



2020 Remuneration Report

ViroGates A/S

24 March 2021

Table of contents

1	Introduction/Statements	3
2	Overview Financial performance	5
3	Remuneration Board	5
3.1	Fixed annual fee	5
4	Remuneration Executive Management.....	6
4.1	Fixed base salary	8
4.2	Pension contribution	8
4.3	Short-term incentive	8
4.4	Long-term incentive.....	8
4.5	Termination and severance payments.....	9
4.6	Non-monetary benefits	9
4.7	Claw-back	9
5	Remuneration Comparative overview.....	10
6	Board's and Executive Management's holding of shares.....	11
7	Compliance with the Remuneration Policy	11

1 Introduction/Statements

ViroGates A/S, Remuneration Report for the financial year 2020

This remuneration report (the “Report”) provides an overview of the total remuneration received by each member of the board of directors (“Board”) and of the executive management (“Executive Management”) of ViroGates A/S, CVR no. 25734033, (the “Company”) for the financial year 2020 with comparative figures for the past five financial years. The Executive Management includes the members of the executive management of the Company registered as such with the Danish Business Authority.

The remuneration of the Board and Executive Management during the past financial year has been provided in accordance with the remuneration policy of the Company approved by the annual general meeting on 25 August 2020, which is available on the Company’s website, www.virogates.com, (the “Remuneration Policy”). The overall objective of the remuneration is to attract, motivate and retain qualified members of the Board and the Executive Management and to align the interests of the Board and the Executive Management with the interests of the Company and its shareholders. In this context, remuneration should contribute towards promoting the strategy, long-term sustainability and creation of value in the Company by supporting the Company’s long-term and short-term objectives.

The information included in the Report has been derived from the audited annual reports of the Company for the financial years 2016-2020 available on the Company’s website, www.virogates.com. All amounts are included in DKK, gross.

The Report has been submitted to the auditor with a view to ensure that information pursuant to section 139 b (3) of the Danish Companies Act appears in the Company’s Report for the financial year 2020.

The Company’s auditor has not found any deficiencies in the information provided in the Report for the financial year 2020.

Statement by the board

The Board has today approved the Company’s Annual Report and Remuneration Report for the financial year 2020.

The Report has been prepared in accordance with section 139 b of the Danish Companies Act and section 4.2.3 in Recommendations on Corporate Governance (“Recommendations”) issued by the Danish Corporate Governance Committee.

In our opinion, the Report provides an overall overview of the remuneration that the individual management members were awarded during or for the benefit of the financial year 2020, and the

Report provides a comprehensive overview of the remuneration that the individual management members received during or for the benefit of the financial year 2020, and the Report explains how the overall remuneration is in accordance with the agreed Remuneration Policy, including how the remuneration contributes towards promoting the business strategy, long-term interests, sustainability and creation of value in the Company by supporting the Company's long-term and short-term objectives.

The Report has been submitted to the auditor with a view to ensure that information pursuant to section 139 b (3) of the Danish Companies Act appears in the Company's Report for the financial year 2020.

The Company's auditor has not found any deficiencies in the information provided in the Report for the financial year 2020.

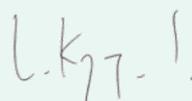
The Report is submitted for an advisory vote at the annual general meeting to be held on 27 April 2021.

Birkerød, 24 March 2021

The Board



Lars Kongsbak
Chairman of the Board



Lars Krogsgaard
Board member



Jørgen Thorball
Board member



Henrik Stender
Board member

2 Overview | Financial performance

The financial results of 2020 are:

- Revenue grew by 49% to TDKK 5,353 (TDKK 3,582 in 2019)
- Net operating expenses of TDKK -23,898 (TDKK -22,921 in 2019)
- Net result of TDKK -18,736 (TDKK -18,797 in 2019)
- Cash and cash equivalents amounted to TDKK 33,526 at year-end (TDKK 41,407 in 2019)

The Executive Management did not receive any short-term incentive remuneration for the year 2020 as the budget targets for revenue and EBITDA were not met.

Lars Kongsbak, Lars Krogsgaard and Jørgen Thorball were re-elected as board members. Bernd Uder resigned from the board and Henrik Stender was elected as new member of the Company's Board.

3 Remuneration | Board

3.1 Fixed annual fee

Members of the Board receive a fixed annual base fee approved by the annual general meeting. This annual base fee shall be in line with market practice of comparable listed companies taking into account the required competencies, effort and scope of work of the members of the Board. The Chairman receives a multiplier of the annual base fee of 2 for the extended duties.

The following fees for the financial year 2020 were approved at the annual general meeting on 25 August 2020:

Board	
Chairman	150,000 DKK (2x base fee)
Member	75,000 DKK (base fee)

Members of the Board may be entitled to additional fees as set out in the Remuneration Policy, including for undertaking specific ad hoc tasks outside the scope of the ordinary tasks of the Board, travel allowance and participation in relevant training.

Name and position	Annual fee	Allowance	Benefits	Ad hoc tasks	Total remuneration
Lars Kongsbak, Chairman	150,000	0	0	0	150,000

Table 1 | Remuneration of Board for the financial year 2020 (DKK)

Name and position	Annual fee	Allowance	Benefits	Ad hoc tasks	Total remuneration	
Lars Krogsgaard, Board member	75,000	0	0	0	75,000	
Jørgen Thorball, Board member	76,976	56,995	0	29,547	163,518	
Bernd Uder, Board member <i>(Resigned on 25 August 2020)</i>	48,655	1,052	0	0	49,707	
Henrik Stender, Board member <i>(Appointed on 25 August 2020)</i>	32,500	0	0	43,400	75,900	
Total	2020	383,131	58,047	0	72,947	514,125
	2019	376,437	47,717	0	0	424,154

Henrik Stender received compensation for ad hoc tasks related to regulatory work to comply with the new upcoming European directives. Jørgen Thorball received 1,000 EUR per physical meeting in addition to expenses for traveling to the board meetings.

4 Remuneration | Executive Management

The Board sets and approves the Executive Management's base salary that is based on market practice, the scope and nature of the work, the qualifications required and the performance of each individual executive. In addition, the Company's interest in attracting, motivating and maintaining qualified members of the Executive Management must in general be taken into account.

Members of the Executive Management may also be granted certain non-monetary benefits such as company car as well as other customary non-monetary employee benefits such as insurance, newspaper, telephone and internet access as approved by the Board.

The Board determines the terms governing pension and resignation. The ordinary notice period on the part of the Company cannot exceed 12 months. An executive may terminate his/her employment subject to at least an ordinary notice period of 3 months. The total value of remuneration relating to the notice period, including any severance pay, cannot exceed two years of remuneration, including all remuneration components, of the relevant member of the Executive Management.

The remuneration of the members of the Executive Management is assessed on an annual basis. The remuneration and the remuneration components are set and approved by the Board.

Members of the Executive Management are entitled to an annual remuneration in accordance with the Remuneration Policy, which may consist of the following fixed and variable remuneration components:

- a) fixed base salary,
- b) pension contribution,
- c) short-term incentive remuneration consisting of an annual cash bonus,
- d) long-term incentive remuneration consisting of participation in share option/warrant programs,
- e) termination and severance payments, and
- f) non-monetary employee benefits.

The choice of these components create a well-balanced remuneration package reflecting (i) individual performance and responsibility of the members of the Executive Management in relation to established goals and targets, both in the short and the longer term, and (ii) the Company's overall performance.

The Executive Management's short and long-term incentive schemes are linked directly to the financial targets supporting the Company's strategy. The composition of the remuneration of each individual executive is determined with a view to contribute to the Company's ability to attract and retain competent key employees while, at the same time, ensuring that the Executive Management has an incentive to create added value for the benefit of the Company's shareholders through variable remuneration.

The terms of employment and remuneration for each member of Executive Management are agreed between the individual executive and the Board.

Name and position	Fixed remuneration			Variable remuneration		Extra-ordinary items	Pension contribution	Total remuneration (2020)	Proportion of fixed and variable remuneration (2020)
	Base salary	Other fees	Benefits	Cash bonus ¹	Matching Shares				
Jakob Knudsen, CEO	1,254,000	0	0	150,480	0	0	126,458	1,530,938	82% / 18%
Total 2020	1,254,000	0	0	150,480	0	0	126,458	1,530,938	82% / 18%
Total 2019	1,254,000	0	0	300,960	0	0	127,014	1,681,974	75% / 25%

¹ The reported cash bonus payment is based on the previous year's financial performance. The reported 2020 cash bonus is based on 2019 performance.

4.1 Fixed base salary

The annual fixed base salary is intended to attract and retain competent key employees with a view to contribute to the Company's ability to obtain its short- and long-term targets.

4.2 Pension contribution

Members of the Executive Management are entitled to receive a pension contribution of up to 15 % of the fixed base salary.

4.3 Short-term incentive

Members of the Executive Management may receive an annual cash bonus determined at the discretion of the Board. The annual cash bonus is intended to align the individual members' interests with the Company's short-term targets in the Company's strategy and reward satisfactory results in relation to these targets. Payment of the cash bonus thus depends on the achievement of objectives related to the achievement of the Company's budgeted results, financial ratios and other measurable personal results of a financial or non-financial nature all of which reflect and support the Company's short-term objectives.

The size of the bonus may not exceed 30 % of the fixed base salary of the relevant member of the Executive Management.

For the financial year 2020, a total cash bonus of 0 DKK will be paid to the Executive Management, corresponding to 0 % of the maximum pay-out.

Table 3 | KPI for Cash Bonus to Executive Management 2020

Name and position	Description of KPI	Relative weighting of KPIs	Actual KPI performance	Achievement of target	Actual award
Jakob Knudsen, CEO	Revenue	50%	5,353 TDKK	Under target	0 DKK
	EBITDA	50%	-19,500 TDKK	Under target	0 DKK

4.4 Long-term incentive

Individual members of the Executive Management may at the discretion of the Board be offered to participate in share option/warrant programs.

Participation in the programs is offered to members of the Executive Management as an element of remuneration in order to ensure that the Executive Management stays focused on value creation and achievement of the Company's long-term objectives.

Table 4 | Programs of Executive Management

Name and position	Program	Performance period	Award date	Last vesting date (last expiry date)	Maximum number of warrants	Market value of award at the award date	Number of warrants vested (exercised expired outstanding) (30 December 2020)	Market value of outstanding warrants vested (30 December 2020)
Jakob Knudsen, CEO	2015 program	2015-2018	12-08-2015	12-07-2018 (21-08-2023)	54,925	N/A	54,925 (2,543 5,086 47,296)	491,073 DKK
	2019 program	2019-2023	18-09-2019	18-09-2023 (18-09-2028)	56,439	0 DKK	14,110 (0 0 14,110)	644,251 DKK
Total	-	-	-	-	111,364	0 DKK	61,406	1,135,324 DKK

For the financial year 2020, no warrants were allocated to Executive Management. Jacob Knudsen vested 11,288 already allocated warrants during 2020.

4.5 Termination and severance payments

Employment agreements with members of the Executive Management may be ongoing (i.e. without a fixed term) and are subject to a maximum notice of termination of 12 months. The total value of remuneration relating to the notice period, including any severance pay, cannot exceed two years of remuneration, including all remuneration components, of the relevant member of the Executive Management.

4.6 Non-monetary benefits

Members of the Executive Management may be offered non-monetary benefits such as company car as well as other customary non-monetary employee benefits such as insurance, newspaper, telephony and internet access as approved by the Board.

4.7 Claw-back

The Company may decide to reduce or reclaim incentive remuneration in full or in part in cases where a cash bonus or other incentive remuneration is payable or has already been provided to a member of the Executive Management if the basis of data or accounts for such cash bonus or incentive remuneration subsequently prove to have been misstated or if the member of the Executive Management is deemed to have caused a material loss to the Company due to willfull misconduct or gross negligence. In the financial year 2020, no incentive remuneration was reclaimed.

5 Remuneration | Comparative overview

The development in the remuneration of the Board and Executive Management over the past five financial years is summarized in the table below.

	2020	2020 vs. 2019	2019 vs. 2018	2018 vs. 2017	2017 vs. 2016	2016 vs. 2015
Table 5 Comparison of remuneration and Company performance over the past five financial years (DKK (%))						
Financial Performance						
Net result before taxes for the Company	-19,982,010	27,120 (0%)	-1,092,665 (6%)	-11,219,097 (146%)	-799,233 (12%)	-1,565,891 (29%)
Net result after taxes for the Company	-18,736,039	60,766 (0%)	-1,810,589 (11%)	-10,999,054 (184%)	-584,263 (11%)	-1,333,061 (33%)
Executive management						
Jakob Knudsen, CEO	1,530,938 ²	-151,036 (-9%)	-189,726 (-10%)	547,611 (41%)	-45,056 (-3%)	-96 (0%)
Board						
Lars Kongsbak, Chairman	150,000	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Lars Krogsgaard, Board member	75,000	0 (0%)	-320,000 (-81%)	320,000 (427%)	0 (0%)	0 (0%)
Jørgen Thorball, Board member	163,518	41,407 (34%)	27,588 (29%)	n/a	n/a	n/a
Bernd Uder, Board member <i>(Resigned on 25 August 2020)</i>	49,707	-27,036 (-35%)	-8,101 (-10%)	n/a	n/a	n/a
Henrik Stender, Board member <i>(Appointed on 25 August 2020)</i>	75,900	75,900 (-)	n/a	n/a	n/a	n/a
Average remuneration of Company Employees (DKK per FTE)						
Company Employees	686,715	61,745 (10%)	-265,236 (-30%)	219,079 (33%)	n/a	n/a

² The reported cash bonus included in the total remuneration is based on the previous year's financial performance. The reported 2020 cash bonus is based on 2019 performance.

6 Board's and Executive Management's holding of shares

Amount of shares in the Company owned by members of the Board and Executive Management:

Table 6 Holding of shares								
Name and position	Holding		Changes			Holding		Market value ³ (DKK)
	1 January 2020	Purchased	Vested shares	Exercised options	Sold	30 December 2020	End of year	
Executive Management								
Jakob Knudsen, CEO	7,232	0	0	2,543	0	9,775	796,663	
Board								
Lars Kongsbak, Chairman	3,468	0	0	3,500	0	6,968	567,892	
Lars Krogsgaard, Board member	325,965	0	0	0	0	325,965	26,566,148	
Jørgen Thorball, Board member	10,204	0	0	0	0	10,204	831,626	
Bernd Uder, Board member <i>(Resigned on 25 August 2020)</i>	0	0	0	0	0	0	0	
Henrik Stender, Board member <i>(Appointed on 25 August 2020)</i>	0	0	0	0	0	0	0	

7 Compliance with the Remuneration Policy

The remuneration of the Board and Executive Management for the financial year 2020 is consistent with the framework provided by the Remuneration Policy. There has been no deviation or derogation from the framework provided by the Remuneration Policy.

³ The market value at the end of the year is based on the official closing price on 30 December 2020.

Company Information

ViroGates A/S

Banevænget 13
DK-3460 Birkerød
Denmark

CVR No.: 25 73 40 33

Established: 1 November 2000

Registered Office: Rudersdal

Financial Year: 1 January – 31 December

