareholders may ask questions concerning the agenda and the rest of the material for the purpose of the general meeting both before and during the actual general meeting.

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In order to attend the general meeting and to vote the following applies:

Date of registration

The shareholders' right to vote at the general meeting, or to vote by post in relation to the shareholders' shares, is determined based on the shares which the shareholders hold on the date of registration.

The date of registration is Friday 6 April 2018.

Only persons who are shareholders in the Company on the date of registration, i.e. 6 April 2018, may attend and vote at the general meeting. However, see below regarding the shareholders' request for admission card in due time.

When the date of registration expires, the shares held by each shareholder of the Company on the date of registration will be calculated. The calculation is based on the registration of shares in the register of shareholders as well as duly documented notifications to the Company of acquisition of shares which have not yet been registered in the register of shareholders but which have been received by the Company before the expiry of the date of registration.

Disposals or acquisitions of shares which take place in the period between the date of registration and the general meeting do not affect the right to vote at the general meeting or the right to vote by post in connection with the general meeting.

Admission card

In order to be able to attend the general meeting the shareholder must order an admission card no later than Monday 9 April 2018 at 11.59 pm. CET. Admission cards can be ordered online via the shareholder portal on the Company's website www.veloxis.com/agm.cfm or via www.computershare.dk, by using NemID or username and password. Admission cards can also be ordered by submitting the registration form by regular mail to Computershare A/S, Lottenborgvej 26, 2800 Kgs. Lyngby, Denmark, or by email (scanned copy) to agm@computershare.dk. The registration form to be used when ordering admission cards is attached to the notice and is also available on the website of the Company, www.veloxis.com.

Proxy

A shareholder may be represented at the general meeting by proxy. The shareholders who elect to appoint a proxy must submit a proxy form so that it has been received by the Company or Computer-share A/S no later than Monday 9 April 2018 at 11:59 pm. CET. The proxy form can be submitted online via the shareholder portal on the Company's website www.veloxis.com/agm.cfm or via www.computer-share.dk, by using NemID or username and password. The proxy form can also be submitted by regular mail to Computershare A/S, Lottenborgvej 26, 2800 Kgs. Lyngby, Denmark, or by email (scanned copy) to agm@computershare.dk. The proxy form to be used is attached to the notice and is also available on the website of the Company, www.veloxis.com.

Postal vote

The shareholders may vote by post before the general meeting is held. The shareholders who elect to vote by post must submit their postal vote so that it has been received by the Company or Computer-share A/S no later than Thursday 12 April 2018 at 12 noon CET. The postal vote can be submitted online via the shareholder portal on the Company's website www.veloxis.com/agm.cfm or via www.computer-share.dk, by using NemID or username and password. The postal vote can also be submitted by regular mail to Computershare A/S, Lottenborgvej 26, 2800 Kgs. Lyngby, Denmark, or by email (scanned copy) to agm@computershare.dk. The form to be used for voting by post is attached to the notice and is also available on the website of the Company, www.veloxis.com. A vote by post that has been received by Computershare A/S or the Company cannot be revoked. Please note that letters may be in the mail for several days.

For more information, please contact:

Veloxis Pharmaceuticals A/S

Craig Alexander Collard
President & CEO
Phone: +1 919 591 3090
Email: cac@veloxis.com

Exhibit 1

Michael Thomas Heffernan

Mr. Heffernan has been a Board Member of Veloxis since April 2015 and chairman of the company since April 2016. Mr. Heffernan is Co-Founder, President & CEO of Collegium Pharmaceutical Inc.

Prior to this, Mr. Heffernan was Founder, President & CEO of Onset Dermatologics. Before this Mr. Heffernan also held positions as Co-Founder, President & CEO of Clinical Studies Ltd, and as President & CEO of PhyMatrix Inc.

Mr. Heffernan has a B.S. Degree in Pharmacy from the University of Connecticut and is a Registered Pharmacist.

Mr. Heffernan is also serves on the following boards of directors: Collegium Pharmaceutical Inc., Keryx Biopharmaceuticals, Inc., and Trevi Therapeutics, Inc.

Mr. Heffernan is an independent board member.

Mette Kirstine Agger

Ms. Agger has been a Board Member of Veloxis since April 2010 and vice chairman of the company since April 2016. Ms. Agger is Managing Partner of Lundbeckfonden Ventures, a company fully owned by the Lundbeck Foundation. She joined Lundbeckfonden Ventures on 1 September 2009.

Prior to this, Ms. Agger was CEO of 7TM Pharma A/S, which she cofounded in late 2000, and from 1996 to 2000 she was part of the management team at NeuroSearch A/S, responsible for business development and licensing.

Ms. Agger has a Master of Science in Biology from Copenhagen University and an MBA from the Henley Business School, UK.

Ms. Agger is a board member of Klifo A/S, PsiOxus Therapeutics Ltd., Cydan Inc., scPharmaceuticals, Inc., Thesan Pharamceuticals Inc, Imara Inc. and Trevi Therapeutics, Inc.

Ms. Agger is an independent board member.

Anders Götzsche

Mr. Götzsche has been a Board Member of Veloxis since April 2008. Mr. Götzsche is Interim CEO, Executive Vice President and CFO at H. Lundbeck A/S. He joined Lundbeck on 1 September 2007.

After finishing his education in 1991, Mr. Götzsche joined PricewaterhouseCoopers in Denmark. From 1998 through 2001, Mr. Götzsche was a Sales Manager with the SAS Institute Inc. He became Director of Group Accounting and Reporting for Group 4 Falck A/S. Before joining Lundbeck, Mr. Götzsche held the post of Chief Financial Officer for the Berlingske Officin A/S from 2005.

Mr. Götzsche holds a Master of Science in Accounting from the University of Southern Denmark and became a state authorized public accountant in 1997.

Mr. Götzsche is a board member of Rosborg Møbler A/S and DFDS A/S.

Mr. Götzsche is an independent board member.

Robert Samuel Radie

Mr. Radie has been a Board Member of Veloxis since July 2016, and he has been president, chief executive officer and member of Egalet Corporation's board of directors since March 2012. Further, Mr. Radie currently occupies positions as member of the board of directors of Paratek Pharmaceuticals, Life Sciences Pennsylvania and Horse Power For Life.

Prior to this Mr. Radie was director of Affinium Pharmaceuticals, Ltd. between July 2012 to April 2014. Mr. Radie has previously also held positions as president and CEO of Topaz Pharmaceuticals Inc. between November 2010 to October 2011, and president and CEO of TransMolecular Inc between March 2009 and November 2010.

Finally, Mr. Radie has also held a position as Chief Business Officer of Prestwick Pharmaceuticals, Inc. and Morphotek, Inc., a position as SVP Corporate Strategy and Business Development of Vicuron Pharmaceuticals, Inc. and a position as Senior Management of Eli Lilly and Company.

Mr. Radie has a Bachelor of Science in Chemistry from Boston College, MA, United States of America.

Mr. Radie is an independent board member.

Lars Kåre Viksmoen

Dr. Viksmoen has been a Board Member of Veloxis since July 2016, and he has been Special Advisor to the Board Strategy Committee of GN Store Nord A/S since January 2015.

Dr. Viksmoen has previously held positions as president and CEO of GN ReSound A/S from April 2010 to August 2014 and CEO of Biotec Pharmacon ASA between October 2006 and March 2010.

Further, in the period between 1986 to 2006, Dr. Viksmoen held several different positions with Merck & Co Inc. (Merck, Sharp & Dohme) including Regional Director, Vice President and Managing Director in the EU, Africa and the US.

Dr. Viksmoen is a medical doctor educated at the Medical Faculty of the University of Oslo, Norway.

Dr. Viksmoen currently serves on the board of directors of PCI Biotech.

Dr. Viksmoen is an independent board member.

Paul Kevin Wotton

Dr. Wotton has been a Board Member of Veloxis since July 2016, and he has been President, CEO, and member of the board of directors of Sigilon Inc. since May 2016. Further, he currently occupies a position as member of the board of Vericel Corporation and chairman of the board of Cynata Therapeutics Limited.

Dr. Wotton has previously held positions as Joint Chairman of Astellas Ocata Integration Office between February 2016 to May 2016, CEO and president of Ocata Therapeutics between July 2014 and January 2016 and CEO and President of Antares Pharma Inc. between June 2008 and June 2014.

Further in the period between March 2008 and 1985, Dr. Wotton held positions with Topigen Pharmaceuticals Inc, SkyePharma PLC, Eurand International BV., PENWEST Pharmaceuticals Co., Abbot Laboratories, UK and Merck, Sharp and Dohme, UK.

Dr. Wotton has also held positions as member of the board of Genaera Corporation between 2008 and 2009 and chair of BIOTECanada Emerging Companies' Advisory Board between 2006 and 2008.

Dr. Wotton has a Master in Business Administration from Kingston Business School, UK, and a Ph.D., from the University of Nottingham, UK.

Dr. Wotton is an independent board member.

Exhibit 2

Remuneration policy including general guidelines for incentive pay to members of the Board of Directors and the Executive Management

1 Introduction

This remuneration policy includes the general guidelines for remuneration of the Board of Directors and the Executive Management of Veloxis Pharmaceuticals A/S, ("the Company"), and for incentive pay to the members of the Board of Directors and the Executive Management. "Executive Management" means the executive officers registered with the Danish Business Authority.

Under section 139 of the Danish Companies Act the board of directors of a listed company must, before it enters into a specific agreement about incentive pay with a member of the board of directors or the executive management of the Company, lay down general guidelines for the Company's incentive pay to members of the board of directors or the executive management.

The guidelines must be discussed and adopted by the Company's general meeting.

2 Overall Objective

The overall objective of the remuneration policy is to strengthen attraction, retention and motivation of members of the Board of Directors and members of the Executive Management. The policy also aims to ensure the maximization of shareholder value by adding incentive components to the remuneration as well as to promote and support value creation both in the short and long term and relevant related goals of the Company.

3 Board of Directors

Fixed remuneration

Members of the Board of Directors receive a fixed annual fee. The fixed annual fee may be paid in cash or in warrants or in combination thereof. The Chairman of the Board of Directors and the Chairman as well as each of the other members of the Audit Committee, the Compensation Committee and the Nomination Committee receive a supplement to the fixed annual fee.

The estimated present value of warrants granted in a given financial year to the members of the Board of Directors is calculated in accordance with the International Financial Reporting Standards (IFRS). The general terms and conditions applying to the grant, vesting, exercise, etc. of the warrants must be within the general terms and conditions applying if warrants are to be granted to members of the Executive Management, cf. below, and which also apply to other employees in the Company which has been granted warrants.

34 Executive Management

In order to attract and retain people with excellent management skills the elements of the Executive Management's remuneration package are determined in consideration of its tasks and duties, value creation and terms of other Danish and international businesses. The remuneration package for the Executive Management may include a fixed salary, pension, an annual cash bonus, long-term incentive schemes and other regular benefits. Each element of the remuneration package is ranked on the basis of the wish to ensure the positive development of the Company in the short and long run.

The Compensation Committee performs an annual review of the remuneration package paid to members of the Executive Management.

The remuneration paid to members of the Executive Management consists of a fixed and a variable part.

Fixed remuneration

The fixed pay consists of cash salary, pension contribution and other benefits.

Terms of termination/resignation

The Company may discharge the members of the Executive Management by giving a notice of up to 13 months.

The members of the Executive Management may resign by giving a notice of 1-4 months.

Information about severance payments for the Executive Management is disclosed in the notes of the annual report.

Variable remuneration

The Board of Directors believes that the Company depends on high level management resources. The Board of Directors also believes that incentive pay to the Executive Management is decisive for the creation of an incentive for the management of the Company for ensuring the Company's long-term value creation for the shareholders. Incentive pay to the members of the Executive Management will be established for the purpose of attracting, retaining and motivating the members of the Executive Management.

Elements of the variable remuneration

The members of the Executive Board may receive incentive-based remuneration based on a cash bonus and any type of variable remuneration, including share-based instruments such as warrants.

Bonus

As an element of the variable pay, members of the Executive Management may receive an annual bonus, subject to achievement of certain benchmarks. The bonus proportion varies among the members of the Executive Management, but cannot exceed 100 % of the fixed annual cash salary. The actual bonus paid to the members of the Executive Management is disclosed in the ~~Annual Report~~[annual report](#) at an aggregated level. At the date of adoption of these guidelines, the bonus benchmarks comprise primarily of the progress in the Company's development of its product candidates, but they may be changed by the Board of Directors.

Further, the Board of Directors is authorised to offer the members of the Executive Management a one-time change of control bonus equal to USD 1 ~~mio.M~~ or up to ~~2 per cent~~[3 percent](#) of the aggregate payments received by the shareholders of the Company in connection with such change of control.

Warrants

Another element of the variable pay is made up of new warrants and is intended to ensure that the Executive Management's incentive correlates with creation of shareholder value. The number of warrants granted in a given financial year to each of the members of the Executive Management may be up to 3% of the total outstanding shares of the Company on a fully diluted basis at the time of the grant. The estimated present value is calculated in accordance with the International Financial Reporting Standards (IFRS). The grant of new warrants may or may not be subject to achievement of defined benchmarks. The exercise price of the new warrants cannot be less than the market price of the Company's stock at the date of grant. The new warrants may have a maximum term of up to 7 years and the exercise of the new warrants may be subject to a vesting period of up to 4 years. New warrants may be granted on such terms that the gain is taxed as share income while the costs of the grant are not tax deductible for the Company. The number of new warrants granted to each member of the Executive Management and their estimated present value is disclosed in the ~~Annual Report~~[annual report](#).

45 Repayment of variable elements

In case of severe breach or if the annual bonus or long-term grants have taken place on the basis of financial statements that turn out to be seriously flawed the Company may claim repayment in full or in part of excess bonus and/or annul or cancel non-exercised warrants or incentive grants from the Board of Directors or the Executive Board.

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6 Publication and approval

The aggregated annual fees, the supplemental and additional annual fees, and warrants granted are disclosed in the ~~Annual Report~~annual report and subsequently approved at the Annual General Meeting.

The Board of Directors shall annually review, and if relevant update, this policy. This policy shall be presented for the general meeting for approval every fourth year and upon any amendments thereto.

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Approved by the general meeting held on ~~6~~13 April ~~2016~~2018.