

Company Announcement no. 3/2016

To: NASDAQ OMX Copenhagen A/S

Hørsholm, Denmark, 15 March, 2016

Notice to Convene Annual General Meeting

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

Wednesday 6 April 2016 at 1 pm.

at Søhuset, Venlighedsvej 10, 2970 Hørsholm, 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 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
- 7 Approval of fee to the board of directors for the financial year 2016
- 8 Proposal by the board of directors to amend the provisions in the articles of association regarding bearer shares
- 9 Proposal by the board of directors to amend the provision in the articles of association regarding publication of general meeting notices via the Danish Business Authority
- 10 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

- 11 Proposal by the board of directors to remove already expired authorisations granted to the board of directors regarding adoption of capital increases and information about elapsed or annulled warrants from the Company's articles of association
- 12 Proposal by the board of directors to entitle the shareholders of the Company to exercise the voting rights attaching to some of their shares in a manner that is not identical with the exercise of the voting rights attaching to other of their shares and amendment of the articles of association in accordance therewith
- 13 Proposal by the board of directors to disclose information pursuant to the applicable securities legislation, including company announcements, in English only and amendment of the articles of association in accordance therewith
- 14 Proposal by the board of directors on authorization to the Company to acquire own shares
- 15 Proposal by the board of directors on authorization to the chairman of the annual general meeting

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 DKK 176.1 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 general meeting elected board members 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
- Thomas Dyrberg
- Anders Götzsche
- Michael Thomas Heffernan

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

Re item 5:

The board of directors proposes re-election of PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab as the Company's auditor.

Re item 6:

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.

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 6 April 2016, the Company adopted general guidelines for incentive pay to the members of the board of directors and executive management."

Re item 7:

The board of directors proposes that the general meeting approves the fee to the board of directors for the financial year 2016. The board of directors proposes that the board of directors receives an identical remuneration as in 2015.

Consequently, the board of directors proposes that board members receive a fixed cash fee of USD 25,000 each and that the chairman receives USD 75,000.

In addition, the chairman of a board sub-committee receives an additional USD 25,000 USD per year.

Further, members of the board of directors may receive incentive-based remuneration under the Company's general guidelines for incentive pay to its members of the board of directors and 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 8:

The Board of Directors proposes to amend the Company's articles of association to the effect that the Company's shares in the future will have the status of registered shares and thus no longer bearer shares. Consequently, in the future the Company will only issue registered shares.

The background for the proposal is that the Danish Companies Act has been amended entailing that it is no longer possible to issue new bearer shares. In consequence, the board of directors proposes that article 5, 5A, 5B, 7, appendix A as well as appendix 1 and 2 of the Company's articles of association be amended as follows:

The wording of article 5, paragraph 4, 3rd sentence; article 5A, paragraph 3, 3rd sentence; article 5B, paragraph 3, 3rd sentence, is proposed amended to the following:

"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 wording of article 7, paragraph 1, 1st sentence, is proposed amended to the following:

"The Company's shares shall be registered shares and shall be recorded on name in the Company's Register of Owners."

The following paragraph is proposed inserted in appendix A under the section regarding 'Changes in the Warrant Terms' as well as in appendix 1 and 2 as item 8.b:

"At the general meeting of the company held on 6 April 2016 it was resolved to amend the company's articles of association to the effect that the company's shares in the future will have the status of registered shares and thus no longer bearer shares. Consequently, the shares which may be subscribed for pursuant to warrants issued after 6 April 2016 will be registered shares and must be registered on name in the Company's share register."

Re item 9:

The board of directors proposes to amend the wording of article 8, paragraph 3, 1st sentence, to the following as it is not a requirement to publish notice of general meetings via the IT system of the Danish Business Authority if the company's shares are registered shares:

"General Meetings shall be convened with a notice of minimum 3 weeks and maximum 5 weeks by announcement on the Company's webpage."

Re item 10:

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 article 5C:

"Article 5C

The Board of Directors is until 6 April 2021 authorised, at one or more times, to issue up to 81,545,404 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 11:

The board of directors proposes to remove already expired authorisations granted to the board of directors regarding adoption of capital increases and information about elapsed or annulled warrants from the Company's articles of association.

Consequently, it is proposed that the authorizations in article 6 and 6A regarding increase of the Company's capital are removed from the Company's articles of association.

Further, all warrants issued on 24 April 2008, 14 May 2008, 21 August 2008, 26 November 2008, 3 March 2009, 14 May 2009 and 20 August 2009 have elapsed or have been annulled before the holding of the Company's annual general meeting on 6 April 2016 and thus it is proposed that all paragraphs in appendix A to the articles of association regarding issuance of warrants on these dates are removed.

Re item 12:

The board of directors proposes to entitle the shareholders of the Company to exercise the voting rights attaching to some of their shares in a manner that is not identical with the exercise of the voting rights attaching to other of their shares.

Accordingly, it is proposed that the following sentence will be included in article 11 of the Company's articles of association:

"A shareholder may exercise the voting rights attaching to some of his/her shares in a manner that is not identical with the exercise of the voting rights attaching to other of his/her the shares."

Re item 13:

The board of directors proposes that information disclosed pursuant to applicable securities legislation, in force from time to time, including company announcements, in the future shall be in English only.

Provided that the proposal is approved the following sentence will be included in article 21 of the Company's articles of association:

"The Company's disclosure of information pursuant to applicable securities legislation, including company announcements, shall be in English only."

Re item 14:

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 OMX Copenhagen A/S with more than 10 per cent at the time of purchase.

Re item 15:

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.

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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, 7, 13, 14 and 15 are adopted by simple majority of votes. The adoption of the proposal under items 8, 9, 10, 11 and 12 requires that the proposal is 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 166,378,357.50. 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 15 March 2016 to 6 April 2016 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, 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 via the IT system of the Danish Business Authority, forwarded to the shareholders registered in the register of shareholders of the Company who have made such request and made public at the Company's website.

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 Wednesday 30 March 2016.

Only persons who are shareholders in the Company on the date of registration, i.e. 30 March 2016, 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 Friday 1 April 2016 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.computer-share.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, Kongevejen 418, 2840 Holte, Denmark, by email (scanned copy) to agm@computershare.dk, or by fax to +45 45 46 09 98. 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 Computershare A/S no later than Friday 1 April 2016 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.computershare.dk by using NemID or username and password. The proxy form can also be submitted by regular mail to Computershare A/S, Kongevejen 418, 2840 Holte, Denmark, by email (scanned copy) to agm@computershare.dk, or by fax to +45 45 46 09 98. 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 Computershare A/S no later than Tuesday 5 April 2016 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.computershare.dk by using NemID or username and password. The postal vote can also be submitted by regular mail to Computershare A/S, Kongevejen 418, 2840 Holte, Denmark, by email (scanned copy) to agm@computershare.dk, or by fax to +45 45 46 09 98. 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
Agern Alle 24, building 4, 2nd floor
DK-2970 Hørsholm
CVR no. 26 52 77 67



Veloxis Pharmaceuticals A/S

Craig Alexander Collard
President & CEO
Phone: +1 732 321 3202
Email: cac@veloxis.com

Johnny Stilou
EVP, Chief Financial Officer
Phone: +45 30 53 33 64
Email: jst@veloxis.com

Veloxis Pharmaceuticals A/S
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Exhibit 1

Mette Kirstine Agger

Ms. Agger has been a Board Member of Veloxis since April 2010 and chairman of the company since 2015. Ms. Agger is Managing Partner of Lundbeckfond Ventures, a company fully owned by the Lundbeck Foundation. She joined the Company 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 LLC, scPharmaceuticals LLC, Thesan Pharmaceuticals Inc and Vtesse Pharma.

Ms. Agger is an independent board member.

Anders Götzsche

Mr. Götzsche has been a Board Member of Veloxis since April 2008. Mr. Götzsche is Executive Vice President and Chief Financial Officer at H. Lundbeck. He joined Lundbeck on 1 September 2007.

After finishing his education in 1991, he 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.

Mr. Götzsche is an independent board member.

Thomas Dyrberg

Dr. Dyrberg has been a Board Member of Veloxis since September 2003. Dr. Dyrberg, Senior Partner, has served at Novo Ventures, Novo A/S, a Danish firm that provides capital for life science companies, since December 2000.

Prior to joining Novo A/S, he served in various positions at Novo Nordisk A/S, a health care company specializing in the treatment of diabetes. Prior to that, he held research positions at the Hagedorn Research Institute, Gentofte, Denmark, and the Scripps Research Institute, La Jolla, California, US.

Dr. Dyrberg received both an MD and a DMSc degree from the University of Copenhagen.

Dr. Dyrberg is board member of Ophthotech Corp, Delenex Therapeutics AG, Galera Therapeutics, Nuvelution Pharmaceuticals, and Panoptica Inc.

Dr. Dyrberg is a non-independent board member.

Michael Heffernan

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

Prior to this, Mr. Heffernan was Founder, President & CEO of Onset Therapeutics Inc. Before this Mr. Heffernan has 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 the chairman of Ocata Therapeutics Inc.

Mr. Heffernan is an independent board member.

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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 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 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.

3 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 13-24 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 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.

~~In addition to the annual bonus (see above), the Board of Directors is authorised to offer the members of the Executive Management a bonus equal to 24 months' base salary in order to seek that the members of the Executive Management in question remain employed by the Company to ensure continuation of the Company operations.~~

~~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. or up to 2 per cent 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 ~~estimated aggregated present value of new~~ 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 ~~100 % of the aggregated fixed annual cash salary to the member of the Executive Management~~ 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.

4 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.

5 Publication and approval

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

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| Approved by the general meeting held on ~~26 March 2015~~ 6 April 2016.