

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.

4 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 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 M or up to 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.

5 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.

6 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.

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 13 April 2018.