

# Interim Report, Q2 2020



**ViroGates** 



## Forward-looking statements

*Certain information set forth and given in this presentation contains “forward-looking information”, including “future oriented financial information” and “financial outlook”, under applicable securities laws (collectively referred to herein as forward-looking statements). Except for statements of historical fact, information contained herein constitutes forward-looking statements and includes, but is not limited to, the (i) projected financial performance of ViroGates A/S (ViroGates); (ii) the expected development of ViroGates’ business, projects and joint ventures; (iii) execution of ViroGates’ vision and growth strategy, including with respect to future M&A activity and global growth; (iv) sources and availability of third-party financing for ViroGates’ projects; (v) completion of ViroGates’ projects that are currently underway, in development or otherwise under consideration; (vi) renewal of ViroGates’ current customer, supplier and other material agreements; and (vii) future liquidity, working capital, and capital requirements.*

*Forward-looking statements are provided to allow potential investors the opportunity to understand management’s beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment.*

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# Contents


<b>Summary</b>	<b>4</b>
<b>Management review</b>	<b>8</b>
<b>Financial statements</b>	<b>12</b>
<b>Statement by the Board and Executive Management</b>	<b>19</b>

---

On 13 August 2020, the Board of Directors has approved the quarterly report for the second quarter of 2020 (the period 1 April – 30 June 2020) for ViroGates A/S.

The quarterly report is unaudited.

# Contents

 <b>Summary</b>	<b>4</b>
<b>Management review</b>	<b>8</b>
<b>Financial statements</b>	<b>12</b>
<b>Statement by the Board and Executive Management</b>	<b>19</b>

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## Q2 revenue is up by 70% compared to Q1 – 48% drop in revenue year-over-year due to previously announced customer testing halt

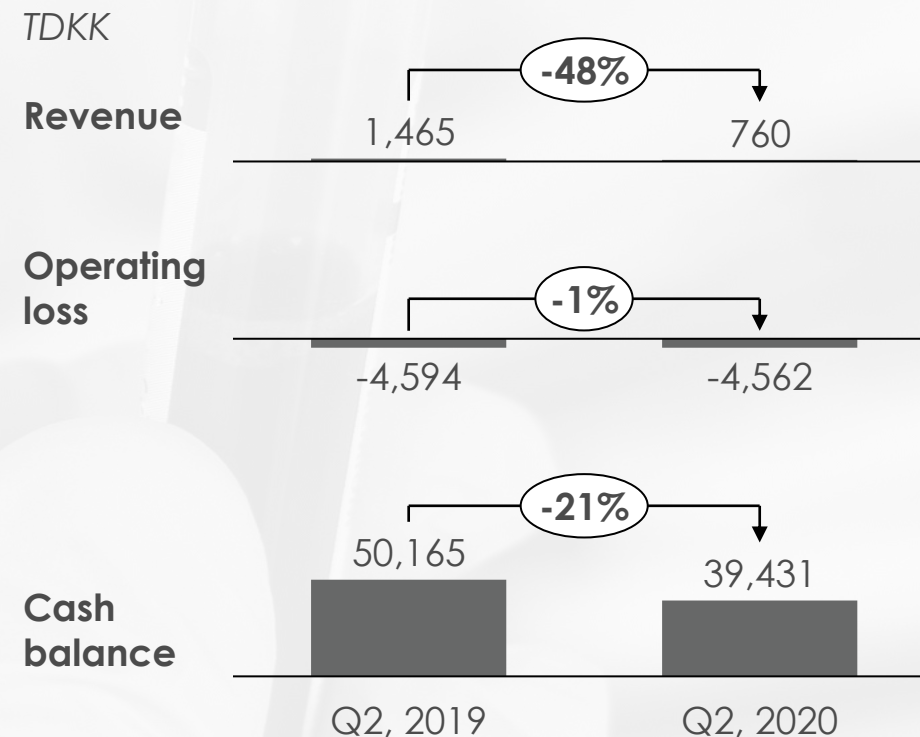
### Financial results in Q2, 2020

(Q2, 2019 results in brackets)

- Revenue decreased by -48% to TDKK 760 (TDKK 1,465)
- Operating expenses decreased by -15% to TDKK -5,086 (TDKK -5,948)
- Operating loss decreased by -1% to TDKK -4,562 (TDKK -4,594)
- Net loss remained flat at TDKK -4,358 (TDKK -4,350)
- Cash and cash equivalents at the end of the period amounted to TDKK 39,431 (TDKK 50,165)

*"In Q2, 2020, our revenue increased by 70% compared to Q1. The net loss of 4.4 DKKm is driven by investments in sales that are continuing to yield results with new clinical routine customers, increasing number of orders and a shift in product mix towards the strategically prioritized TurbiLatex product line. The previously announced customer testing halt still had a negative impact year-over-year in Q2. The specific customer resumed testing at a lower scale in Q2 and we expect to return to higher testing levels in the future. We still expect to become cash flow positive with the existing cash at hand."*

Mark Christian Hvidberg da Silva, CFO



# A clinical routine customer breakthrough in Spain emerged in the second quarter – the COVID-19 outbreak slowed sales activities

## Business highlights Q2, 2020

- Announced clinical implementation of suPARnostic® TurbiLatex at the University Hospital in León Spain and the University Hospital in Cartagena – a commercial validation of the strategy to focus resources in the Spanish market
- Announced a capital increase as a result of the exercise of warrants – members of management, a board member and a shareholder decided to exercise warrants and subscribed to 91,079 new shares in the Company
- Announced CE-IVD approval for suPARnostic® TurbiLatex on the Abbott Architect instrument line - instrument lines from all top 3 players are now covered
- Received a Horizon 2020 EIC grant awarded by the EU for a COVID-19 project with suPARnostic®



# 2

**new clinical routine customers  
in Spain**

*“We are happy that our strategy focused on selected European markets has paid off and that we can welcome our first Spanish clinical routine customers. The quarter was affected by limited sales meetings due to COVID-19 and many activities were postponed. This included sales visits, conferences, our Annual General Meeting, and other activities.”*

Jakob Knudsen, CEO

# Increasing revenue from a larger customer base and more clinical routine customers is expected – COVID-19 impact is still uncertain

## Full year outlook, 2020

- The company's biggest customer resumed testing at a lower scale after a previously announced testing halt – it is expected that the customer will return to higher testing levels in the future, although it is expected to have an impact on revenue in the coming months
- More clinical routine customers are expected in the coming quarters and new customers are expected to increase revenue significantly, 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 to become cash flow positive with the existing cash at hand is maintained
- 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

*"Although there have been challenges in certain markets due to COVID-19, we have been able to expand our customer base in Q2. In Spain, Direct Sales has implemented TurbiLatex for acute care triage at two leading hospitals. In Indirect Sales, we have received orders from new hospital customers. These hospitals are purchasing suPARnostic® since it may be useful for COVID-19 triage, and we expect that some of them can later be converted into clinical routine customers. I expect our growing customer base to translate into increasing revenues in the months to come."*

Thomas Krarup, VP Global Sales & Marketing

# Contents

Summary 3

▶ **Management review** 7

Financial statements 11

Statement by the Board and  
Executive Management 19





# Financial highlights

## Key figures and ratios

<i>DKK ('000) unless otherwise stated</i>		Q2, 2020	Q2, 2019	% change	2019
<b>INCOME STATEMENT</b>	Net revenue	760	1,465	-48%	3,582
	Gross profit/loss	578	1,386	-58%	3,198
	Operating profit/loss	-4,562	-4,594	-1%	-19,723
	Financial income and expenses, net	-48	-78	-38%	-286
	Profit/loss for the period before tax	-4,610	-4,672	-1%	-20,009
	Profit/loss for the period	-4,358	-4,350	0%	-18,797
<b>BALANCE SHEET</b>	Total assets	43,697	56,410	-23%	45,157
	Equity	39,505	52,987	-25%	42,215
	Invested capital	0	0	-	57,391
<b>CASH FLOW STATEMENT</b>	Cash flows from operating activities	-4,128	-5,660	-27%	-18,072
	Cash flows from investment activities	0	-167	-100%	-603
	Cash flows from financing activities	7,835	0	-	0
	Total cash flows	3,707	-5,827	-164%	-18,675
	Investment in tangible fixed assets	0	0	-	-547

<i>DKK unless otherwise stated</i>	Q2, 2020	Q2, 2019	% change	2019
Rate of return (%)	-123,11	-154,09	-20%	-736,8
Market share price, end of period	66.0	40.2	64%	34.3
Earnings per share before dilution	-1.43	-1.43	0%	-6.19
Earnings per share after dilution	-1.26	-1.26	0%	-5.43
Equity ratio (%)	90%	94%	-4%	93%
Employees, end of period (#)	13	10	30%	12

# The commercial strategy is starting to yield results - product development is progressing as planned



**Jakob Knudsen,**  
CEO

## Spanish strategy breakthrough

The tangible results of the commitment to the Spanish hospital market materialized in the form of two clinical agreements with the University Hospitals in León and Cartagena. The customers appreciated that suPARnostic® is a valuable tool when hospital systems are under pressure. León was badly affected by COVID-19 and the Hospital wanted to be as prepared as possible and acted fast to incorporate suPARnostic® in the process of triaging COVID-19 patients in the emergency department. The Cartagena account followed a more conventional pilot use implementation process.

## COVID-19 outbreak

ViroGates, like most other businesses, was initially negatively affected by the COVID-19 outbreak. Planned pilot projects with customers were paused since most customers were instructed to focus solely on the handling of potential COVID-19 patients. In May, the sales organization gradually reinitiated discussions with customers and emphasized the value of suPARnostic® in the handling of COVID-19 patients. Some of the learnings and customer cases are described in the 'suPAR News COVID-19 edition' available on the website.

## Increasing customer base and pilot users

The customer base is increasing each quarter with a record-high number of orders from more customers received. The product mix is also shifting towards the TurbiLatex product which is a strategic priority due to being better for clinical routine use compared to the ELISA products. Towards the end of the reporting period, the potential new customers reported in the CRM system increased – many emerging from an interest in handling COVID-19 prognosis based on suPARnostic®.

## Grant, clinical and product development

Early in the COVID-19 outbreak, it was anticipated that suPARnostic® would be able to assess the risk in COVID-19 patients. The initial data is very clear in suggesting that this is the case - high suPAR is associated with 16 times higher risk of Severe Respiratory Failure and hence the need for ventilation. ViroGates applied to the EU Horizon 2020 program for exploring this further and also to use suPARnostic® to stratify patients to various treatment options. In June, ViroGates was awarded a grant of 6.6 million DKK. Clinical trials and other activities related to COVID-19 are progressing.

Additionally, ViroGates managed to obtain another CE-IVD approval for the Abbott Architect platform. suPARnostic® TurbiLatex can now be used on the top three leading instrument providers' platforms.

# 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 increasing and 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. Free of charge kits will be discontinued for new customers going forward and instead, the first three months will be offered at a reduced price.

ViroGates' largest clinical customer has started using suPARnostic® in the triage of COVID-19 patients.

## Risks and uncertainty from COVID-19

The key risks for ViroGates are unchanged from the Q1 report and the uncertainty from COVID-19 remains an issue of concern. However, during Q2 some customers have shown interest in suPARnostic® for use in connection with COVID-19 disease.

The net effect of the COVID-19 outbreak remains uncertain and a key risk for 2020.

## New products and validations to come


ViroGates maintains expectations for a launch of a new point-of-care product based on the collaboration with GENSPEED Biotech (AT) in Q1, 2021.

suPARnostic® TurbiLatex validations are ongoing and additional instrument platform validations from large providers such as Siemens, Abbott, Roche, and Beckman Coulter are expected during 2020.

## Maintained strategic objective

ViroGates maintains its strategic objective of becoming cash flow positive with the existing cash at hand.

# Contents

Summary	4
Management review	8
 <b>Financial statements</b>	<b>12</b>
Statement by the Board and Executive Management	19

---



# Income Statement

<b>PROFIT &amp; LOSS</b>		Q2,	Q2,	%	Q1-Q2,	Q1-Q2,	%
<i>Amounts in DKK ('000)</i>	Note	2020	2019	change	2020	2019	change
<b>Net revenue</b>		<b>760</b>	<b>1,465</b>	<b>-48%</b>	<b>1,205</b>	<b>2,570</b>	<b>-53%</b>
Cost of goods/services sold		-182	-80	128%	-329	-169	95%
<b>Gross profit</b>		<b>578</b>	<b>1,386</b>	<b>-58%</b>	<b>876</b>	<b>2,401</b>	<b>-64%</b>
Sales and distribution costs	1	-2,948	-3,468	-15%	-7,349	-6,272	17%
Research and development costs		-1,164	-1,532	-24%	-2,646	-2,801	-6%
Administrative costs		-1,028	-980	5%	-1,876	-1,786	5%
<b>Operating loss</b>		<b>-4,562</b>	<b>-4,594</b>	<b>-1%</b>	<b>-10,995</b>	<b>-8,457</b>	<b>30%</b>
Financial income		6	1	500%	17	1	1600%
Financial expenses		-54	-79	-32%	-141	-160	-12%
<b>Loss before tax</b>		<b>-4,610</b>	<b>-4,672</b>	<b>-1%</b>	<b>-11,119</b>	<b>-8,616</b>	<b>29%</b>
Tax on profit/loss for the period	2	253	322	-21%	574	592	-3%
<b>Loss for the period</b>		<b>-4,358</b>	<b>-4,350</b>	<b>0%</b>	<b>-10,545</b>	<b>-8,024</b>	<b>31%</b>
<b>Proposed distribution of loss</b>							
Retained profit		-4,358	-4,350	0%	-10,545	-8,024	31%
<b>Total</b>		<b>-4,358</b>	<b>-4,350</b>	<b>0%</b>	<b>-10,545</b>	<b>-8,024</b>	<b>31%</b>

# Balance Sheet

ASSETS		30 Jun.	31 Dec.	%	30 Jun.	EQUITY AND LIABILITIES		30 Jun.	31 Dec.	%	30 Jun.
Amounts in DKK ('000)	Note	2020	2019	change	2019	Amounts in DKK ('000)	Note	2020	2019	change	2019
Other plant, machinery, tools & equipment		441	548	-20%	55	Share capital		3,125	3,034	3%	3,034
<b>Tangible fixed assets</b>	3	<b>494</b>	<b>548</b>	<b>-10%</b>	<b>55</b>	Retained profit		36,379	39,181	-7%	49,952
Rent deposit and other receivables		167	167	0%	279	<b>Equity</b>	5	<b>39,505</b>	<b>42,215</b>	<b>-6%</b>	<b>52,987</b>
<b>Fixed asset investments</b>	4	<b>167</b>	<b>167</b>	<b>0%</b>	<b>279</b>	Trade payables		1,276	927	38%	1,343
<b>Fixed assets</b>		608	715	-15%	334	Other liabilities		2,916	2,015	45%	2,081
Finished goods and goods for resale		488	390	25%	829	<b>Current liabilities</b>		<b>4,192</b>	<b>2,942</b>	<b>42%</b>	<b>3,423</b>
<b>Inventories</b>		<b>488</b>	<b>390</b>	<b>25%</b>	<b>829</b>	<b>Liabilities</b>		<b>4,192</b>	<b>2,942</b>	<b>42%</b>	<b>3,423</b>
Trade receivables		564	244	131%	809	<b>Equity and liabilities</b>		<b>43,697</b>	<b>45,157</b>	<b>-3%</b>	<b>56,410</b>
Other receivables		500	838	-40%	25	Contingencies	6				
Corporation tax receivable		1,786	1,212	47%	2,522						
Prepayments and accrued income		318	351	-9%	1,726						
<b>Receivables</b>		<b>3,170</b>	<b>2,645</b>	<b>20%</b>	<b>5,081</b>						
<b>Cash and cash equivalents</b>		<b>39,431</b>	<b>41,407</b>	<b>-5%</b>	<b>50,165</b>						
<b>Current assets</b>		<b>43,089</b>	<b>44,442</b>	<b>-3%</b>	<b>56,075</b>						
<b>Assets</b>		<b>43,697</b>	<b>45,157</b>	<b>-3%</b>	<b>56,410</b>						

# Cash Flow Statement

<b>CASH FLOW</b> <i>Amounts in DKK ('000)</i>	Note	Q2, 2020	Q2, 2019	% change	Q1-Q2, 2020	Q1-Q2, 2019	% change
Profit/loss for the period		-4,358	-4,350	0%	-10,545	-8,024	31%
Reversed depreciation of the period		54	31	74%	108	63	71%
Reversed tax on profit/loss for the period		-253	-322	-21%	-574	-592	3%
Corporation tax received		0	0	-	0	0	-
Change in inventory		-239	-251	-5%	-98	-135	-27%
Change in receivables		-305	-1,393	-78%	49	-1,869	-103%
Change in current liabilities (ex bank and tax)		973	625	56%	1,248	1,011	23%
<b>Cash flows from operating activity</b>		<b>-4,128</b>	<b>-5,660</b>	<b>-27%</b>	<b>-9,812</b>	<b>-9,547</b>	<b>3%</b>
Purchase of tangible fixed assets		0	0	-	0	-202	100%
Purchase of financial assets		0	-167	-100%	0	-169	100%
<b>Cash flows from investing activity</b>		<b>0</b>	<b>-167</b>	<b>-100%</b>	<b>0</b>	<b>-371</b>	<b>100%</b>
Subscription of Share Capital		7,835	0	100%	7,835	0	100%
<b>Cash flows from financing activity</b>		<b>7,835</b>	<b>0</b>	<b>100%</b>	<b>7,835</b>	<b>0</b>	<b>100%</b>
<b>Change in cash and cash equivalents</b>		<b>3,707</b>	<b>-5,827</b>	<b>-164%</b>	<b>-1,977</b>	<b>-9,919</b>	<b>-80%</b>
Cash and cash equivalents at 1 January		35,724	55,993	-36%	41,408	60,084	-31%
<b>Cash and cash equivalents at end of period</b>		<b>39,431</b>	<b>50,165</b>	<b>-21%</b>	<b>39,431</b>	<b>50,165</b>	<b>-21</b>
Specification of cash and cash equivalents at end of period:							
Cash and cash equivalents		39,431	50,165	-21%	39,431	50,165	-21%
<b>Cash and cash equivalents, net debt</b>		<b>39,431</b>	<b>50,165</b>	<b>-21%</b>	<b>39,431</b>	<b>50,165</b>	<b>-21%</b>

# Notes to the financial statements

## 1 Staff costs

Amounts in DKK ('000) unless otherwise stated	Q2, 2020	Q2, 2019	% change	Q1-Q2, 2020	Q1-Q2, 2019	% change
Average number of employees (#)	13	10	30%	13	10	30%
Sales & Marketing	2,298	2,011	14%	4,620	3,674	26%
Research & Development	47	59	-20%	97	112	-13%
Administration	474	1,372	-65%	991	1,961	-49%
<b>Total staff costs</b>	<b>2,819</b>	<b>3,442</b>	<b>-18%</b>	<b>5,708</b>	<b>5,748</b>	<b>-1%</b>

The incentive programme for the board of directors and executive staff includes the option to subscribe to shares during the period until 2024 for up to 9 pct. of the present share capital at a pre-determined price.

## 2 Tax on profit/loss for the period

Amounts in DKK ('000)	Q2, 2020	Q2, 2019	% change	Q1-Q2, 2020	Q1-Q2, 2019	% change
Calculated tax on taxable income	253	322	-21%	574	592	-3%
<b>Total</b>	<b>253</b>	<b>322</b>	<b>-21%</b>	<b>574</b>	<b>592</b>	<b>-3%</b>



# Notes to the financial statements (continued)

## 3 Tangible fixed assets

Amounts in DKK ('000)	30 Jun. 2020	31 Dec. 2019	% change	30 Jun. 2019
<i>Other plants, machinery &amp; equipment</i>				
Cost at 1 January 2020 / 2019	548	118	364%	117
Additions	0	547	-100%	0
Disposals	0	0	-	0
<b>Cost at Q2, 2020, Q2 2019, 2019</b>	<b>548</b>	<b>665</b>	<b>-18%</b>	<b>117</b>
Depreciation and impairment losses at 1 April 2020 / 2019	0	0	-	0
Reversal of depreciation of assets disposed of	0	0	-	0
Depreciation for the year	108	116	-7%	62
<b>Depreciation and impairment losses at 2020, 2019</b>	<b>108</b>	<b>116</b>	<b>-7%</b>	<b>62</b>
<b>Carrying amount of 2020, 2019</b>	<b>440</b>	<b>548</b>	<b>-20%</b>	<b>55</b>

## 4 Fixed asset investments

Amounts in DKK ('000)	30 Jun. 2020	31 Dec. 2019	% change	30 Jun. 2019
<i>Rent deposit and other receivables</i>				
Cost at 1 January 2020 / 2019	167	110	52%	110
Additions	0	57	-100%	169
<b>Cost at Q2 2020, Q2 2019, 2019</b>	<b>167</b>	<b>167</b>	<b>0%</b>	<b>279</b>
<b>Carrying amount of 2020, 2019</b>	<b>167</b>	<b>167</b>	<b>0%</b>	<b>279</b>

# Notes to the financial statements (continued)

## 5 Equity

Amounts in DKK	30 Jun. 2020	31 Dec. 2019	% change	30 Jun. 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)	91,079	0	100%	0
Capital increase (retained profit)	7,743,990	0	100%	0
Proposed distribution of loss to retained profit	-10,544,651	-18,796,805	-44%	-8,024,369
<b>Equity end of period</b>	<b>39,504,629</b>	<b>42,214,216</b>	<b>-6%</b>	<b>52,986,650</b>

The Company's share capital consists of 3.125.426 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 32 months. There is a liability of DKK ('000) 1,381.

## 7 Other external expenses

Amounts in % of total expenses	Q2, 2020	Q2, 2019	% change	Q1-Q2, 2020	Q1-Q2, 2019	% change
R&D expenses in % of total expenses	21.68%	21.01%	3%	21.37%	27.89%	-23%
	<i>Turb Assay</i>	<i>Turb Assay</i>	<i>Turb Assay</i>	<i>Turb Assay</i>	<i>Turb Assay</i>	<i>Turb Assay</i>
Sales expenses in % of total expenses	9.04%	16.63%	-46%	18.92%	15.27%	24%

# Contents

Summary	3
Management review	7
Financial statements	11
 <b>Statement by the Board and Executive Management</b>	<b>19</b>

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# Statement by the Board of Directors and Executive Management

## Statement

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of ViroGates A/S for the second quarter 1 April – 30 June 2020.

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

In our opinion the Financial Statements give a true and fair view of the company's financial position at 30 June 2020 and of the results of the company's operations and cash flows for the financial year 1 April – 30 June 2020.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

The quarterly report is unaudited.

*Birkerød, 13 August 2020*

### Executive Management

  
Jakob Ole Knudsen  
CEO

### Board of Directors

  
Lars Kongsbak  
Chairman

  
Bernd Peter Uder

  
Jørgen Axel Thorball

  
Lars Kragsgaard