



Company Release no. 03/2017

To: NASDAQ Copenhagen A/S

Copenhagen, Denmark, 28 February 2017

Veloxis Pharmaceuticals Releases Annual Report for 2016

Veloxis Pharmaceuticals A/S (OMX: VELO) today published its Annual Report for the financial year 2016.

This company release should be read in conjunction with Veloxis's full Annual Report for 2016, which is attached to this company release and also available on Veloxis's website at www.veloxis.com.

Highlights

- One year after launch in the US, Envarsus has been used in over 50% of transplant centers.
- Chiesi estimates that over 3,300 patients are being treated with Envarsus in European countries.
- Veloxis amended and restated the terms of its loan and security agreement with Lundbeckfond Invest A/S and Novo A/S. The terms of the amended and restated agreement make available an additional USD 10 million in financing at an interest rate of 12%, payable annually in arrears. Like the original USD 20 million facility, the new USD 10 million facility may be utilized in tranches and repaid without penalty. The amended and restated agreement also provides for a third additional facility in the amount of USD 5 million to be made available at the discretion of Lundbeckfond Invest A/S and Novo A/S if requested by Veloxis.
- Veloxis announced the decision to close its office in Hørsholm, Denmark, and move all activities to the US where most of the company's current activities are already located, but that it will continue to be a Danish company listed on Nasdaq Copenhagen A/S. We also made the decision to close the Edison, New Jersey office. All operations are now headquartered in Cary, North Carolina.

Financial Performance

- During 2016, Veloxis recognized revenue from commercial sales of USD 9.2 million compared to USD 2.1 million in 2015. Revenue in 2015 consisted mostly of commercial sales to Chiesi Farmaceutici S.p.A for the European market while 2016 revenue consisted of USD 6.5 million for US sales and USD 2.7 million for European sales.
- Selling, general and administrative costs increased from USD 17.8 million in 2015 to USD 34.4 million in 2016. This reflects the hiring and building of the marketing and sales infrastructure in the U.S. Envarsus® XR was launched in the U.S. in December 2015.
- Research and development costs decreased from USD 11.3 million in 2015 to USD 0.6 million in 2016. The reduction in cost is associated with completion of development work relating to Envarsus XR and the launch of the product at the end of 2015.
- During 2016, Veloxis recognized USD 10.1 million in net loss compared to USD 26.2 million in 2015. The net loss, before incorporation of the entries recognizing the Company's deferred tax asset, is in line with

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management's expectations for 2016 as reported on 24 August 2016 in connection with the second quarter interim report, which provided a 2016 outlook of a net loss of USD 25.0 – 31.0 million.

- As per 31 December 2016, the balance sheet reflects cash and cash equivalents of USD 3.4 million compared to USD 15.8 million as per 31 December 2015. The decrease in cash position reflects the changes in operating activities in 2016 as offset by drawdowns against the five-year loan and security agreement with Lundbeckfond Invest A/S and Novo A/S.
- Veloxis Pharmaceuticals anticipates 2017 operating loss before the recognition of income from new license agreements and before accounting for stock compensation to be in the range of USD 5 – 15 million.

Conference Call

Veloxis's Management will host an accompanying conference call to discuss the financial results on Wednesday, 1 March 2017 at 4:00 PM CET (Denmark), 3:00 PM GMT (London), 10:00 AM EST (New York).

To access the live conference call, please dial one of the following numbers:

+ 45 32 71 16 60 (Denmark)

+ 44(0) 2034 271 900 (UK)

+ 1 212 444 0896 (USA)

Confirmation Code: 1381777

Following the conference call, a recording will be available on the Company's website: <http://www.veloxis.com>.

For more information, please contact:

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About Veloxis Pharmaceuticals

Veloxis Pharmaceuticals A/S is a commercial-stage specialty pharmaceutical company committed to improving the lives of transplant patients. A Danish company, Veloxis Pharmaceuticals A/S operates in the U.S. through Veloxis Pharmaceuticals Inc., a wholly-owned subsidiary headquartered in Cary, North Carolina, USA. Veloxis has successfully developed Envarsus XR (tacrolimus extended-release tablets) based upon the company's unique and patented delivery technology, MeltDose®, which is designed to enhance the absorption and bioavailability of select orally administered drugs. The company is focused on the direct commercialization of Envarsus XR in the US, expansion of partnerships for markets around the world, and acquisition of assets utilized in transplant patients and by adjacent medical specialties. Veloxis is listed on the NASDAQ OMX Copenhagen under the trading symbol OMX: VELO.

For further information, please visit www.veloxis.com

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