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VIROGATES A/S
BLOKKEN 45, 3460 BIRKERØD
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2016

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 26 April 2017**

Nicolai Jung

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 25 73 40 33

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COMPANY DETAILS

Company	ViroGates A/S Blokken 45 3460 Birkerød CVR no.: 25 73 40 33 Established: 1 November 2000 Registered Office: Rudersdal Financial Year: 1 January - 31 December
Board of Directors	Lars Kongsbak, Chairman Bernd Peter Uder Jørgen Axel Thorball Lars Krogsgaard
Board of Executives	Jakob Ole Knudsen
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Nykredit Bank A/S Kalvebod Brygge 1-3 1780 Copenhagen V
Law Firm	Mazanti-Andersen Korsø Jensen Amaliegade 10 1256 Copenhagen K

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of ViroGates A/S for the year 1 January - 31 December 2016.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the the Company's financial position at 31 December 2016 and of the results of the the Company's operations for the financial year 1 January - 31 December 2016.

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

We recommend the Annual Report be approved at the Annual General Meeting.

Rudersdal, 5 April 2017

Board of Executives

Jakob Ole Knudsen

Board of Directors

Lars Kongsbak
Chairman

Bernd Peter Uder

Jørgen Axel Thorball

Lars Krogsgaard

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ViroGates A/S

Opinion

We have audited the Financial Statements of ViroGates A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2016 and of the results of the Company operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such Internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 5 April 2017

BDO Statsautoriseret revisionsaktieselskab
CVR-nr. 20 22 26 70

Jesper Buch
State Authorised Public Accountant

MANAGEMENT'S REVIEW

Principal activities

ViroGates has developed a very effective product range based on patented methods to monitor health and disease progression in human beings by measuring the level of a protein, suPAR (soluble urokinase Plasminogen Activator Receptor), located on the surface of a variety of blood cells and endothelial cells. Increased levels of suPAR indicate that the immune system is activated to a greater extent than in healthy individuals. The levels of suPAR are indicative of progression of disease/poor prognosis. The measurement of suPAR is therefore of high value in assessing patient prognosis in various diseases including infections, (e.g. sepsis, HIV, tuberculosis), pneumonia, cardio vascular diseases, diabetes and in a number of different types of organ failure, also when it is not precisely clear what a patient suffers from, and the clinician needs to evaluate whether the patient should be investigated further and thus be admitted to a hospital stay or can be dismissed from the hospital. In addition, suPAR will be useful as a general marker for health status.

ViroGates has developed and is marketing three products for analyzing suPAR levels, suPARnostic® Standard and suPARnostic® Auto Flex, both ELISA based and suPARnostic® Quick Triage. All three are easy-to-use and cost effective tools for measuring levels of suPAR.

As in previous years, the company has supported clinical trials conducted by several research groups. Activities within the clinical research are an important strategy to ensure dissemination, and ultimately wide recognition of the value of the suPAR biomarker by the medical community. ViroGates thus continues to work towards greater access to the routine diagnostic market as well as to continue to expand sales to the research market. A large number of the performed studies have led to publications in reputable medical journals. At present, more than 200,000 patients have had their suPAR level measured, which has given rise to more than 400 scientific publications in peer reviewed medical journals.

ViroGates has during 2016 conducted the largest acute care interventional study ever based on a biomarker. The study was conducted during Q1 and Q2 of 2016 at two different investigational sites in Denmark, Herlev and Bispebjerg Hospitals. The study enrolled more than 20,000 patients in two different arms and went according to the protocol. The read out of the study will likely be in 2017 and we expect to publish the results in collaboration with the investigators in a medical journal.

Development in activities and financial position

In 2016, ViroGates had a net loss of DKK 6.9 million before tax. The result is in accordance with the budget and the latest forecast.

The company had revenues of DKK 3.7 million for the year. The expenditures increased compared to 2015 mainly due to the Intervention study mentioned above.

ViroGates invests actively in its portfolio of patents and patent applications within the suPAR area. The Company's patent coverage is geographically very broad and covers the majority of the world.

In 2016, the Company's network of distributors consists of companies placed in most European countries and in Canada, United States and India.

ViroGates continuously applies for funding from a range of both private and public funds. During 2016, ViroGates continued its participation in the EU funded project HEMOSPEC which is aimed at developing an algorithm as well as new test platform for detection and monitoring of sepsis patients. The program continues during 2017.

Furthermore, ViroGates also continued its work under the Danish Markedsmodningsfond grant. The grant ended in December 2016 and the most recent accounts for the project will be submitted during 2017.

ViroGates continues to be primarily owned by private investors.

MANAGEMENT'S REVIEW

Significant events after the end of the financial year

From the balance sheet date and to this date, no events have occurred which could materially change the assessment of the annual report.

Future expectations

In 2017, ViroGates continues to focus on product development and support related to its product range suPARnostic®. The company expects that new studies will continue to document that suPARnostic® is a superior risk status marker compared to existing, routinely used disease and health markers. Likewise it is expected that more hospitals will start using suPARnostic® products in routine clinical use. The Company thus expects revenues from sales to increase compared to 2016.

A financial loss is however still expected for 2017.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2016 DKK	2015 DKK '000
NET REVENUE		3.685.744	3.593
Cost of sales.....		-354.826	-256
Other external expenses.....		-6.833.655	-5.031
GROSS LOSS		-3.502.737	-1.694
Staff costs.....	1	-3.335.063	-3.562
Depreciation, amortisation and impairment.....		-99.000	-100
OPERATING LOSS		-6.936.800	-5.356
Other financial income.....		69.663	27
Other financial expenses.....		-30.999	-4
LOSS BEFORE TAX		-6.898.136	-5.333
Tax on loss for the year.....	2	1.495.236	1.263
LOSS FOR THE YEAR		-5.402.900	-4.070
 PROPOSED DISTRIBUTION OF LOSS			
Retained profit.....		-5.402.900	-4.070
TOTAL		-5.402.900	-4.070

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2016 DKK	2015 DKK '000
Other plant, machinery, tools and equipment.....		231.000	330
Tangible fixed assets.....	3	231.000	330
Rent deposit and other receivables.....		105.522	103
Fixed asset investments.....	4	105.522	103
FIXED ASSETS.....		336.522	433
Finished goods and goods for resale.....		451.693	499
Inventories.....		451.693	499
Trade receivables.....		1.662.479	589
Other receivables.....		183.542	4
Receivables, corporation tax.....		1.495.289	1.226
Prepayments and accrued income.....		45.100	161
Receivables.....		3.386.410	1.980
Cash and cash equivalents.....		7.822.784	14.502
CURRENT ASSETS.....		11.660.887	16.981
ASSETS.....		11.997.409	17.414

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2016 DKK	2015 DKK '000
Share capital.....		2.210.172	2.210
Retained profit.....		6.774.299	12.178
EQUITY.....	5	8.984.471	14.388
Trade payables.....		1.357.163	612
Other liabilities.....		1.655.775	2.414
Current liabilities.....		3.012.938	3.026
LIABILITIES.....		3.012.938	3.026
EQUITY AND LIABILITIES.....		11.997.409	17.414
 Contingencies etc.	 6		

NOTES

	2016 DKK	2015 DKK '000	Note
Staff costs			1
Average number of employees 4 (2015: 4)			
Wages and salaries.....	2.970.967	3.166	
Pensions.....	233.226	237	
Social security costs.....	25.606	30	
Other staff costs.....	105.264	129	
	3.335.063	3.562	
<p>The incentive programme for the board of executives, executive staff and the board of directors includes the option to 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 10.4 m.</p>			
Tax on profit/loss for the year			2
Calculated tax on taxable income of the year.....	-1.495.236	-1.226	
Adjustment of tax for previous years.....	0	-37	
	-1.495.236	-1.263	
Tangible fixed assets			3
		Other plants, machinery, tools and equipment	
Cost at 1 January 2016.....		764.327	
Cost at 31 December 2016.....		764.327	
Depreciation and impairment losses at 1 January 2016.....		434.327	
Depreciation for the year.....		99.000	
Depreciation and impairment losses at 31 December 2016.....		533.327	
Carrying amount at 31 December 2016.....		231.000	
Fixed asset investments			4
		Rent deposit and other receivables	
Cost at 1 January 2016.....		103.263	
Additions.....		2.259	
Cost at 31 December 2016.....		105.522	
Carrying amount at 31 December 2016.....		105.522	

NOTES

Note

Equity

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	Share capital	Retained profit	Total
Equity at 1 January 2016.....	2.210.172	12.177.199	14.387.371
Proposed distribution of loss.....		-5.402.900	-5.402.900
Equity at 31 December 2016.....	2.210.172	6.774.299	8.984.471

The Company's share capital consists of 2.210.172 shares of nom. 1 kr.

The company has 2.582 treasury shares of nom. 1 kr. which equals to 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) 224.

ACCOUNTING POLICIES

The annual report of ViroGates A/S for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B, with additional choice of rules relating to reporting class C.

The annual report is prepared consistently with the accounting principles used last year.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses in general

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from debt and transactions in foreign currencies as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

ACCOUNTING POLICIES

BALANCE SHEET

Tangible fixed assets

Machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and write-down.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	3-8 years	0-30 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, write-down is provided to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

ACCOUNTING POLICIES

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Liabilities

Liabilities are measured at amortised cost equal to nominal value.