

# Interim Report, Q1 2020



**ViroGates** 



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On 30 April 2020, the Board of Directors has accepted the interim report for the first quarter of 2020 (the period 1 January – 31 March 2020) for ViroGates A/S.

The interim report is unaudited.

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# The number of individual orders increased in Q1 - the 60% revenue drop was due to a customer testing halt expected to be temporary

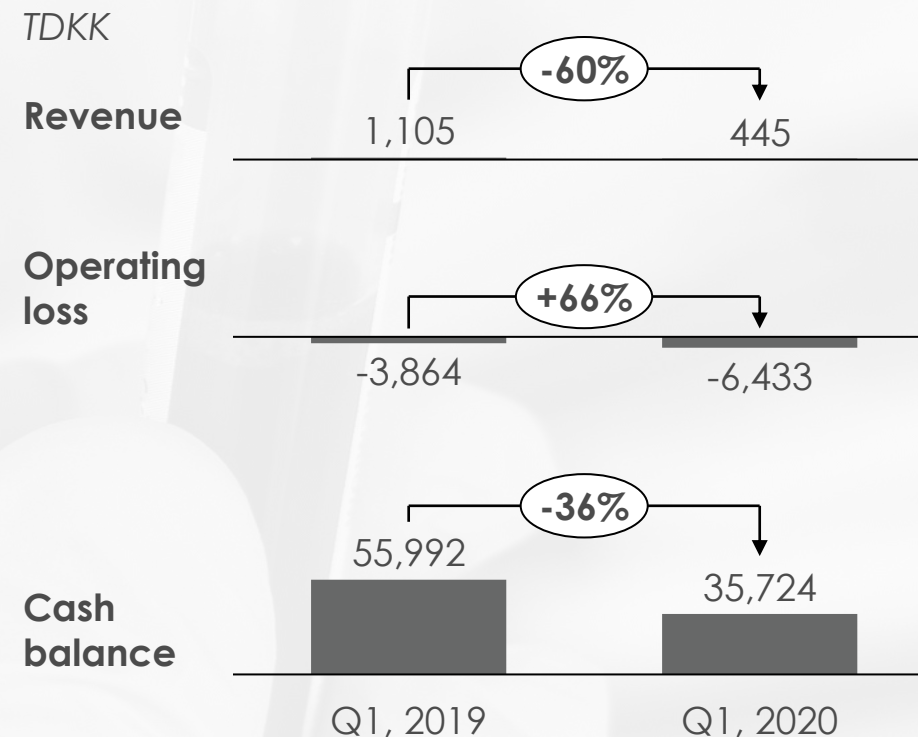
## Financial results in Q1, 2020

(Q1, 2019 results in brackets)

- Revenue decreased by -60% to TDKK 445 (TDKK 1,105)
- Operating expenses increased by 38% to TDKK -6,677 (TDKK -4,848)
- Operating loss increased by 66% to TDKK -6,433 (TDKK -3,864)
- Net loss increased by 68% to TDKK -6,187 (TDKK -3,675)
- Cash and cash equivalents at the end of the period amounted to TDKK 35,724 (TDKK 55,992)

*"In the first quarter of 2020, we received an increasing number of paid hospital orders. We believe this is a direct result of our recent significant investments in sales activities. Despite this positive trend, we experienced a 60% drop in revenue due to a halt in testing by our largest customer. We expect this to be temporary while a customer-specific solution is found. We still expect to become cash flow positive with the existing cash at hand."*

Mark Christian Hvidberg da Silva, CFO





# A Danish region serving seven hospitals became a clinical customer - TurbiLatex is now validated on ADVIA® XPT

## Business highlights in Q1, 2020

- Announced clinical implementation of suPARnostic® Quick Triage at hospitals in Region Zealand and to be conducted by the clinical immunology department at Næstved Hospital
- Validated suPARnostic® TurbiLatex on Siemens Healthineers ADVIA® XPT Chemical Diagnostics System
- Initiated a collaboration with Interlux Group to market ViroGates' suPARnostic® products in the Baltic countries
- Announced receiving and handling a customer complaint regarding suPARnostic® ELISA
- Updated the strategic objective to become cash flow positive with the existing cash at hand
- Published ViroGates' Annual Report 2019
- Increased number of hospitals evaluating suPARnostic® by 72% compared to Q1, 2019

# 1

**new clinical routine customer**  
covering analyses from an  
entire region

*"We are happy to have started the year by having both an entire region as new clinical customers and to introduce suPARnostic® at yet another turbidimetric platform. Most of all, we are excited to see an increasing number of hospitals placing paid orders."*

Jakob Knudsen, CEO

# Confidence in the future due to a strong customer pipeline

## Full year outlook, 2020

- Revenue was negatively affected by a customer complaint from the company's biggest customer leading to a decrease of 60% in our revenue in Q1 – this is expected to be temporary, although it is expected to have an impact on revenue in the coming months
- 50 hospitals are evaluating clinical use by end of Q1 – we expect that a number of these will become clinical routine customers in 2020
- New customers are expected to increase revenue significantly in the long term, however, a certain ramp-up time is needed and new customers in 2020 will not necessarily have a large impact on full-year 2020 revenue
- The strategic objective of reaching 40 clinical customers by end 2020 was abandoned due to the difficulty of predicting the length of the sales cycle – the new strategic objective is to become cash flow positive with the existing cash at hand
- The COVID-19 outbreak has caused a delay in most sales activities at hospitals but has also generated an increased interest in using suPARnostic® to help triage patients during the pandemic – the full-year net impact of COVID-19 remains uncertain and a key risk

*"This quarter, we have seen good progression from initial stages of interest to emerging clinical routine use of our biomarker."*

Thomas Krarup, VP Sales & Marketing

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# Financial highlights

## Key figures and ratios

<i>DKK ('000) unless otherwise stated</i>		Q1, 2020	Q1, 2019	% change	2019
<b>INCOME STATEMENT</b>	Net revenue	445	1,105	-60%	3,582
	Gross profit/loss	298	1,015	-71%	3,198
	Operating profit/loss	-6,433	-3,864	66%	-19,723
	Financial income and expenses, net	-76	-81	-6%	-286
	Profit/loss for the period before tax	-6,509	-3,945	65%	-20,009
	Profit/loss for the period	-6,187	-3,675	68%	-18,797
<b>BALANCE SHEET</b>	Total assets	39,246	60,135	-35%	45,157
	Equity	36,027	57,336	-37%	42,215
	Invested capital	0	2,942	-100%	57,391
<b>CASH FLOW STATEMENT</b>	Cash flows from operating activities	-5,683	-4,089	39%	-18,072
	Cash flows from investment activities	0	-2	-100%	-604
	Cash flows from financing activities	0	0	-	0
	Total cash flows	-5,683	-4,091	39%	-18,675
	Investment in tangible fixed assets	0	0	-	-547

<i>DKK unless otherwise stated</i>	Q1, 2020	Q1, 2019	% change	2019
Rate of return (%)	-208.58	-148.32	41%	-736,8
Market share price, end of period	59.0	48.5	22%	34.3
Earnings per share before dilution	-2.04	-1.21	68%	-6.19
Earnings per share after dilution	-1.79	-1.06	68%	-5.43
Equity ratio (%)	86%	95%	-9%	93%
Employees, end of period (#)	13	11	18%	12



# Increasing number of orders and strong customer pipeline – product development progressing as planned



**Jakob Knudsen,**  
CEO

## Strong customer pipeline

The pipeline of hospitals that are evaluating suPARnostic® products intending to implement them in clinical routine remains strong compared to the previous quarter and grew by 72% compared to Q1, 2019. This is considered the most important lead indicator of the ability to generate long-term revenue.

## Early results from sales investments

A Danish region serving seven hospitals became a clinical routine customer and the number of orders from different customers more than doubled compared to Q1, 2019. This development is a strong indicator of the impact of the significant sales investments made since the initial public offering in 2018. The sales investments are the primary driver behind the increase in the operating loss to -6.4 DKKm.

## Customer complaint

ViroGates received a complaint from a large customer that has led to a thorough investigation of how the customer conducts ELISA analyses and temporarily caused a drop in revenue. The ELISA product line is mainly for research use, however, ViroGates adheres to strict quality standards and have recommended that the customer stop the use of the ELISA product on the instrument platform that was in use (BEP 2000). suPARnostic® ELISA is not experiencing general quality issues. The customer is currently using the suPARnostic® Quick Triage product instead during the COVID-19 outbreak.

## Progressing product development

ViroGates managed to validate the suPARnostic® Turbilatex product on the Siemens Healthineers XPT platform. This was the first validation on a Siemens platform, which means ViroGates now has products available on both of the market leaders' platforms.

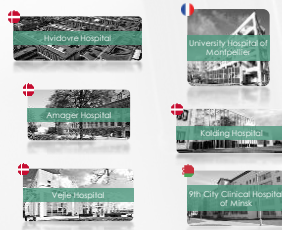
ViroGates has worked intensely with the point-of-care development system that is developed in collaboration with GENSPEED Biotech in Austria. Many important milestones were reached during Q1 and the project proceeds according to plan.

# ViroGates expects to become cash flow positive with the existing cash at hand - the net impact of COVID-19 remains uncertain

## More customers expected in 2020

The pipeline of potential customers is expected to be converted into more clinical routine customers in 2020. The revenue impact is not expected to be significant in 2020 due to the longer sales cycle and a ramp-up period where customers often get the first months' kits free of charge.

The clinical routine customer who has currently paused testing is expected to continue when a solution has been found.



## New products and validations to come

The collaboration with GENSPEED Biotech to develop a new point-of-care solution is progressing as planned with the aim of a launch in Q1, 2021.

suPARnostic® TurbiLatex validations on more instruments from large providers such as Siemens, Abbott, Roche, and Beckman Coulter are expected during 2020.

## Uncertainty from COVID-19


The key risks for ViroGates are unchanged from the annual report except for the increasing uncertainty from the COVID-19 outbreak.

The outbreak directly affects current and potential future customers in many ways and has put a halt to most sales activities presenting a challenge in closing new customers. However, an increasing interest in suPARnostic® products to help triage COVID-19 patients could have a positive impact on 2020. The net effect of the COVID-19 outbreak remains highly uncertain and a key risk for 2020.

## Revised strategic objective

As announced on 20 March 2020, ViroGates does not expect to become cash flow positive in 2020 due to a longer sales cycle and the COVID-19 outbreak. The guidance on the number of clinical customers was abandoned. The company expects to become cash flow positive with the existing cash at hand of 35.7 DKKm.

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## Income Statement (1 January – 31 March 2020)

<b>PROFIT &amp; LOSS</b> <i>Amounts in DKK ('000)</i>	Note	Q1, 2020	Q1, 2019	% change	2019
<b>Net revenue</b>		<b>445</b>	<b>1,105</b>	<b>-60%</b>	<b>3,581</b>
Cost of goods/services sold		-147	-90	64%	-384
<b>Gross profit</b>		<b>298</b>	<b>1,015</b>	<b>-71%</b>	<b>3,198</b>
Sales and distribution costs	1	-4,402	-2,804	57%	-13,921
Research and development costs		-1,481	-1,270	17%	-5,512
Administrative costs		-848	-806	5%	-3,488
<b>Operating loss</b>		<b>-6,433</b>	<b>-3,864</b>	<b>66%</b>	<b>-19,723</b>
Financial income		11	0	5,534%	11
Financial expenses		-87	-81	7%	-298
<b>Loss before tax</b>		<b>-6,509</b>	<b>-3,945</b>	<b>65%</b>	<b>-20,009</b>
Tax on profit/loss for the period	2	322	270	19%	1,212
<b>Loss for the period</b>		<b>-6,187</b>	<b>-3,675</b>	<b>68%</b>	<b>-18,797</b>
<b>Proposed distribution of loss</b>					
Retained profit		-6,187	-3,675	68%	-18,797
<b>Total</b>		<b>-6,187</b>	<b>-3,675</b>	<b>68%</b>	<b>-18,797</b>



## Balance Sheet (31 March 2020)

ASSETS						EQUITY AND LIABILITIES					
Amounts in DKK ('000)	Note	Q1, 2020	Q1, 2019	% change	2019	Amounts in DKK ('000)	Note	Q1, 2020	Q1, 2019	% change	2019
Other plant, machinery, tools & equipment		494	86	473%	548	Share capital		3,034	3,034	0%	3,034
<b>Tangible fixed assets</b>	<b>3</b>	<b>494</b>	<b>86</b>	<b>473%</b>	<b>548</b>	Retained profit		32,993	54,302	-39%	39,180
Rent deposit and other receivables		167	112	49%	167	<b>Equity</b>	<b>5</b>	<b>36,027</b>	<b>57,336</b>	<b>-37%</b>	<b>42,214</b>
<b>Fixed asset investments</b>	<b>4</b>	<b>167</b>	<b>112</b>	<b>49%</b>	<b>167</b>	Trade payables		1,242	1,108	12%	928
<b>Fixed assets</b>		<b>661</b>	<b>198</b>	<b>223%</b>	<b>715</b>	Other liabilities		1,977	1,690	17%	2,015
Finished goods and goods for resale		249	578	-57%	390	<b>Current liabilities</b>		<b>3,219</b>	<b>2,798</b>	<b>15%</b>	<b>2,944</b>
<b>Inventories</b>		<b>249</b>	<b>578</b>	<b>-57%</b>	<b>390</b>	<b>Liabilities</b>		<b>3,219</b>	<b>2,798</b>	<b>15%</b>	<b>2,944</b>
Trade receivables		253	752	-66%	244	<b>Equity and liabilities</b>		<b>39,246</b>	<b>60,135</b>	<b>-35%</b>	<b>45,158</b>
Other receivables		0	58	-100%	838	Contingencies	<b>6</b>				
Corporation tax receivable		1,534	2,200	-30%	1,212						
Prepayments and accrued income		824	357	131%	351						
<b>Receivables</b>		<b>2,611</b>	<b>3,366</b>	<b>-22%</b>	<b>2,644</b>						
<b>Cash and cash equivalents</b>		<b>35,724</b>	<b>55,992</b>	<b>-36%</b>	<b>41,408</b>						
<b>Current assets</b>		<b>38,585</b>	<b>59,936</b>	<b>-36%</b>	<b>44,443</b>						
<b>Assets</b>		<b>39,246</b>	<b>60,135</b>	<b>-35%</b>	<b>45,158</b>						

## Cash Flow Statement (1 January – 31 March)

<b>CASH FLOW</b> <i>Amounts in DKK ('000)</i>	<b>Note</b>	<b>Q1, 2020</b>	<b>Q1, 2019</b>	<b>% change</b>	<b>2019</b>
Profit/loss for the period		-6,187	-3,675	68%	-18,797
Reversed depreciation of the period		848	806	5%	116
Reversed tax on profit/loss for the period		-322	-270	19%	-1,212
Corporation tax received		0	0	-	1,930
Change in inventory		141	116	22%	303
Change in receivables		355	-678	-152%	-944
Change in current liabilities (ex bank and tax)		276	386	-29%	531
<b>Cash flows from operating activity</b>		<b>-5,683</b>	<b>-4,089</b>	<b>48%</b>	<b>-18,072</b>
Purchase of tangible fixed assets		0	0	-	-547
Purchase of financial assets		0	-2	-100%	-57
<b>Cash flows from investing activity</b>		<b>0</b>	<b>-2</b>	<b>-100%</b>	<b>-604</b>
<b>Change in cash and cash equivalents</b>		<b>-5,683</b>	<b>-4,091</b>	<b>47%</b>	<b>-18,675</b>
Cash and cash equivalents at 1 January		41,408	60,084	-31%	60,084
<b>Cash and cash equivalents at end of period</b>		<b>35,724</b>	<b>55,992</b>	<b>-36%</b>	<b>41,408</b>
Specification of cash and cash equivalents at end of period:					
Cash and cash equivalents		35,724	55,992	-36%	41,408
<b>Cash and cash equivalents, net debt</b>		<b>35,724</b>	<b>55,992</b>	<b>-36%</b>	<b>41,408</b>

# Notes to the financial statements

## 1 Staff costs

<i>Amounts in DKK ('000) unless otherwise stated</i>	Q1, 2020	Q1, 2019	% change	2019
Average number of employees (#)	13	11	18%	12
Sales & Marketing	2,322	1,662	40%	8,726
Research & Development	51	53	-4%	324
Administration	517	590	-12%	1,789
<b>Total staff costs</b>	<b>2,890</b>	<b>2,305</b>	<b>25%</b>	<b>10,839</b>

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.

## 2 Tax on profit/loss for the period

<i>Amounts in DKK ('000)</i>	Q1, 2020	Q1, 2019	% change	2019
Calculated tax on taxable income	322	270	18%	1,930
<b>Total</b>	<b>322</b>	<b>270</b>	<b>18%</b>	<b>1,930</b>

## Notes to the financial statements (continued)

### 3 Tangible fixed assets

Amounts in DKK ('000)	Q1, 2020	Q1, 2019	% change	2019
<i>Other plants, machinery &amp; equipment</i>				
Cost at 1 January 2020 / 2019	548	117	366%	118
Additions	0	0	-	547
Disposals	0	0	-	0
<b>Cost at Q1, 2020, Q1 2019, 2019</b>	<b>548</b>	<b>117</b>	<b>366%</b>	<b>665</b>
Depreciation and impairment losses at 1 January 2020 / 2019	0	0	-	0
Reversal of depreciation of assets disposed of	0	0	-	0
Depreciation for the year	54	31	74%	116
<b>Depreciation and impairment losses at 2020, 2019</b>	<b>54</b>	<b>31</b>	<b>74%</b>	<b>116</b>
<b>Carrying amount of 2020, 2019</b>	<b>494</b>	<b>86</b>	<b>474%</b>	<b>548</b>

### 4 Fixed asset investments

Amounts in DKK ('000)	Q1, 2020	Q1, 2019	% change	2019
<i>Rent deposit and other receivables</i>				
Cost at 1 January 2020 / 2019	167	110	52%	110
Additions	0	2	-100%	57
<b>Cost at Q1 2020, Q1 2019, 2019</b>	<b>167</b>	<b>112</b>	<b>49%</b>	<b>167</b>
<b>Carrying amount of 2020, 2019</b>	<b>167</b>	<b>112</b>	<b>49%</b>	<b>167</b>



# Notes to the financial statements (continued)

## 5 Equity

Amounts in DKK	Q1, 2020	Q1, 2019	% change	2019
Share capital	3,034,347	3,034,347	0%	3,034,347
Retained profit	39,179,864	57,976,672	-32%	57,976,672
<b>Equity at 1 January</b>	<b>42,214,211</b>	<b>61,011,019</b>	<b>-31%</b>	<b>61,011,019</b>
Capital increase (share capital)	0	0	-	0
Capital increase (retained profit)	0	0	-	0
Proposed distribution of loss to retained profit	-6,187,129	-3,674,785	68%	-18,796,805
<b>Equity end of period</b>	<b>36,027,083</b>	<b>57,336,233</b>	<b>-37%</b>	<b>42,214,216</b>

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


## 6 Contingencies

The Company has entered into an agreement for office rent with a notice of termination period of 35 months. There is a liability of DKK ('000) 1,510.

## 7 Other external expenses

Amounts in % of total expenses	Q1, 2020	Q1, 2019	% change	2019
R&D expenses in % of total expenses	21.13%	25.28%	-16%	22.23%
	Turb Assay	Turb Assay	Turb Assay	Turb Assay
Sales expenses in % of total expenses	26.44%	13.31%	99%	17.73%

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# Statement by the Board of Directors and Executive Management

## Statement

Today the Board of Directors and the Executive Management have discussed and approved the Annual Report of ViroGates A/S for the first quarter 1 January – 31 March 2020.

The interim report has been created in accordance with IAS 34, Interim Financial Reporting as approved by the EU and additional disclosure requirements for companies listed on NASDAQ First North Denmark.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 March 2020 and of the results of the company's operations and cash flows for the financial period 1 January – 31 March 2020.

The management's review includes in our opinion a fair presentation of the matters dealt with in the report.

The interim report is unaudited.


*Birkerød, 30 April 2020*

### Executive Management



Jakob Ole Knudsen  
CEO

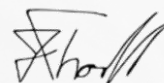
### Board of Directors



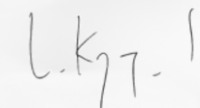
Lars Kongsbak  
Chairman



Bernd Peter Uder



Jørgen Axel Thorball



Lars Krogsgaard