

ViroGates Releases Second Quarter 2018 Financial Results

ViroGates A/S (Nasdaq First North Denmark: VIRO), who delivers blood test systems for the Emergency Departments in hospitals, today reported financial results for the second quarter 2018 (1 April – 30 June 2018). The report, which is approved by the Board of Directors, is unaudited and has the following main points:

- Revenue increased 185% compared to the same period last year to DKK 1,092 mill.
- ViroGates entered agreements with two new hospitals regarding the testing of suPARnostic® Quick Triage
- At the end of the quarter, 19 hospitals in 5 countries were testing suPARnostic®
- In June, the Company was listed on the Nasdaq First North stock exchange and received DKK 75,000 mill. (gross) which will be used to accelerate the commercial activities and strengthen the product development, clinical documentation and global patents.
- On the back of the IPO, we have initiated the strengthening of our commercial organization and our commercial activities
- The product suPARnostic® Turbilatex is on track for market introduction in Q3 2018

CEO Jakob Knudsen, says in a comment: *"Q2 offered great commercial and strategic progress for ViroGates. The 19 hospitals that are testing our products are progressing well, and several of the hospitals are now evaluating results from their initial use of the products. In addition, we see that new sales and marketing activities generate growing interest from other hospitals to test our products in their daily clinical practice."*

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About ViroGates

ViroGates is an international Medtech company headquartered in Denmark. ViroGates develops and sells prognostic products to the healthcare sector. The products are used in hospital emergency services, in particular to make a clinical decision on hospitalization or discharge of emergency patients, which can lead to better clinical decisions, faster discharge and optimization of healthcare resources. The products can also be used for the prognosis of lifestyle-related diseases such as cardiovascular disease, type 2 diabetes, cancer, etc. The ViroGates test suPARnostic® measures the suPAR (Soluble urokinase Plasminogen Activator Receptor) protein in the bloodstream, and with the suPARnostic® Quick Triage test, hospital staff will get answers in just 20 minutes. The prognostic value of suPARnostic® is validated by more than 500 clinical trials and studies which included more than 300,000 blood samples.

OPERATIONAL REVIEW

Second quarter 2018

During the quarter, ViroGates entered into two new agreements with two hospitals regarding the testing of the company's products: A hospital in Cyprus will test the use of suPARnostic® Quick Triage for investigation of acute medical patients and a hospital in Belarus will test the use of suPARnostic® Quick Triage for kidney transplantations. By the end of the quarter, 19 other hospitals in Spain, Romania, Serbia, Belarus and Cyprus are testing the company's products, and several of the hospitals are now evaluating results from the test phase.

ViroGates expects that the first of these hospitals will be converted to paying customers in the second half of 2018.

In the second quarter, the company strengthened its commercial activities, including participation in the annual conference on emergency medicine (SEMES) in Spain, the implementation of a new CRM system, a follow-up program for distributors in Europe, and the strengthening of contact with test customers and potential new customers. With the proceeds from the IPO, ViroGates can further accelerate the commercial rollout, and the initial focus is to strengthen the presence in the Spanish market and to begin the development of the German market.

The development of the product suPARnostic® Turbilatex is proceeding as planned, and ViroGates expects that the first product of this product series will be launched in the third quarter of 2018.

At the IPO, ViroGates offered between 659,341 and 824,175 new shares at DKK 91 per share. The offer was fully subscribed by approx. 1600 investors and resulted in gross proceeds of DKK 75 mill. ViroGates had the first trading day on Nasdaq First North in Denmark on June 26, 2018 under the symbol VIRO (ISIN: DK0061030574).

FINANCIAL REVIEW

Revenue

Revenue for the second quarter of 2018 increased to TDKK 1,092 compared to TDKK 0,383 in the second quarter of 2017. Revenue in the second quarter of 2018 derives primarily from large orders from one major customer in Denmark.

Total revenue for the first half of 2018 amounted to TDKK 1,665 compared with TDKK 1,585 in the first half of 2017.

Expenses

Total expenses amounted to TDKK 10,416 in the second quarter of 2018, which includes TDKK 5,160 in IPO expenses against total expenses of TDKK 3,001 in the same quarter last year. This increase was due to increase in sales and marketing (S&M) by TDKK 1,046, including fees for newly issued patents, and an increase of research & development and administrative expenses by TDKK 1,204.

Total expenses amounted to TDKK 13,706 in the first half of 2018, which includes TDKK 5,160 in IPO expenses, against total expenses of TDKK 5,479 in the first half of 2017. This increase was primarily related to higher costs in the second quarter as described above.

Profit & loss

Second quarter operating loss ended at TDKK 9,324 against TDKK 2,618 in the second quarter of 2017. Net financial items amounted to TDKK 0,406 in the second quarter of 2018, negatively impacted by interest on the convertible loan, against a cost of TDKK 0,032 in the second quarter of 2017. The convertible loan was converted to shares prior to the IPO. Result before tax was a loss of TDKK 9,730 in the second quarter of 2018, against a loss of TDKK 2,650 in the same quarter last year. A net loss of TDKK 8,724 was recorded in the second quarter of 2018, against a net loss of TDKK 2,067 in the same quarter last year. Earnings per share (EPS) was DKK -2,88 against an EPS of DKK -0,94 in the second quarter of 2017.

In the first half year of 2018, the company showed an operating loss of TDKK 12,041 against a loss of TDKK 3,894 in the first half of 2018. Net financial items amounted to a cost of TDKK 0,653 in the first half 2018, negatively impacted by interest on convertible loans of TDKK 0,568, compared to a loss of TDKK 0,066 in the first half of last year. The result before tax was TDKK 12,694 in the first half of 2018 against a loss of TDKK 3,960 in the first half of last year. A net loss of TDKK 11,036 was recorded in the first half of 2018, against a net loss of TDKK 3,089 in the first half of 2017. Earnings per share (EPS) was DKK -3,64 against an EPS of DKK -1,40 in the second quarter of 2017.

Cash flow and investments

The total cash flow for the second quarter of 2018 showed an inflow of TDKK 60,269, due to the proceeds from the IPO in June 2018, against an outflow of TDKK 1,139 in the second quarter of 2017. In the second quarter of 2018 cash flow from operating activities amounted to an outflow of TDKK 3,506 against an outflow of TDKK 1,009 in the second quarter of 2017. The outflow in the quarter is mainly due to the change in net working capital, which includes payments related to the IPO in June. Investments in equipment in the second quarter of 2018 amounted to TDKK 0,0 compared to TDKK 0,130 in the second quarter of 2017. Cash flow from financing activities in the second quarter of 2018 amounted to an inflow of TDKK 63,775, due to the proceeds from the IPO in June 2018, against an inflow of TDKK 0,0 in the second quarter of 2017.

The total cash flow for the first half of 2018 was an inflow of TDKK 69,067, due to the proceeds from the IPO in June 2018, against an outflow of TDKK 2,908 in the first half of 2017. In the first half of 2018 cash flow from operating activities amounted to an outflow of TDKK 5,602 against an outflow of TDKK 2,778 in the first half of 2017. The outflow in the first half is mainly due to the change in net working capital, which includes payments related to the IPO in June. Investments in equipment in the first half of 2018 amounted to TDKK 0,0 compared to TDKK 0,130 in the first half of 2017. Cash flow from financing activities in the first half of 2018 amounted to an inflow of TDKK 74,669, due to the proceeds from the IPO in June 2018 and convertible loan in the first quarter of 2018, against an inflow of TDKK 0,0 in the first half of 2017.

Equity and net cash

As of June 30, 2018, the company equity amounted to TDKK 66,961 against TDKK 5,896 at June 30, 2017. This mainly relates to the proceeds from the initial public offering of shares in connection with the listing on Nasdaq First North in June 2018. On June 30, 2018 net cash amounted to TDKK 70,533 compared to TDKK 4,915 at June 30, 2017.

Numbers of shares

At June 30, 2018 the total number of outstanding shares in ViroGates A/S was 3,034,347, against 2,210,172 at June 30, 2017.

Largest shareholders as of 30 June 2018

Shareholder	Number of shares	Percent of capital
N. P. LOUIS-HANSEN APS.	735,919	24.25%
KIM GINNERUP APS	325,965	10.74%
4AM APS	325,965	10.74%
THE WAY FORWARD APS	188,183	6.20%
JEO Holding ApS	159,942	5.27%
Others	1,298,373	42.80%
Total no. shares outstanding	3,034,347	100.00%

Financial calendar

Interim Report Q3 2018	24 October 2018
Annual Report 2018	27 March 2019
Annual General Meeting	25 April 2019

Forward-looking statements

Prospects about the future reflect ViroGates' current expectations for future events and results. The statements are by nature inherent in risks, uncertainties and other matters that are difficult to predict or out of control. The actual results may therefore differ from the expectations expressed. See also the description of risk factors in the prospectus, June 4, 2018.

INCOME STATEMENT

		Q2 2018	Q2 2017	H1 2018	H1 2017	2017
	Note					
NET REVENUE		1,091,663	382,954	1,665,301	1,585,168	2,441,166
Cost of sales		-87,145	-82,191	-150,992	-166,873	-271,187
Other external expenses	7	-3,266,266	-2,097,604	-5,349,752	-3,675,003	-6,434,683
GROSS PROFIT/LOSS		-2,261,748	-1,796,841	-3,835,443	-2,256,708	-4,264,704
Staff costs	1	-1,902,567	-821,317	-3,045,592	-1,637,013	-3,308,072
Depreciation, amortisation, impairment		-31,250	-31,250	-62,500	-56,000	-118,500
OPERATING PROFIT/LOSS		-4,195,565	-2,649,408	-6,943,535	-3,949,721	-7,691,276
Other financial income		600	6,224	2,416	6,527	15,845
Other financial expenses		-375,173	-7,278	-593,155	-16,677	-21,937
PROFIT/LOSS BEFORE EXTRAORDINARY POSTS		-4,570,138	-2,650,462	-7,534,274	-3,959,871	-7,697,368
Extraordinary posts		-5,159,750	0	-5,159,750	0	0
PROFIT/LOSS BEFORE TAX		-9,729,889	-2,650,462	-12,694,025	-3,959,871	-7,697,368
Tax on profit/loss for the year	2	1,005,431	583,102	1,657,541	871,172	1,710,206
PROFIT/LOSS FOR THE YEAR		-8,724,458	-2,067,360	-11,036,484	-3,088,700	-5,987,162
PROPOSED DISTRIBUTION OF PROFIT/LOSS						
Retained profit		-8,724,458	-2,067,360	-11,036,484	-3,088,700	-5,987,162
TOTAL		-8,724,458	-2,067,360	-11,036,484	-3,088,700	-5,987,162

BALANCE SHEET

		H1 2018	H1 2017	2017
ASSETS	Note			
Other plant, machinery, tools and equipment		180,000	305,000	242,500
Tangible fixed assets	3	180,000	305,000	242,500
Rent deposit and other receivables		109,857	107,838	107,838
Fixed asset investments	4	109,857	107,838	107,838
FIXED ASSETS		289,857	412,838	350,338
Finished goods and goods for resale		566,003	522,075	694,467
Inventories		566,003	522,075	694,467
Trade receivables		735,150	326,014	366,767
Other receivables		0	0	329,407
Receivables, corporation tax		3,367,747	2,366,461	1,710,206
Prepayments and accrued income		262,687	88,752	60,295
Receivables		4,365,584	2,781,227	2,466,675
Cash and cash equivalents		70,532,984	4,914,585	1,466,090
CURRENT ASSETS		75,464,571	8,217,887	4,627,232
ASSETS		75,754,427	8,630,725	4,977,570

BALANCE SHEET

		H1 2018	H1 2017	2017
EQUITY AND LIABILITIES	Note			
Share capital		3,034,347	2,210,172	2,210,172
Retained profit		63,926,404	3,685,600	787,137
EQUITY	5	66,960,751	5,895,772	2,997,309
Trade payables		4,366,957	481,392	262,485
Other liabilities		4,215,590	2,253,561	1,717,776
Convertible loan		211,129	0	0
Current liabilities		8,793,676	2,734,953	1,980,261
LIABILITIES		8,793,676	2,734,953	1,980,261
EQUITY AND LIABILITIES		75,754,427	8,630,725	4,977,570
Contingencies	6			
Check		0	0	0

CASH FLOW STATEMENT

	Q2 2018	Q2 2017	H1 2018	H1 2017	2017
CASH FLOWS FROM OPERATING ACTIVITY	-3,506,461	-1,008,730	-5,601,699	-2,778,196	-6,226,692
CASH FLOWS FROM INVESTING ACTIVITY	0	-130,000	0	-130,000	-130,000
CASH FLOWS FROM FINANCING ACTIVITY	63,775,144	0	74,668,593	0	0
CHANGE IN CASH AND CASH EQUIVALENTS	60,268,683	-1,138,730	69,066,894	-2,908,196	-6,356,692

NOTES	Q2 2018	Q2 2017	H1 2018	H1 2017	2017	Note
Staff costs						1
Average number of employees	5	4	5	4	4	
Wages and salaries	1,787,900	734,710	2,826,389	1,408,752	2,902,258	
Pensions	71,675	60,193	135,854	118,142	234,042	
Social security costs	8,309	6,077	15,171	12,304	22,826	
Other staff costs	34,682	20,337	68,177	97,815	148,944	
	1,902,566	821,317	3,045,591	1,637,013	3,308,069	
The incentive programme for the board of executive, executive staff and the board of directors includes the option of subscribe shares during the period from 2015 to 2018 for up to 9 pct. of the present share capital at a pre-determined price. The subscription cannot exceed one-third per year. Thus, in the period up to 2018 the subscription of shares cannot exceed a nominal amount of DKK 208,715 at price 32.77 - 68.27, equal to a total value of DKK ('000) 10,400.						
Tax on profit/loss for the year						2
Calculated tax on taxable income for the year	-1,005,431	-583,102	-1,657,541	-871,172	-1,710,206	
	-1,005,431	-583,102	-1,657,541	-871,172	-1,710,206	
Tangible fixed assets						3
Other plants, machinery, tools and equipment						
Cost at 1 January 2018 / 1 January 2017			894,327	764,327	764,327	
Additions			0	130,000	130,000	
Disposals			-166,656	-166,656	-166,656	
Cost at H1 2018, H1 2017, 2017			727,671	727,671	727,671	
Depreciation and impairment losses at 1 January 2018 / 1 January 2017			651,828	533,327	533,327	
Reversal of depreciation of assets disposed of			-166,656	-166,656	-166,656	
Depreciation for the year			62,500	56,000	118,501	
Depreciation and impairment losses at H1 2018, H1 2017, 2017			547,671	422,671	485,171	
Carrying amount of H1 2018, H1 2017, 2017			180,000	305,000	242,500	
Fixed asset investments						4
Rent deposit and other receivables						
Cost at 1 January 2018/1 January 2017	107,838	105,522	107,838	105,522	105,522	
Additions	2,019	2,316	2,019	2,316	2,316	
Cost at H1 2018, H1 2017, 2017	109,857	107,838	109,857	107,838	107,838	
Carrying amount of H1 2018, H1 2017, 2017	109,857	107,838	109,857	107,838	107,838	

NOTES**Equity****1 January 2018 - 30 June 2018**

	Share capital	Retained profit	Total
Equity at 1 January 2018	2,210,172	787,137	2,997,309
Share issue	824,175	74,175,750	74,999,925
Proposed distribution of profit		-11,036,484	-11,036,484
Equity at 30 June 2018	3,034,347	63,926,403	66,960,750

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1 January 2017 - 30 June 2017

	Share capital	Retained profit	Total
Equity at 1 January 2017	2,210,172	6,774,299	8,984,471
Proposed distribution of profit		-3,088,700	-3,088,700
Equity at 30 June 2017	2,210,172	3,685,599	5,895,771

1 January 2017 - 31 December 2017

	Share capital	Retained profit	Total
Equity at 1 January 2017	2,210,172	6,774,299	8,984,471
Proposed distribution of profit		-5,987,162	-5,987,162
Equity at 31 December 2017	2,210,172	787,137	2,997,309

The Company's share capital consists of 3.034.347 shares of nom. 1 kr.

The Company has 2.585 treasury shares of nom. 1 kr. which equals 0,1% of the total share capital.

Under a resolution passed by the General Meeting, the Company may acquire treasury shares up to 10% of the share capital. Treasury shares are acquired for purposes of incentive programs for consultants and employees of the company

Contingencies etc

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The company has entered into an agreement for office rent with a notice of termination period of 6 months. There is a liability of DKK ('000) 115.

Other external expenses

	Q2 2018	Q2 2017	H1 2018	H1 2017	2017
R&D expenses in % of total expenses	23,17%	46,10%	31,90%	49,29%	43,90%
	Turb Assey	Intervention study+Turb	Turb Assey	Intervention study+Turb	Intervention study+Turb

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KPI'S

DKK'000	1 April - 30 June		1 January - 30 June		Full year 2017
	2018	2017	2018	2017	
Net sales	1,091,663	382,954	1,665,301	1,585,168	2,441,166
Operating earnings	-4,195,565	-2,649,408	-6,943,535	-3,949,721	-7,691,276
Earnings before tax	-9,729,889	-2,650,462	-12,694,025	-3,959,871	-7,697,368
Net earnings	-8,724,458	-2,067,360	-11,036,484	-3,088,700	-5,987,162
Earnings per share before dilution (DKK/share)	-2,88	-0,94	-3,64	-1,40	-2,71
Earnings per share after dilution (DKK/share)	-2,68	-0,85	-3,39	-1,27	-2,47
Average number of shares before dilution	3,034,347	2,210,172	3,034,347	2,210,172	2,210,172
Average number of shares after dilution	3,251,862	2,427,687	3,251,862	2,427,687	2,427,687
Equity ratio, %			88%	68%	60%
Number of shares outstanding, average	217,515	217,515	217,515	217,515	217,515
Number of shares outstanding, end-period	217,515	217,515	217,515	217,515	217,515
Shareholders equity per share	21,07	1,67	21,07	1,67	0,36
Period-end share market price	88,00	n/a	88,00	n/a	n/a
Number of employees end of period	5	4	5	4	4