

ViroGates Releases Third Quarter 2019 Results

ViroGates A/S (Nasdaq First North Growth Market Denmark: VIRO), who delivers blood test systems for emergency departments in hospitals, today reported financial results for the third quarter 2019 (1 July – 30 September).

Highlights in the third quarter of 2019

Financial highlights

- Revenue fell by 33% to TDKK 551 (TDKK 824 in Q3 2018)
- Net operating expenses of TDKK 4,700 (TDKK 3,551 in Q3 2018)
- Net result of TDKK -3,994 (TDKK -2,341 in Q3 2018)
- Cash position of TDKK 47,625 per 30 September 2019 (TDKK 62,590 end Q3 2018)

Operational highlights

- ViroGates announced the appointment of Mark Christian Hvidberg da Silva as its new CFO.
- QIAGEN and ViroGates jointly announced a partnership that the suPARnostic® Quick Triage lateral flow product had been validated on QIAGEN's automated Lateral Flow (aLF) platform and that ViroGates was appointed a distribution partner for the aLF platform.
- ViroGates announced that clinical implementation of suPARnostic® TurbiLatex had been agreed with the University Hospital of Montpellier France. Montpellier Hospital will be the first hospital worldwide to run suPARnostic® TurbiLatex on the Roche cobas 8000 modular system.
- Revenue in the first nine months of 2019 amounted to TDKK 3,121 (TDKK 2,490 in 9M 2018).

CEO Jakob Knudsen, says in a comment: *"The third quarter of 2019 brought the first international customer for our suPARnostic® TurbiLatex product. The customer selected our suPARnostic® TurbiLatex product after rigorous testing concluding that the product is readily adaptable to their automated system which provides comfort that other international customers will follow. We had a 25% growth in year-to-date revenue despite a decline in the revenue for the past quarter, which is due to expected contractual discounts provided to a large clinical customer. The revenue for the quarter is in line with our expectations."*

The report, which is approved by the Board of Directors, is unaudited.

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About ViroGates

ViroGates is an international medtech company developing and marketing prognostics products to the healthcare sector. Based on more than 600 clinical trials and studies, ViroGates' suPARnostic® product range supports hospital professionals in making clinical decisions on hospitalization or discharge of acute care patients as well as detecting and assessing the severity of cardiovascular diseases, type 2 diabetes, cancer, etc. suPARnostic® TurbiLatex is available on Roche Diagnostics' cobas instruments and ViroGates works with partners to develop solutions for other platforms. Headquartered in Denmark, ViroGates' sales force covers the Nordics, Germany, Spain and France, while distributors serve other markets. www.virogates.com

OPERATIONAL REVIEW

The third quarter 2019 activities are to some extent affected by the summer period, especially in key markets such as Spain and France, where the holiday season results in very few proactive projects being initiated. Despite this ViroGates managed to grow the number of pilot user hospitals from 33 last quarter to 36 at the end of the 3rd quarter. Currently the focus is to drive as many as possible of the current pilot users towards becoming paying clinical routine customers. This work led to a clinical pilot user being converted into clinical routine usage in the case of University Hospital Montpellier in France. ViroGates expects to receive the first order from this new customer in Q4 2019. Having a reference for clinical routine use is a key step, and confirms ViroGates' belief that the product offering is attractive in the emergency setting, also in the south of Europe.

The 36 pilot use sites are Spain (19), Denmark (4), Greece (3), Romania (3), Serbia (2), Sweden (2), France (2) and Egypt (1). The work to shorten the pilot use period before hospitals are converted to clinical routine customers is ongoing, and involve stricter procedures for initiating a pilot use phase, involvement of decision makers earlier on, agreed-to follow-up processes, pre-agreed target outcomes etc. ViroGates will furthermore initiate a digital strategy aimed at the hospital administration level, to create a pull-effect from decision makers that are interested in the economic benefits, that ViroGates' products can offer to hospitals.

ViroGates continues to validate the suPARnostic[®] TurbiLatex product line on new immune chemistry platforms, and validation work is ongoing at two systems from major providers of platforms. This work is conducted with external partners and ViroGates expects, that one validation will be completed during Q4 and another during Q1 2020. There are several providers of platforms in the market place, and major players such as Roche Diagnostics, Siemens Healthineers and Abbott Laboratories are all active in the space. ViroGates aim to become as broadly available as possible on these platforms, such that hospitals, irrespective of their analysis platform, can get access to suPAR results.

ViroGates entered into a license and distribution agreement with QIAGEN, a long standing partner on the point-of-care instrument side, for QIAGEN's novel aLF reader platform (<https://www.alf-reader.com>). The aLF reader platform will primarily serve smaller hospitals and/or hospitals that have a small laboratory set up in immediate connection with the emergency room. The agreement with QIAGEN means that ViroGates can refer customers to QIAGEN for the aLF reader for a fee, or choose to sell the instrument itself. The suPARnostic[®] Quick Triage test will furthermore be available on the entire aLF reader installed base, and feature in the menu to the hospitals that are already using this system.

The co-development with GENSPEED Biotech GmbH announced earlier this year is progressing well and plastic cartridges for use with the system have been made. The optimisation of the system is ongoing and the subsequent validation is expected to commence during H1 2020. ViroGates still expects to finalize the development work in time for product launch in H1 2021.

FINANCIAL REVIEW

(Unless otherwise stated, financials are Q3 2019 numbers. Comparative figures for the corresponding period of 2018 are shown in brackets)

Revenue

Revenue decreased to TDKK 551 (TDKK 824). Revenue in both periods derived primarily from large orders from one major customer in Denmark.

Total revenue in the first three quarters of 2019 amounted to TDKK 3,121 (TDKK 2,490).

Expenses

Total operating expenses amounted to TDKK 4,700 (TDKK 3,551). There was an increase in R&D activities amounting to TDKK 204 and an increase in staff cost of TDKK 875 from hiring of new employees within sales and marketing.

Total operating expenses amounted to TDKK 15,496 in the first three quarters of 2019 (TDKK 17,107).

Profit & loss

Operating loss came to TDKK -4,237 (TDKK -2,810). Net financial items amounted to TDKK 66 (TDKK 186). In 2018, net financial items were primarily interest on a convertible loan that was converted in connection with the IPO. Loss before tax was TDKK -4,303 (TDKK -2,996). Net loss amounted to TDKK -3,994 (TDKK -2,341). Earnings per share (EPS) were DKK -1.32 against an EPS of DKK -0.77 in the third quarter of 2018.

In the first three quarters of 2019, operating loss came to TDKK 12,694 (TDKK 14,914), net financial items were TDKK -225 (TDKK -776), loss before tax was TDKK 12,919 (TDKK 15,690) and net loss amounted to TDKK 12,018 (TDKK 13,377).

Cash flow and investments

Total cash flow amounted to TDKK -2,539 (TDKK -7,942). Cash flow from operating activities amounted to TDKK -2,338 (TDKK -7,731). The outflow in the quarter was mainly due to the change in net working capital, which included increase in sales activities, hereunder new sales personnel, but also positive VAT return. Investments in equipment amounted to TDKK -202 (TDKK 0). Cash flow from financing activities amounted to TDKK 0 (TDKK -211).

The total cash flow for the first three quarters of 2019 was TDKK -12,458 (TDKK 61,124), cash flow from operating activities amounted to TDKK -12,087 (TDKK -13,333), investments in assets amounted to TDKK -371 (TDKK 0), and cash flow from financing activities amounted to TDKK 0 (TDKK 74,457).

Equity and net cash

As of 30 September 2019, equity was TDKK 48,993 (TDKK 64,620). On 30 September 2019 net cash amounted to TDKK 47,625 (TDKK 62,590).

Number of shares

At 30 September 2019 the total number of outstanding shares in ViroGates A/S were 3,034,347 (3,034,347).

Largest shareholders as of 30 September 2019

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%
JEO Holding ApS	155,050	5.11%
Others	1,491,448	49.16%
Total no. shares outstanding	3,034,347	100.00%

Financial calendar

Annual Report 2019	25 March 2020
Annual General Meeting	28 April 2020

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.

INCOME STATEMENT

		Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018	2018
	Note					
NET REVENUE		550,845	824,495	3,121,368	2,489,796	3,315,563
Cost of sales		-87,842	-52,231	-257,233	-203,223	-312,488
Other external expenses	7	-2,724,899	-2,451,337	-7,773,259	-12,960,840	-15,122,836
GROSS PROFIT/LOSS		-2,261,896	-1,679,073	-4,909,124	-10,674,267	-12,119,761
Staff costs	1	-1,975,077	-1,100,075	-7,722,812	-4,145,667	-5,857,612
Depreciation, amortisation, impairment		250	-31,250	-62,250	-93,750	-124,999
OPERATING PROFIT/LOSS		-4,236,723	-2,810,398	-12,694,186	-14,913,684	-18,102,372
Other financial income		4,976	3,165	6,471	5,581	9,236
Other financial expenses		-71,347	-188,764	-231,747	-781,918	-823,327
PROFIT/LOSS BEFORE TAX		-4,303,094	-2,995,997	-12,919,463	-15,690,022	-18,916,462
Tax on profit/loss for the year	2	309,000	655,063	901,000	2,312,604	1,930,250
PROFIT/LOSS FOR THE YEAR		-3,994,094	-2,340,934	-12,018,463	-13,377,418	-16,986,212
PROPOSED DISTRIBUTION OF PROFIT/LOSS						
Retained profit		-3,994,094	-2,340,934	-12,018,463	-13,377,418	-16,986,212
TOTAL		-3,994,094	-2,340,934	-12,018,463	-13,377,418	-16,986,212

BALANCE SHEET

		Q1-Q3 2019	Q1-Q3 2018	2018
ASSETS	Note			
Other plant, machinery, tools and equipment		256,943	148,750	117,500
Tangible fixed assets	3	256,943	148,750	117,500
Rent deposit and other receivables		279,401	109,857	109,857
Fixed asset investments	4	279,401	109,857	109,857
FIXED ASSETS		536,344	258,607	227,357
Finished goods and goods for resale		741,264	566,988	693,868
Inventories		741,264	566,988	693,868
Trade receivables		128,586	536,022	430,546
Other receivables		0	0	23,886
Receivables, corporation tax		2,831,249	4,022,810	1,930,250
Prepayments and accrued income		603,600	170,882	33,765
Receivables		3,563,436	4,729,715	2,418,447
Cash and cash equivalents		47,625,391	62,590,461	60,083,501
CURRENT ASSETS		51,930,091	67,887,164	63,195,816
ASSETS		52,466,435	68,145,771	63,423,173

BALANCE SHEET

		Q1-Q3 2019	Q1-Q3 2018	2018
EQUITY AND LIABILITIES	Note			
Share capital		3,034,347	3,034,347	3,034,347
Retained profit		45,958,207	61,585,469	57,976,670
EQUITY	5	48,992,554	64,619,816	61,011,017
Trade payables		1,384,836	721,625	338,791
Other liabilities		2,089,045	2,804,330	2,073,365
Convertible loan		0	0	0
Current liabilities		3,473,881	3,525,955	2,412,156
LIABILITIES		3,473,881	3,525,955	2,412,156
EQUITY AND LIABILITIES		52,466,434	68,145,771	63,423,172
Contingencies	6			

CASH FLOW STATEMENT					
	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018	2018
Profit/loss for the year	-3,994,094	-2,340,934	-12,018,463	-13,377,418	-16,986,215
Reversed depreciation for the year	-250	31,250	62,250	93,750	125,000
Reversed tax on profit/loss for the year	-309,000	-655,063	-901,000	-2,312,604	-1,930,250
Corporation tax received	0	0	0	0	1,710,206
Change in inventory	87,927	-997	-47,396	127,575	600
Change in receivables	1,827,050	290,932	-243,989	47,546	268,270
Change in current liabilities	50,637	-5,056,593	1,061,727	2,088,048	431,892
CASH FLOWS FROM OPERATING ACTIVITY	-2,337,730	-7,731,405	-12,086,871	-13,333,103	-16,380,497
Purchase of tangible fixed assets	-201,693	0	-201,693	0	0
Purchase of financial assets (deposit)	0	0	-169,544	0	-2,019
CASH FLOWS FROM INVESTING ACTIVITY	-201,693	0	-371,237	0	-2,019
Loans	0	-211,129	0	-542,461	0
Subscription of Share Capital	0	0	0	74,999,925	74,999,925
CASH FLOWS FROM FINANCING ACTIVITY	0	-211,129	0	74,457,464	74,999,925
CHANGE IN CASH AND CASH EQUIVALENTS	-2,539,423	-7,942,534	-12,458,108	61,124,361	58,617,409
Cash and cash equivalents at beginning of period	50,164,827	70,532,996	60,083,513	1,466,101	1,466,090
CASH AND CASH EQUIVALENTS AT END OF PERIOD	47,625,405	62,590,462	47,625,405	62,590,462	60,083,499
Specification of cash and cash equivalents at end of period					
Cash and cash equivalents	47,625,405	62,590,462	47,625,405	62,590,462	60,083,499
CASH AND CASH EQUIVALENTS, NET DEBT	47,625,405	62,590,462	47,625,405	62,590,462	60,083,499

NOTES	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018	2018	Note
Staff costs						1
Average number of employees	10	5	10	5	6	
Wages and salaries	1,738,745	908,756	5,774,248	3,512,091	5,080,549	
Pensions	187,660	68,813	551,314	204,667	280,135	
Social security costs	13,627	9,084	38,094	24,255	33,906	
Other staff costs	35,044	113,423	1,359,155	404,654	463,025	
	1,975,077	1,100,076	7,722,812	4,145,667	5,857,615	
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 2918 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	-309,000	-655,063	-901,000	-2,312,604	-1,930,250	
	-309,000	-655,063	-901,000	-2,312,604	-1,930,250	
Tangible fixed assets						3
Other plants, machinery, tools and equipment						
Cost at 1 January 2019 / 1 January 2018			727,671	727,671	727,671	
Additions			201,693	0	0	
Disposals			0	0	0	
Cost at Q3 2019, Q3 2018, 2018			929,364	727,671	727,671	
Depreciation and impairment losses at 1 January 2019 / 1 January 2018			610,172	485,172	485,172	
Reversal of depreciation of assets disposed of			0	0	0	
Depreciation for the year			62,250	93,750	125,000	
Depreciation and impairment losses at Q3 2019, Q3 2018, 2018			672,421	578,922	610,171	
Carrying amount of Q3 2019, Q3 2018, 2018			256,943	148,750	117,500	
Fixed asset investments						4
Rent deposit and other receivables						
Cost at 1 January 2019/1 January 2018			109,857	107,838	107,838	
Additions			169,544	2,019	2,019	
Cost at Q3 2019, Q3 2018, 2018			279,401	109,857	109,857	
Carrying amount of Q3 2019, Q3 2018, 2018			279,401	109,857	109,857	

NOTES**Equity****1 July 2019 - 30 September 2019**

	Share capital	Retained profit	Total
Equity at 1 January 2019	3,034,347	57,976,672	61,011,019
Capital increase	0	0	0
Proposed distribution of profit		-12,018,463	-12,018,463
Equity at 30 September 2019	3,034,347	45,958,209	48,992,556

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1 July 2018 - 30 September 2018

	Share capital	Retained profit	Total
Equity at 1 January 2018	2,210,172	787,137	2,997,309
Capital increase	824,175	74,175,750	74,999,925
Proposed distribution of profit		-13,377,418	-13,377,418
Equity at 30 September 2018	3,034,347	61,585,469	64,619,816

1 January 2018 - 31 December 2018

	Share capital	Retained	Total
Equity at 1 January 2018	2,210,172	787,137	2,997,309
Capital increase	824,175	74,175,750	74,999,925
Proposed distribution of profit		-16,986,215	-16,986,215
Equity at 31 December 2018	3,034,347	57,976,672	61,011,019

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

The company has entered into an agreement for office rent with a notice of termination period of 42 months. There is a liability of DKK ('000) 1.171.

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Other external expenses

	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018	2018
R&D expenses in % of total expenses	29.88%	33.63%	24.78%	32.40%	27.89%
	Turb Assey	Intervention study+Turb	Turb Assey	Intervention study+Turb	Intervention study+Turb

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KPI'ES

DKK'000	1 July - 30 September 2019	1 July - 30 September 2018	1 January - 30 September 2019	1 January - 30 September 2018	Full year 2018
Net sales	550,845	824,495	3,121,368	2,489,796	3,315,563
Operating earnings	-4,236,723	-2,810,398	-12,694,186	-14,913,684	-18,102,372
Earnings before tax	-4,303,094	-2,995,997	-12,919,463	-15,690,022	-18,916,462
Net earnings	-3,994,094	-2,340,934	-12,018,463	-13,377,418	-16,986,212
Earnings per share before dilution (DKK/share)	-1.32	-0.77	-3.96	-5.34	-6.44
Earnings per share after dilution (DKK/share)	-1.15	-0.68	-3.47	-4.56	-5.73
Average number of shares before dilution	3,034,347	3,034,347	3,034,347	2,503,011	2,636,937
Average number of shares after dilution	3,462,221	3,466,621	3,462,221	2,935,285	2,963,495
Number of shares before dilution	3,034,347	3,034,347	3,034,347	3,034,347	3,034,347
Number of shares after dilution	3,462,221	3,466,621	3,462,221	3,466,621	3,465,521
Equity ratio, %			93%	95%	96%
Number of warrants outstanding, average	427,874	432,274	428,424	291,303	326,558
Number of warrants outstanding, end-period	427,874	432,274	427,874	431,174	431,174
Shareholders equity per share	16.15	21.30	16.15	21.30	20.11
Period-end share market price	35.00	75.10	35.00	75.10	60.00
Number of employees end of period	12	6	12	6	8