



2022 Remuneration Report

ViroGates A/S

23 March 2023

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1 Introduction/Statements

ViroGates A/S, Remuneration Report for the financial year 2022.

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 2022 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 at 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 2018-2022 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 2022.

The Company’s auditor has not found any deficiencies in the information provided in the Report for the financial year 2022.

Statement by the board

The Board has today approved the Company’s Annual Report and Remuneration Report for the financial year 2022.

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 2022, 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 2022, 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 2022.

The Company's auditor has not found any deficiencies in the information provided in the Report for the financial year 2022.

The Report is submitted for an advisory vote at the annual general meeting to be held on 27 April 2023.

Birkerød, 23 March 2023

The Board



Patrik Dahlen
Chairman of the Board



Valérie Soulier
Board member



Lars Kongsbak
Board member



Lars Krogsgaard
Board member

2 Overview | Financial performance

The financial results of 2022 are:

- Revenue grew by 43% to TDKK 10,151 (TDKK 7,656 in 2021)
- Total operating expenses of TDKK -20,821 (TDKK -26,228 in 2021)
- Net result of TDKK -9,646 (TDKK -17,663 in 2021)
- Cash and cash equivalents amounted to TDKK 9,878 at year-end (TDKK 14,859 in 2021)

The Executive Management will receive partial short-term incentive remuneration for the year 2022 since the EBIT target was met, but the revenue target was not met.

Lars Kongsbak and Lars Krogsgaard were re-elected as board members. Jørgen Thorball and Henrik Stender resigned as board members. Patrik Dahlen and Valérie Soulier were elected as board members. Patrik Dahlen was elected new Chairman of the 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 2022 were approved at the annual general meeting on 28 April 2022:

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
Patrik Dahlen, Chairman	93.750	0	0	0	93.750
Lars Krogsgaard, Board member	75,000	0	0	0	75,000

Table 1 | Remuneration of Board for the financial year 2022 (DKK)

Name and position	Annual fee	Allowance	Benefits	Ad hoc tasks	Total remuneration	
Lars Kongsbak, Board member	106,250	0	0	0	106,250	
Valérie Soulier, Board member	74,387	13,465	0	0	87,852	
Jørgen Thorball, <i>Resigned board member</i>	18,750	0	0	0	18,750	
Henrik Stender, <i>Resigned board member</i>	25,000	0	0	0	25,000	
Total	2022	375,000	13,465	0	0	406,602
	2021	383,131	58,047	0	72,947	514,125

Long-term incentive

Individual members of the Board of Directors 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 Board as an element of remuneration in order to ensure that the Board stays focused on value creation and achievement of the Company's long-term objectives.

Table 2 | Programs of the Board

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 2022)	Market value of outstanding warrants vested (30 December 2022)
Patrik Dahlen, Chairman	2022 program	2022-2026	07-07-2022	07-07-2026 (07-07-2031)	31,700	515,759 DKK	1,585 (0 0 31,700)	9,145 DKK
Válerie Soulier	2022 program	2022-2026	07-07-2022	07-07-2026 (07-07-2031)	9,510	154,728 DKK	476 (0 0 9,510)	2,747 DKK
Lars Kongsbak	2015 program	2015-2018	21-08-2015	21-07-2018 (21-08-2023)	43,940	N/A	43,940 (3,500 31,894 8,546)	142 DKK
Total	-	-	-	-	85,150	N/A	10,607	12,034 DKK

For the financial year 2022, 31,700 and 9,510 warrants were allocated to Patrik Dahlen and Válerie Soulier, respectively. Patrik Dahlen and Válerie Soulier vested 1,585 and 476 already allocated warrants during 2022, respectively.

The fair market value of outstanding warrants vested is estimated by application of the Black-Scholes formula using the 30 December 2022 closing share price as spot price, the strike price including inflation at 30 December 2022, 5 years to expiration from vesting date, 25% volatility, a 3% risk-free interest rate and a 0% dividend yield.

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.

Table 3 Remuneration of Executive Management for the financial year 2022 (DKK)									
Name and position	Fixed remuneration			Variable remuneration		Extra-ordinary items	Pension contribution	Total remuneration (2022)	Proportion of fixed and variable remuneration (2022)
	Base salary	Other fees	Benefits	Cash bonus ¹	Matching Shares				
Jakob Knudsen, CEO	1,379,400	0	0	82,764	0	0	139,328	1,601,492	86% / 14%
Total 2022	1,379,400	0	0	82,764	0	0	139,328	1,601,492	86% / 14%
Total 2021	1,379,400	0	0	137,940	0	0	139,171	1,656,511	83% / 17%

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

¹ The reported cash bonus payment is based on the 2022 performance to be paid during 2023.

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 2022, a total cash bonus of 82,764 DKK will be paid to the Executive Management during 2022, corresponding to 20 % of the maximum pay-out.

Name and position	Description of KPI	Relative weighting of KPIs	Actual KPI performance	Achievement of target	Actual award
Jakob Knudsen, CEO	Revenue	67%	10,156 TDKK	Under target	0 DKK
	EBIT	33%	-10,212 TDKK ²	On target	82,764 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.

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 2022)	Market value of outstanding warrants vested (30 December 2022)
Jakob Knudsen, CEO	2015 program	2015-2018	12-08-2015	12-07-2018 (21-08-2023)	54,925	N/A	54,925 (20,852 23,392 10,681)	178 DKK
	2019 program	2019-2023	18-09-2019	18-09-2023 (18-09-2028)	56,439	556,489 DKK	30,487 (13,253 0 43,186)	89,473 DKK
Total	-	-	-	-	111,364	N/A	85,412	89,651 DKK

² Adjusted EBIT excluding board search fees.

For the financial year 2022, no warrants were allocated to Executive Management. Jakob Knudsen vested 16,932 already allocated warrants during 2022.

The fair market value of outstanding warrants vested is estimated by application of the Black-Scholes formula using the 30 December 2022 closing share price as spot price, the strike price including inflation at 30 December 2022, 5 years to expiration from vesting date, 25% volatility, a 3% risk-free interest rate and a 0% dividend yield.

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 2022, 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.

Table 6 | Comparison of remuneration and Company performance over the past five financial years (DKK (%))

	2022	2022 vs. 2021	2021 vs. 2020	2020 vs. 2019	2019 vs. 2018	2018 vs. 2017
Financial Performance						
		Δ last year	Δ last year	Δ last year	Δ last year	Δ last year
Net result before taxes for the Company	-10,875,688	8,088,848 (-74%)	1,017,474 (-5%)	27,120 (0%)	-1,092,665 (6%)	-11,219,097 (146%)
Net result after taxes for the Company	-9,646,140	8,016,617 (-83%)	1,073,422 (-6%)	60,766 (0%)	-1,810,589 (11%)	-10,999,054 (184%)
Executive management						
Jakob Knudsen, CEO	1,601,492 ³	-55,019 (-3%)	276,053 (20%)	-151,036 (-10%)	-139,525 (-8%)	-85,680 (-5%)
Board						
Patrik Dahlen, Chairman	93,750	93,750 (100%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Lars Kongsbak, Board member	106,250	-43,750 (-41%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Lars Krosgaard, Board member	75,000	0 (0%)	0 (0%)	0 (0%)	-320,000 (-81%)	320,000 (427%)
V��lerie Soulier, Board member	87,852	87,852 (100%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
J��rgen Thorball, <i>Resigned board member</i>	18,750	-118,698 (-633%)	-26,070 (-16%)	41,407 (34%)	27,588 (29%)	n/a
Henrik Stender, <i>Resigned board member</i>	25,000	-51,600 (-206%)	700 (1%)	75,900 (-)	n/a	n/a
Average remuneration of company employees (DKK per FTE)						
Company employees, incl. executive mgm.	897,333	81,554 (9%)	-9,002 (-1%)	-3,524 (0%)	-49,437 (-6%)	212,750 (32%)
Company employees, excl. executive mgm.	826,917	65,199 (8%)	-4,216 (-1%)	22,997 (3%)	63,979 (9%)	175,993 (35%)

³ The reported cash bonus payment is based on the 2022 performance to be paid during 2023.

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 7 Holding of shares								
Name and position	Holding		Changes			Holding		Market value ⁴ (DKK)
	1 January 2022	Purchased	Vested shares	Exercised options	Sold	30 December 2022	End of year	
Executive Management								
Jakob Knudsen, CEO	27,505	6,845	0	10,431	0	44,781	1,795,718	
Board								
Patrik Dahlen, Chairman	0	5,282	0	0	0	5,282	211,808	
Lars Kongsbak, Board member	6,968	0	0	0	0	6,968	279,417	
Lars Krosgaard, Board member	325,965	16,667	0	0	0	342,632	13,739,543	
V��lerie Soulier	0	0	0	0	0	0	0	
J��rgen Thorball, <i>Resigned board member</i>	5,286	N/A	N/A	N/A	N/A	N/A	N/A	
Henrik Stender, <i>Resigned board member</i>	0	N/A	N/A	N/A	N/A	N/A	N/A	

7 Compliance with the Remuneration Policy

The remuneration of the Board and Executive Management for the financial year 2022 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.

⁴ The market value at the end of the year is based on the official closing share price of 40.1 DKK on 30 December 2022.

Company Information

ViroGates A/S

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DK-3460 Birkerød
Denmark

CVR No.: 25 73 40 33

Established: 1 November 2000

Registered Office: Rudersdal

Financial Year: 1 January – 31 December

