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Company announcement no. 1-2018

Birkerød, 4 June 2018

## ViroGates publishes prospectus for its initial public offering in Copenhagen

- ViroGates offers a minimum of 659,341 and a maximum of 824,175 new shares at a price of DKK 91 per share in connection with a listing on Nasdaq First North in Denmark
- The proceeds of a maximum of DKK 75 million (gross) are to accelerate commercial execution for the thoroughly tested suPARnostic<sup>®</sup> product, initially at hospitals in South and Central Europe
- Expected launch of new product for hospitals in Northern Europe and other markets in the autumn of 2018
- Irrevocable subscription undertakings of DKK 53.7 million (corresponding to 72% of the offering) has been obtained from Scandinavian cornerstone investors, including The Danish Growth Fund (Vækstfonden)
- Offer period from 7 June to 20 June 2018.

ViroGates A/S ("ViroGates" or "the Company") is a medical technology company that develops and markets prognostic products for the healthcare sector. ViroGates' suPARnostic<sup>®</sup> products are used by emergency department staff to quickly assess if patients should be admitted or discharged, and products are furthermore used for prognostication of cardiovascular diseases, type-2 diabetes, cancer, among other things.

ViroGates intends to strengthen its capital structure to intensify the continued commercial roll-out of its products and strengthen its product development, clinical documentation and global patent coverage. Today, the Company therefore publishes the prospectus for an offering of new shares and subsequent admission to trading and listing of the shares on Nasdaq First North in Denmark.

**CEO Jakob Knudsen, ViroGates, says:** *"We have initiated our commercial roll-out in Europe, and hospitals in several countries are testing our product in their daily routines of deciding whether to admit or discharge patients from emergency departments. We want to significantly accelerate the commercialization pace, and our objectives are to have 40 hospitals as paying customers and to become cash flow positive by the end of 2020. We now invite new shareholders to partake on the journey, and we are proud that both existing and new investors have committed to participating in the offering."*

The offering will provide ViroGates with gross proceeds of DKK 60-75 million of which commitments of DKK 53.7 million have been obtained from Scandinavian cornerstone investors, including the Danish Growth Fund. With a commitment of DKK 7 million, the Danish Growth Fund participates as a cornerstone investor in an initial public offering on Nasdaq First North in Denmark for the first time, and **Chief Investment Officer Rolf Kjærgaard** says: *"We are pleased to contribute to ViroGates selecting First North in Denmark as a strategic foundation for accelerating the company's commercialization. There are inherent risks related to investing in a company on the verge of a breakthrough, but we have decided to invest in ViroGates because of its competent management team and well-documented products, which enable the hospitals to save resources, and the patients to avoid unnecessary hospitalizations."*

### **Background for the offering**

ViroGates' current product portfolio is adequate to meet the needs of hospitals, and the Company has generated interest in its well-documented products from the international acute care market. Following cooperation agreements with hospitals in several countries, ViroGates will leverage this momentum and engage additional commercial forces. The proceeds from the offering are primarily expected to be used for:

- 60-70% for commercial execution, i.e. building a sales organization in the European markets where regulatory approval has been established for the suPARnostic<sup>®</sup> products, as well as establishing commercial partnerships in selected markets
- 10-20% to secure necessary product development
- 5-10% to generate additional clinical documentation
- 5-10% to secure the global coverage of the most recently filed patent on the use of suPARnostic<sup>®</sup> in emergency departments.

### **ViroGates' main activities**

ViroGates' products allow for quick analysis of the body's level of a particular protein called suPAR to ascertain whether a patient's immune system is activated and to what extent. The analysis thus indicates if the patient is suffering from a disease, the severity of the disease, the patient's prognosis and the disease development.

Following extensive clinical validation and clinical utility studies in more than 300,000 patients, suPARnostic<sup>®</sup> is now being tested at clinical emergency departments in South and Central Europe in particular. At the end of Q1 2018, ViroGates cooperated with 10 hospitals in Spain and had agreements with additional emergency departments at hospitals in Serbia, Romania and Austria for the testing of suPARnostic<sup>®</sup>. ViroGates typically expects a period of 9-12 months between the first visit and conversion of a hospital into a paying customer post testing.

In South and Central Europe, suPARnostic<sup>®</sup> can be applied directly at the emergency departments, while hospitals in Northern Europe, among other places, typically dispatch blood samples to central laboratories for analysis. In the autumn of 2018, ViroGates expects to launch suPARnostic<sup>®</sup> TurbiLatex, a product, which enables automatic handling of blood samples at the central laboratories and thus expands the Company's market coverage. The Company has also entered into agreements with distributors in other markets, including Canada, India and China.

In the emergency department, the clinical relevance of the assessment of a low suPAR is:

- Patients can be safely discharged from the hospital
- Fewer admissions due to improved medical decision process
- On average, patients stay 6.5 hours shorter at hospitals when suPAR testing is performed compared to hospitals where the test is not performed. This may entail significant savings in the healthcare sector.

The clinical relevance of the assessment of a high level of suPAR is:

- Identification of high-risk patients and earlier intervention. Today, hospitals risk discharging high-risk patients, and if they are subsequently re-admitted with more progressed disease that results in more expensive treatment with worse outcome
- Identification of e.g. occult cancer can improve treatment efficacy and increase survival chances
- Better risk estimation = better personalized treatment and improved outcomes.

More than 500 articles on suPAR's characteristics have been published in scientifically respected publications, including leading journals such as Nature Medicine, JAMA and New England Journal of Medicine.

## Market conditions

ViroGates estimates that the global market potential for suPAR testing amounts to more than EUR 1 billion annually based on assumptions of a patient potential of 2.5% of the general population, a price of EUR 20 per test conducted in Europe and North America and EUR 10 per test for the rest of the world. The market is driven by a number of factors:

- Healthcare cost is expected to reach approximately USD 12 trillion globally by 2022. The increase is unsustainable and forces healthcare providers to improve efficiency.
- The increasing average age means that more people will develop serious health conditions, resulting in need for long term care. That increases demand for diagnostic products and services.
- The new emerging economies are seeing an increase in healthcare spending, and populations in these countries are expected to want the same level of access to medical technology and therapeutics seen in developed countries. With growing economies, the countries will be able to support these demands.
- The increase in people with chronic conditions in the population is expected to grow by 45% from 1995 to 2030 and both direct costs of diagnostics and treatments as well as indirect losses in terms of working days are costing society billions of dollars on an annual basis.
- Decentralization of the healthcare system creates opportunities in the diagnostic market as testing may now be conducted in more locations than before. Point of Care testing with instant results will win and reduce the need for central laboratories.

## Ownership and management

To date, approximately DKK 110 million has been invested in ViroGates. Current ownership is comprised of investors with strong medtech and financial competencies, including members of the Board of Directors and the management team. No shareholders sell shares in connection with the offering, which is solely comprised of new shares.

Shareholders with >5% ownership at publication of prospectus	Number of shares and votes	Percentage of shares and votes
N.P. Louis-Hansen ApS (Niels Peter Louis-Hansen)	642,715	29.08%
Kim Ginnerup ApS (Kim Ginnerup)	242,688	10.98%
4AM ApS (Lars Krogsgaard, board member)	242,688	10.98%
The Way Forward ApS (Mads Kjær)	188,183	8.51%
JEO Holding ApS (Jesper Eugen-Olsen, CSO)	159,769	7.23%
Montela AB (Peter Benson)	147,838	6.69%
Scanafric A/S (Peter Vagn Jensen)	117,704	6.69%
<b>Sum of shareholders with &gt;5% ownership</b>	<b>1,741,585</b>	<b>78.80%</b>
Others	468,587	21.20%
<b>Total</b>	<b>2,210,172</b>	<b>100%</b>

The Board of Directors has four members: Lars Kongsbak, PhD, chairman (President & CEO at Samplix A/S), Lars Krogsgaard (investor and professional board member), Dr. Jørgen Thorball MD (Managing Partner at XOventure GmbH) and Bernd Peter Uder (Managing Director at Uder Corporation).

The Executive Management consists of CEO Jakob Knudsen (former CCO & CFO at Egalet Corporation and responsible for Corporate Business Development at ALK-Abello A/S). The management team also includes CSO Dr. Jesper Eugen-Olsen, CFO May Britt Dyvelkov and Thomas Krarup, PhD, VP Global Sales & Marketing.

## Objectives and selected financial information

The Company's objective is for the business to be cash flow positive by the end of 2020 and at this point have 40 hospitals as paying customers.

In 2017, ViroGates generated revenues of DKK 2.4 million and an operating loss of DKK 7.7 million. In Q1 2018, revenues amounted to DKK 0.6 million, and the operating loss came to DKK 2.7 million. Performance was impacted by the new Sundhedsplatform implemented in the capital region of Denmark and affecting the internal procedure for ordering suPAR tests at ViroGates' largest customer at this point, Hvidovre Hospital. The condition has not been solved yet, but a process to improve information and remind the customer's emergency staff has been initiated, and the Company expects volumes to increase over the next quarters.

As of 31 March 2018, the Company had cash and cash equivalents amounting to DKK 10.3 million and current liabilities amounting to DKK 13.5 million of which DKK 10.9 million is a convertible loan from selected shareholders and board members.

## Prospectus and offering material

The prospectus, including risk factors, application form etc. is available on <https://www.virogates.com/investor2018/ipo-2018-english>

It is also possible to register for the following information meetings in Denmark and Sweden:

- 11 June: Aktiespararnas Småbolagsdag in Stockholm
- 12 June: InvestorDagen in Aarhus in cooperation with the Danish Shareholders' Association
- 14 June: Meeting in Copenhagen in cooperation with Nordnet
- 19. June: Meeting in Gentofte, Denmark in cooperation with the Danish Shareholders' Association

The prospectus may also be obtained by contacting Västra Hamnen Corporate Finance or ViroGates.

## Information about the offering

Västra Hamnen Corporate Finance AB is financial advisor and Certified Advisor, and Mazanti-Andersen Korsø Jensen is legal advisor to the Company. Danske Bank A/S acts as issuing agent, while Nordnet Bank AB and Avanza Bank AB act as selling agents and subscription places.

### *The offering*

The offering comprises a minimum of 659,341 and a maximum of 824,175 newly issued shares.

### *Offer price*

The offer price is DKK 91 per share. Brokerage commission will not be charged. Based on the offer price, ViroGates' market capitalization is expected to amount to a maximum of DKK 276 million after completion of the offering.

### *Subscription period and submission of applications to subscribe*

Applications to subscribe offer shares are to be submitted during the period of 7-20 June 2018. Applications should be made by submitting the application form enclosed in the prospectus, which may also be found on the Company's website. The application form must be submitted to the investor's own account holding bank in due time to allow the investor's own account holding bank to process and forward the application to ensure that it is in the possession of Danske Bank no later than 4:00 p.m. (CET) on 20 June 2018. Applications may also be submitted directly to selling agents Nordnet Bank AB and Avanza Bank AB no later than 19 June 2018 at 11:59 p.m. (CET).

Applications are binding and cannot be altered or cancelled.

*Reductions of subscriptions*

In the event that the total number of offer shares applied for in the offering exceeds the number of offer shares, reductions will be made as follows:

- (i) With respect to applications for amounts of up to and including DKK 300,000, reductions will be made mathematically
- (ii) With respect to applications for amounts of more than DKK 300,000, individual allocations will be made.

A maximum of 590,619 of the offer shares will be allocated to cornerstone investors that have issued irrevocable subscription undertakings:

Name	Offset convertible debt (DKKm)	New capital (DKKm)	Total (DKKm)
LMK Forward AB	-	10.0	10.0
N.P. Louis-Hansen ApS	4.2	4.0	8.2
A&C Følsgaard Invest ApS	-	7.5	7.5
Kim Ginnerup ApS	1.6	6.0	7.6
4AM ApS (Lars Krogsgaard)	1.6	6.0	7.6
The Danish Growth Fund	-	7.0	7.0
Arve Nilsson	-	2.0	2.0
Others	3.9	-	3.9
<b>Total</b>	<b>11.2</b>	<b>42.5</b>	<b>53.7</b>

*Admission to trading*

The result of the offering and the final number of offer shares will be published on 21 June 2018. First day of trading on Nasdaq First North in Denmark is expected to be 26 June 2018. The Company has applied for admission to trading under the symbol “VIRO”. Admission to trading is conditional on Nasdaq First North in Denmark approving the distribution of shares to investors, among other things.

It is expected that delivery against cash payment in DKK for the offer shares will take place on 25 June 2018 under the temporary ISIN code DK0061030657 to investors’ accounts with VP Securities A/S. The temporary ISIN code is expected to be merged into the permanent ISIN code DK0061030574 on 26 June 2018. All dealings in the offer shares prior to settlement of the offering will be for the account of, and at the sole risk of, the parties involved.

*Conditions for completion*

The offering may be withdrawn by the Company at any time before the publication of the result of the offering. The offering may also be withdrawn if Nasdaq First North Denmark is not satisfied that there will be a sufficiently broad distribution of the shares, or if, for other reasons, the shares cannot be admitted for trading. Any withdrawal of the offering will be announced immediately through Nasdaq First North Denmark.

**Further information**

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**About ViroGates**

ViroGates is an international medical technology company headquartered in Birkerød, Denmark. The products are used in emergency departments at hospitals to substantiate clinical decisions of admission or discharging of acute medical patients, which can lead to better clinical decisions, faster discharges and resource optimization in the healthcare system. ViroGates' test suPARnostic<sup>®</sup> measures a protein found in blood (known as soluble urokinase plasminogen activator receptor or suPAR). suPARnostic<sup>®</sup> is also used for prognostication of lifestyle related diseases such as cardiovascular diseases, type-2 diabetes, cancer etc. The prognostic value of suPARnostic<sup>®</sup> has been validated in more than 500 clinical studies and more than 300,000 blood samples to date. suPARnostic<sup>®</sup> can be applied easily and quickly by use of suPARnostic<sup>®</sup> Quick Triage, a testing method that takes only 20 minutes for hospital professionals to perform. The products are CE-IVD labeled and constitute a cost efficient and simple method of clinical monitoring and decision making.

**Important information**

This announcement does not constitute an offering circular. No one should purchase or subscribe for any shares in ViroGates A/S ("ViroGates" or "the Company"), except on the basis of information in the offering circular published by the Company in connection with the offering and admission of shares to trading on Nasdaq First North in Denmark. Copies of the offering circular are available from the Company's registered office and, subject to certain exceptions, on the website of the Company.

This announcement is not an offer to sell or a solicitation of any offer to buy any shares issued by ViroGates in any jurisdiction where such offer or sale would be unlawful and the announcement and the information contained herein are not for distribution or release, directly or indirectly, in or into such jurisdictions.

In any member state of the European Economic Area ("EEA Member State"), other than Denmark, that has implemented Directive 2003/71/EC as amended (together with any applicable implementing measures in any EEA Member State, the "Prospectus Directive"), this announcement is only addressed to and is only directed at investors in that EEA Member State who fulfil the criteria for exemption from the obligation to publish an offering circular, including qualified investors within the meaning of the Prospectus Directive.

Any securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States.

Matters discussed in this release may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and that can be identified by words such as "believe", "expect", "anticipate", "intends", "estimate", "will", "may", "continue", "should", and similar expressions. The forward-looking statements in this announcement are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice.