

ViroGates Releases Second Quarter 2019 Results

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

Highlights in the second quarter of 2019

Financial highlights

- Revenue grew by 34% to TDKK 1,465 (TDKK 1,092 in Q2 2018)
- Net operating expenses of TDKK 5,948 (TDKK 10,333 in Q2 2018)
- Net result of TDKK -4,349 (TDKK -8,724 in Q2 2018)
- Cash position of TDKK 50,165 per 30 June 2019 (TDKK 70,533 end Q2 2018)

Operational highlights

- Amager Hospital, Denmark was announced as a new clinical routine customer.
- After the end of the reporting period, ViroGates announced that Mark Christian Hvidberg da Silva will join ViroGates as CFO. May Britt Dyvelkov will remain in the company as VP Accounting (announced 14 August).

CEO Jakob Knudsen, says in a comment: *"In the second quarter of 2019, the first tangible effects of our increased sales force activities in key markets materialised, as we increased the number of pilot users from 29 to 33 hospitals. We are confident that we will continue to engage more users and that a number of existing pilot users will be converted to clinical routine customers."*

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

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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 550 clinical trials and studies which included more than 350,000 blood samples.

OPERATIONAL REVIEW

During the second quarter of 2019, the initial effects of increased sales force activities materialised in key markets, the Nordics, Germany, Spain and France, where ViroGates has now deployed its own sales organisation. ViroGates engaged new hospital pilot users, which net increased from 29 to 33 hospitals during the second quarter alone. Pilot use is now operating in Spain (15), Denmark (5), Greece (3), Romania (3), Serbia (3), Sweden (2), France (1) and Egypt (1). ViroGates is seeking to shorten the pilot use period before hospitals are converted to clinical routine customers by optimizing the process for identification of potential customers and the agreements that are put in place before pilot use is initiated.

Validation work for another turbidimetric commercially available platform was initiated during the second quarter. The completion of the validation is expected during the second half of 2019. Following this validation, the suPARnostic® TurbiLatex will be commercially available on both Roche Diagnostics platforms and the new platform from another diagnostic company.

The co-development with GENSPEED Biotech GmbH announced earlier this year is progressing as planned and initial development work has been conducted. ViroGates still expects to finalize the development work in time for product launch in H1 2021.

FINANCIAL REVIEW

(Unless otherwise stated, financials are Q2 2019 numbers. Comparative figures for the corresponding period of 2018 are shown in brackets)

Revenue

Revenue increased to TDKK 1,465 (TDKK 1,092). Revenue in both periods derived primarily from large orders from one major customer in Denmark.

Total revenue in the first half of 2019 amounted to TDKK 2,571 (TDKK 1,665).

Expenses

Total operating expenses amounted to TDKK 5,948 (TDKK 10,333). There was an increase in R&D activities amounting to TDKK 271 and an increase in staff cost of TDKK 1,539 from hiring of new employees within sales and marketing. 2018 figures included IPO cost of TDKK 5,160.

Total operating expenses amounted to TDKK 10,796 in the first half of 2019 (TDKK 13,564).

Profit & loss

Operating loss came to TDKK -4,594 (TDKK -9,360). In 2018, IPO related costs amounted to TDKK -5,160. Net financial items amounted to TDKK 78 (TDKK 370). 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 -4,672 (TDKK -9,730). Net loss amounted to TDKK -4,350 (TDKK -8,724). Earnings per share (EPS) were DKK -1.43 against an EPS of DKK -3.87 in the second quarter of 2018.

In the first half of 2019, operating loss came to TDKK 8,457 (TDKK 12,112), net financial items were TDKK -159 (TDKK -582), loss before tax was TDKK 9,548 (TDKK 12,694) and net loss amounted to TDKK 8,024 (TDKK 11,037).

Cash flow and investments

Total cash flow amounted to TDKK -5,827 (TDKK +60,269). The positive cash flow in the second quarter of 2018 was due to the proceeds from the IPO in June 2018. Cash flow from operating activities amounted to TDKK -5,660 (TDKK -3,506). 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. Investments in equipment amounted to TDKK -167 (TDKK 0). Cash flow from financing activities amounted to TDKK -0 (TDKK 63,775).

The total cash flow for the first half year 2019 was TDKK -9,919 (TDKK 69,067), cash flow from operating activities amounted to TDKK -9,749 (TDKK -5,602), investments in assets amounted to TDKK -170 (TDKK 0), and cash flow from financing activities amounted to TDKK 0 (TDKK 74,669).

Equity and net cash

As of 30 June 2019, equity was TDKK 52,987 (TDKK 66,961). On 30 June 2019 net cash amounted to TDKK 50,165 (TDKK 70,533).

Number of shares

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

Largest shareholders as of 30 June 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%
Avanza Bank	157,343	5.19%
JEO Holding ApS	155,424	5.12%
THE WAY FORWARD APS	152,745	5.03%
Others	1,180,986	38.93%
Total no. shares outstanding	3,034,347	100.00%

Financial calendar

Q3 report 28 October 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.

INCOME STATEMENT

		Q2 2019	Q2 2018	H1 2019	H1 2018	2018
	Note					
NET REVENUE		1,465,484	1,091,663	2,570,523	1,665,301	3,315,563
Cost of sales		-79,588	-87,145	-169,391	-150,992	-312,488
Other external expenses	7	-2,505,917	-8,430,281	-5,048,360	-10,518,221	-15,122,836
GROSS PROFIT/LOSS		-1,120,021	-7,425,763	-2,647,228	-9,003,912	-12,119,761
Staff costs	1	-3,442,373	-1,902,567	-5,747,735	-3,045,592	-5,857,612
Depreciation, amortisation, impairment		-31,250	-31,250	-62,500	-62,500	-124,999
OPERATING PROFIT/LOSS		-4,593,644	-9,359,580	-8,457,463	-12,112,004	-18,102,372
Other financial income		1,306	600	1,494	2,416	9,236
Other financial expenses		-79,245	-370,909	-160,400	-584,437	-823,327
PROFIT/LOSS BEFORE TAX		-4,671,583	-9,729,889	-8,616,369	-12,694,025	-18,916,462
Tax on profit/loss for the year	2	322,000	1,005,431	592,000	1,657,541	1,930,250
PROFIT/LOSS FOR THE YEAR		-4,349,583	-8,724,458	-8,024,369	-11,036,484	-16,986,212
PROPOSED DISTRIBUTION OF PROFIT/LOSS						
Retained profit		-4,349,583	-8,724,458	-8,024,369	-11,036,484	-16,986,212
TOTAL		-4,349,583	-8,724,458	-8,024,369	-11,036,484	-16,986,212

BALANCE SHEET

		H1 2019	H1 2018	2018
ASSETS	Note			
Other plant, machinery, tools and equipment		55,000	180,000	117,500
Tangible fixed assets	3	55,000	180,000	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		334,401	289,857	227,357
Finished goods and goods for resale		829,191	566,003	693,868
Inventories		829,191	566,003	693,868
Trade receivables		808,725	735,150	430,546
Other receivables		24,606	0	23,886
Receivables, corporation tax		2,522,250	3,367,747	1,930,250
Prepayments and accrued income		1,725,906	262,687	33,765
Receivables		5,081,487	4,365,584	2,418,447
Cash and cash equivalents		50,164,813	70,532,984	60,083,501
CURRENT ASSETS		56,075,491	75,464,571	63,195,816
ASSETS		56,409,892	75,754,427	63,423,173

BALANCE SHEET

		H1 2019	H1 2018	2018
EQUITY AND LIABILITIES	Note			
Share capital		3,034,347	3,034,347	3,034,347
Retained profit		49,952,301	63,926,404	57,976,670
EQUITY	5	52,986,648	66,960,751	61,011,017
Trade payables		1,342,696	4,366,957	338,791
Other liabilities		2,080,548	4,215,590	2,073,365
Convertible loan		0	211,129	0
Current liabilities		3,423,244	8,793,676	2,412,156
LIABILITIES		3,423,244	8,793,676	2,412,156
EQUITY AND LIABILITIES		56,409,892	75,754,427	63,423,172
Contingencies	6			

CASH FLOW STATEMENT					
	Q2 2019	Q2 2018	H1 2019	H1 2018	2018
Profit/loss for the year	-4,349,583	-8,724,458	-8,024,369	-11,036,484	-16,986,215
Reversed depreciation for the year	31,250	31,250	62,500	62,500	125,000
Reversed tax on profit/loss for the year	-322,000	-1,005,431	-592,000	-1,657,541	-1,930,250
Corporation tax received	0	0	0	0	1,710,206
Change in inventory	-251,027	35,069	-135,323	128,499	600
Change in receivables	-1,393,342	-362,419	-2,071,039	-243,386	268,270
Change in current liabilities	624,866	6,519,526	1,011,090	7,144,713	431,892
CASH FLOWS FROM OPERATING ACTIVITY	-5,659,836	-3,506,463	-9,749,141	-5,601,699	-16,380,497
Purchase of tangible fixed assets	0	0	0	0	0
Purchase of financial assets	-167,248	0	-169,544	0	-2,019
CASH FLOWS FROM INVESTING ACTIVITY	-167,248	0	-169,544	0	-2,019
Loans	0	-11,224,781	0	-331,332	0
Subscription of Share Capital	0	74,999,925	0	74,999,925	74,999,925
CASH FLOWS FROM FINANCING ACTIVITY	0	63,775,144	0	74,668,593	74,999,925
CHANGE IN CASH AND CASH EQUIVALENTS	-5,827,083	60,268,681	-9,918,686	69,066,894	58,617,409
Cash and cash equivalents at beginning of period	55,991,911	10,264,314	60,083,513	1,466,101	1,466,090
CASH AND CASH EQUIVALENTS AT END OF PERIOD	50,164,827	70,532,995	50,164,827	70,532,996	60,083,499
Specification of cash and cash equivalents at end of period					
Cash and cash equivalents	50,164,827	70,532,996	50,164,827	70,532,996	60,083,499
CASH AND CASH EQUIVALENTS, NET DEBT	50,164,827	70,532,996	50,164,827	70,532,996	60,083,499

NOTES	Q2 2019	Q2 2018	H1 2019	H1 2018	2018	Note
Staff costs						1
Average number of employees	10	5	10	5	6	
Wages and salaries	2,339,860	1,669,968	4,035,503	2,603,335	5,080,549	
Pensions	189,946	71,675	363,654	135,854	280,135	
Social security costs	13,114	8,309	24,467	15,171	33,906	
Other staff costs	899,452	152,614	1,324,111	291,231	463,025	
	3,442,373	1,902,566	5,747,735	3,045,591	5,857,615	
<p>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.</p>						
Tax on profit/loss for the year						2
Calculated tax on taxable income for the year	-322,000	-1,005,431	-592,000	-1,657,541	-1,930,250	
	-322,000	-1,005,431	-592,000	-1,657,541	-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			0	0	0	
Disposals			0	0	0	
Cost at Q2 2019, Q2 2018, 2018			727,671	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			62,500	62,500	125,000	
Depreciation and impairment losses at Q2 2019, Q2 2018, 2018			672,671	547,672	610,171	
Carrying amount of Q2 2019, Q2 2018, 2018			55,000	180,000	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 Q2 2019, Q2 2018, 2018			279,401	109,857	109,857	
Carrying amount of Q2 2019, Q2 2018, 2018			279,401	109,857	109,857	

NOTES**Equity****1 April 2019 - 30 June 2019**

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	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		-8,024,369	-8,024,369
Equity at 30 June 2019	3,034,347	49,952,303	52,986,650

1 April 2018 - 30 June 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		-11,036,484	-11,036,484
Equity at 30 June 2018	3,034,347	63,926,403	66,960,750

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

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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.

Other external expenses

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	Q2 2019	Q2 2018	H1 2019	H1 2018	2018
R&D expenses in % of total expenses	21.01%	23.15%	22.76%	31.87%	27.89%
	Turb Assey	Intervention study+Turb	Turb Assey	Intervention study+Turb	Intervention study+Turb

KPI

DKK'000	1 April - 30 June		1 January - 30 June		Full year
	2019	2018	2019	2018	
Net sales	1,465,484	1,091,663	2,570,523	1,665,301	3,315,563
Operating earnings	-4,593,644	-9,359,580	-8,457,463	-12,112,004	-18,102,372
Earnings before tax	-4,671,583	-9,729,889	-8,616,369	-12,694,025	-18,916,462
Net earnings	-4,349,583	-8,724,458	-8,024,369	-11,036,484	-16,986,212
Earnings per share before dilution (DKK/share)	-1.43	-3.87	-2.64	-4.94	-6.44
Earnings per share after dilution (DKK/share)	-1.26	-3.53	-2.32	-4.51	-5.73
Average number of shares before dilution	3,034,347	2,255,456	3,034,347	2,232,939	2,636,937
Average number of shares after dilution	3,463,321	2,471,871	3,463,321	2,449,354	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	3,463,321	3,467,721	3,463,321	3,467,721	3,465,521
Equity ratio, %			94%	88%	96%
Number of warrants outstanding, average	428,974	433,374	429,524	212,015	326,558
Number of warrants outstanding, end-period	428,974	433,374	428,974	212,015	431,174
Shareholders equity per share	17.46	22.07	17.46	22.07	20.11
Period-end share market price	40.20	88.00	40.20	88.00	60.00
Number of employees end of period	10	6	10	6	8