

FORWARD PHARMA A/S
AUDIT COMMITTEE CHARTER

PURPOSE

The primary purpose of the Audit Committee (the “Committee”) is to assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities to the Company’s shareholders, the SEC and others relating to:

- the integrity of the Company’s financial statements;
- the Company’s financial reporting process;
- the Company’s systems of internal accounting and financial controls;
- the performance of the Company’s independent auditors;
- the independent auditor’s qualifications and independence;
- the performance of the Company’s internal audit function, if any; and
- the Company’s compliance with ethics policies and with applicable legal and regulatory requirements.

In discharging its oversight function the Committee will maintain free and open communications among the Committee, the independent auditors, the internal auditors, if any, and the management of the Company. The Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company. The Committee is also authorized to obtain advice and assistance from outside legal, accounting or other advisors as it deems necessary to carry out its duties without seeking Board approval. The Committee shall have sole authority to approve the fees and retention terms for such advisors and the Company will provide the funding required to pay such fees.

The Committee will not assume any duties or responsibilities that rest with the Board or the executive management pursuant to the Danish Companies Act, the International Financial Reporting Standards (IFRS) as issued by IASB and other relevant legislation. Accordingly, in its role as a monitoring body the Committee must primarily focus on the safeguarding of well-functioning financial processes and procedures in relation to financial reporting, risk management, internal controls, etc.

COMPOSITION OF THE AUDIT COMMITTEE

The Committee shall be comprised of at least one director who shall be selected by the Board from among its members. Each Committee member must be independent of the management of the Company. Members of the Committee will be considered independent as long as they satisfy the requirements of applicable legislation, SEC regulations and the NASDAQ Stock Market listing standards, receive compensation from the Company only for their service on the Board and its committees and do not receive, directly or indirectly, compensation from the Company for services as a consultant or legal or financial advisor. All committee members shall be financially literate and at least one member shall have accounting or related financial

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management expertise. Additionally, the Board will insure that members of the Committee satisfy any other qualification requirements that may be imposed by law or stock exchange rule.

The members of the Committee will be selected by the Board at its annual organizational meeting and will serve until the next such annual meeting or until their successors are duly selected and qualified. The Chairman of the Committee also will be selected by the Board at this organizational meeting. The Board may remove any Committee member at any time.

MEETINGS

The Committee shall meet at least four times annually, or more frequently as circumstances dictate, with Company management, the internal auditors, if any, and the independent auditors in separate sessions to discuss any matters that the Committee believes should be discussed privately. In addition, the Committee itself shall meet in executive session at least once each Board meeting.

RESPONSIBILITIES AND DUTIES

The Committee will, to the extent permissible under applicable law, have the responsibilities and carry out the duties listed in connection with the following areas:

Independent Auditors

- The Committee will (subject to Board and shareholder approval to the extent required by applicable law) appoint, retain, compensate, oversee, evaluate and terminate (if required) the Company's independent auditors, and will resolve disagreements between management and the independent auditors regarding financial reporting. The independent auditors will report directly to the Audit Committee.
- The Committee will have sole authority to approve all audit engagement fees and other terms of the audit engagement and to pre-approve any non-audit relationship with the independent auditors, including the fees and terms of such non-audit engagements.
- At least annually, the Committee will obtain and review a report by the independent auditors describing:
 - The auditing firm's internal quality control procedures.
 - Any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
 - All relationships between the independent auditor and the Company (to enable the Committee to assess the auditor's independence).

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- The Committee will review and evaluate the performance of the independent auditors, including the lead partner, with both management and the internal auditors, if any.
- The Committee will periodically meet with the independent auditors separately and privately to hear their views on the Company's internal controls and the qualitative aspects of the Company's financial reporting, including the quality and consistency of both accounting policies and the underlying judgments.
- The Committee will, to the extent it is deemed relevant by the Committee and subject to approval by the Board, set clear policies for the Company's hiring of employees or former employees of the independent auditors that meet SEC regulations and stock exchange listing standards.

Internal Auditors

- The internal auditors, if any, will be ultimately responsible to the Committee. The Committee will work with the Chief Financial Officer and the internal auditors, if any, in developing the internal audit plan, but the Committee will have final authority for the plan.
- The Committee will negotiate and have final authority over the compensation and terms of engagement of the internal auditors, if any, and will finalize such terms after discussion with the Chief Financial Officer.
- Subject to the overall direction of the Committee, the internal auditors, if any, will be managed on a day-to-day operational basis by the Chief Financial Officer.
- At least annually, the Committee will obtain and review a written statement from the non-employee internal auditors, if any, describing all relationships between them and the Company (to enable the Committee to assess the independence of the non-employee internal auditors, if any).
- The Committee will periodically meet with the internal auditors, if any, separately and privately to discuss the results of their internal audit work.

Documents/Reports Review

- The Committee will meet to review and discuss the Company's annual audited financial statements and quarterly financial statements with management and the independent auditors, including reviewing the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
- The Committee will discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies. The Committee may perform this function in a general fashion, discussing the types of information to be disclosed and the type of presentation to be made. It need not, for example, discuss in advance each earnings release.

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- The Committee will annually review this Audit Committee Charter and make any appropriate revisions, subject to approval by the Board.

Financial Reporting Processes

- The Committee will review with management and the independent auditors, if any, the quality and consistency, not just the acceptability, of the judgments and appropriateness of the accounting principles and financial disclosure practices used by the Company. This discussion shall cover the degree of aggressiveness or conservatism of both the accounting principles employed and the underlying judgments.
- The Committee will provide recommendations to the Board in relation to approval any significant changes to the Company's auditing and accounting principles and practices after considering the advice of the independent auditors, management and the internal auditors, if any.
- The Committee will focus on the reasonableness of control processes for identifying and managing key business, financial and regulatory reporting risks.
- The Committee will, at least annually, review with management and the internal auditors, if any:
 - the adequacy of the Company's internal controls, including computerized information system controls and security;
 - any identified material control deficiencies in the design or operation of such controls;
 - any fraud, whether or not material, that involves management or other employees having a significant role in the internal controls; and
 - all significant changes and corrective actions to the internal controls that have been made since the last Committee review.
- The Committee will, at least annually, review with the independent auditor its report on the effectiveness of the Company's internal controls.

Process Improvement

- Following the completion of the annual audit, the Committee will review separately with the independent auditors any audit problems or difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to requested information, and management's response.
- The Committee will periodically review processes and policies for communicating with institutional investors and analysts.
- The Committee will review any significant disagreement among management and the independent auditors in connection with the preparation of the financial statements.

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- The Committee will review with the independent auditors, the internal auditors, if any, and management the extent to which changes or improvements in financial or accounting practices, as approved by the Board, have been implemented.
- The Committee will annually review and evaluate the Committee's performance.

Business Conduct and Legal Compliance

- The Committee will review management's process for communicating and enforcing the Company's Code of Ethics, will oversee compliance by the Directors, Executive Officers and controller (or person performing similar functions) and will, if necessary, recommend revisions to the Code from time to time.
- The Committee will review with the Company's General Counsel legal compliance matters including corporate securities trading policies.
- The Committee will review with the Company's General Counsel any legal matter that could have a significant impact on the organization's financial statements.
- The Committee will review and discuss with management the Company's policies regarding risk assessment and risk management.
- The Committee will, to the extent it is deemed relevant by the Committee and subject to approval by the Board, establish procedures for:
 - the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- The Committee will conduct an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis. The Committee will review and determine whether to approve or ratify any related party transactions (including, among others, transactions that involve directors or key management personnel of the Company or close members of such individuals' families and are material to the Company or to the related party, or any transactions that are unusual in their nature or conditions to which the Company or its subsidiary is a party) to ensure that such transactions are concluded on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party and that all information necessary to disclose such related party transaction is properly documented.
- The Committee will perform any other activities consistent with this Charter, the Company's Articles of Association, the listing standards of the NASDAQ

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Stock Market and applicable law as the Committee or the Board deems necessary or appropriate.

REPORTING

The Committee will report regularly to the Board on significant results of its activities.

As adopted by the Board of Directors on 8 August 2014.

For the Board of Directors:



Name: *Florian Schwanhans*
Title: *Chairman*