Annual Report 2019

Improving patient care and reducing healthcare costs

ViroGates

ViroGates A/S CVR no. 25734033

The new aLF reader used with the suPARnostic® Quick Triage product

Contents

Management review

Business and performance

Corporate matters

Financial statements 2019

Statements

Additional information

In brief

ViroGates at a glance

ViroGates is an international medical technology company headquartered in Denmark and listed on Nasdaq First North Growth Market Copenhagen, ticker "VIRO". The company develops and markets prognostic products for the healthcare sector. The products are primarily used at emergency departments in hospitals to improve clinical decisions on hospitalization or discharge of acute medical patients. This may lead to better clinical outcomes, 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.

ViroGates' suPARnostic® product range measures the suPAR (Soluble urokinase Plasminogen Activator Receptor) protein in the bloodstream. An elevated suPAR level is associated with the presence and severity of a broad range of acute and chronic health issues and is associated with short term mortality. A low suPAR level is associated with good prognosis and low risk of short term mortality. suPARnostic® provides for quick health assessment in only 10-20 minutes via simple blood sampling.

Vision

ViroGates envisions that all hospital patients are screened and monitored based on the suPAR biomarker and that the general population is screened on a routine basis using suPAR to allow them to adjust lifestyle in due time to avoid the development of lifestyle-related diseases.

Mission

ViroGates´ mission is to develop biomarkers into affordable solutions that serve to prevent and optimize treatment in order to improve the lives of individuals and reduce healthcare costs.

Investment highlights

~240 million €

Initial market potential
Short-term focus on the European Acute Care market

+40 billion €

Large addressable market
Significant future opportunities in the Pre-hospital, Post-Acute Care, General Practitioners, and Direct-to-Consumer segments

41 million DKK

Cash end-of-period
41 million DKK in cash primarily directed at commercialization efforts

6 hospitals

Clinical routine customers
Six clinical routine customers in three countries

+50 hospitals

Clinical routine evaluation
More than 50 hospitals across Europe are evaluating the implementation of suPAR in clinical routine practice

+400,000 tests

Global suPAR tests
More than 400,000 suPAR tests have been performed globally, hereof +50,000 in an Acute Care setting

+600 published articles

Peer-reviewed articles
More than 600 published peer-reviewed articles in many leading journals, e.g. Nature Medicine, JAMA, and New England Journal of Medicine and 83 new articles published in 2019

Letter from the Chairman and the CEO

In 2019, we obtained significant commercial, technological and organizational results as we continued our journey of becoming a fully integrated medtech company. Backed by the capital raised in our IPO in 2018, we have optimized our go-to-market approach and built the commercial organization required to reach our commercial and financial targets.

Investing in customers & commercial excellence

Adjusting clinical routine practice in emergency departments takes time. We always strive to optimize our customer-directed efforts. Some of the factors impacting the decision making process in hospitals are lack of time in the acute medical areas and the multitude of stakeholders involved from medical departments, clinical laboratories, research areas, medical directors, purchasing, etc.

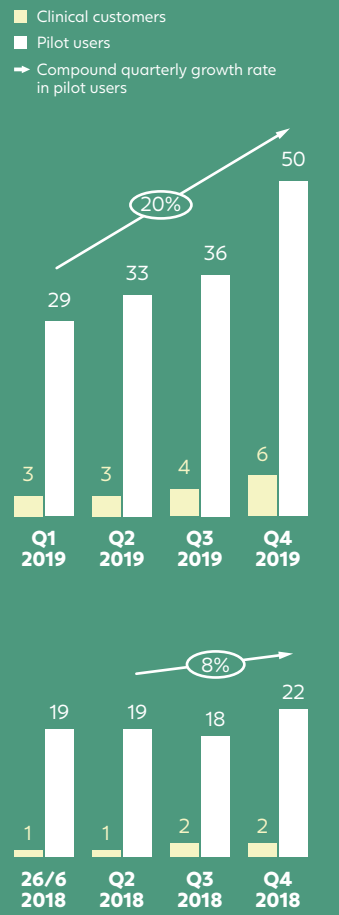
Thus, in 2019, we worked strategically with a variety of changes to our sales process that could shorten the lead time and conversion rate from the first contact with a potential customer to the first actual purchase order. We have established a clearer clinical value positioning of our products, a more focused customer identification process, and more efficient sales processes.

These changes were implemented in the second half of 2019 and we have already experienced a more substantial and faster dialogue with potential customers. It is our expectation that our adjusted go to market strategy will positively impact our customer attraction in 2020.

We grew the pipeline of hospitals that evaluate our products for implementation in clinical routine practice from 22 at the start of the year to 36 hospitals at year-end. A total of six hospitals now use our products in clinical routine practice, which is an increase of four hospitals in 2019.

Despite the positive aspect of gaining new customers, we have yet to see significant revenues from these hospital accounts. There are different reasons for that. Some have initially been using our products in a particular smaller practice area (kidney replacements, special coronary diseases etc.). This has led to implementation of the product, but we have yet to implement the product in the acute care departments where much larger patient numbers are seen and tested. In other hospitals the implementation has been part of a larger, strategically important, research project conditional on implementation in clinical use. We will in

Clinical routine and pilot users



such a situation also see a delay before we see material revenues. We are confident to land customers in 2020 who have followed a more traditional pilot introduction phase. This will lead to a faster path to revenues for ViroGates.

We participated in 26 conferences during 2019. The majority of conferences are local events within acute care medicine, where initial customer contacts are established and follow up meetings are arranged.

Commercial organization

We welcomed three new sales managers in January 2019 and with this, we began our direct sales efforts in France, Germany, and Spain. These markets were identified early as markets with a combination of an attractive overall commercial potential, a decentralized hospital management structure and a recognized need for better patient triage systems.

Furthermore, we have hired a corporate Sales Director responsible for distributor sales and non-direct sales markets. We have also deployed additional marketing competencies to conduct direct mail and social media campaigns addressing stakeholders that are difficult to reach via traditional sales calls and visits.

In consequence, ViroGates' organization has grown from 5 people at the end of 2018 to 11 people at year-end 2019. In addition to the full-time staff, we use consultants and students working part-time to assist us.

Clinical development

We continued to see an increasing interest in the clinical exploration of suPAR as a biomarker for triage and risk stratification. 83 publications were published according to pubmed.gov, which is the highest number of publications on suPAR done in a single year to date. The research is conducted worldwide and many studies are conducted with ViroGates' active participation.

Product development and instrument validation

We continued the roll-out of suPARnostic® TurbiLatex and obtained CE-IVD approval for all relevant Roche Diagnostics cobas instruments. This means that suPARnostic® is available for the cobas 6000 and 8000 modular systems, the market-leading platforms in Europe.

The suPARnostic® TurbiLatex product is important for our clinical expansion since most biochemical analyses are performed on automated biochemistry analyzers in centralized labs at hospitals. Blood samples analyzed on such instruments require no hands-on handling and results are seamlessly transmitted into patient journals.

We continue to develop suPARnostic® TurbiLatex for use on other platforms from e.g. Siemens Healthineers, Abbott Diagnostics, and Beckman Coulter.

We announced an expansion of the collaboration with our long term strategic partner QIAGEN. QIAGEN has developed an open reader platform labeled aLF Reader (https://www.alf-reader.com), allowing suPAR to be measured with suPARnostic® Quick Triage along with other relevant biomarkers in hospitals that have access to the aLF reader platform. Furthermore, ViroGates will act as appointed distributor of the platform for QIAGEN.

We installed a few aLF readers during Q4 2019.

Our collaboration with GENSPEED Biotech GmbH for the development of a fingerprick suPARnostic® product progressed as planned. This product will facilitate expansion into the General Practitioner and emergency vehicle operator segments, thus allowing suPAR to be measured earlier than today in a pre-hospital setting. Ultimately, this product could be used for the private health testing segment as well given suPAR's broad ability to screen for low-grade inflammation, healthy individuals will be able to take control of their physical status much better than with currently available specific diagnostic tests.

We continuously implement changes that will shorten the process from initial contact to final engagement decision.

Jakob Knudsen
Chief Executive Officer

Lars Kongsbak
Chairman of the Board

The fingerprick-based product is expected to be ready for commercialization by ViroGates in first half of 2021.

We will continue to engage with partners for product development and manufacturing while our internal focus is on expanding sales and marketing expertise aimed at the acute care sector in particular.

Aspirations and business objectives

We maintain our commercial strategy to implement suPARnostic® at hospitals as a tool to triaging and risk stratification of patients. Our initial commercial efforts have taught us that our customers' decision processes are longer than we originally expected. Consequently, we continuously implement changes that will shorten the process from initial contact to final engagement decision. Our strategic target is still to achieve a cash flow positive business with the existing cash at hand.

Lars Kongsbak
Chairman of the Board

Jakob Knudsen
Chief Executive Officer

Key events in 2019

February
Co-development agreement entered with Austria-based GENSPEED Biotech GmbH to develop a novel, combined suPAR and CRP fingerprick test for use at hospitals, general practitioners and ambulances

March
Launch of suPARnostic® TurbiLatex on all commercially relevant Roche Diagnostics cobas instruments. This means that suPARnostic® TurbiLatex can be used with the big modular platforms at central hospital laboratories

April
Amager Hospital, Denmark announced as new clinical routine customer. The hospital uses suPARnostic® TurbiLatex for the triage and severity assessment of acute clinical patients

August
Partnership with QIAGEN announced to launch suPARnostic® Quick Triage on QIAGEN's automated Lateral Flow (aLF) platform. It allows existing users of the aLF platform to apply suPARnostic® Quick Triage. Furthermore, ViroGates was granted a license to distribute the aLF platform instrument

September
University Hospital of Montpellier, France announced as new clinical routine customer. The hospital was the first hospital in the world to run suPARnostic® TurbiLatex on the Roche cobas 8000 system

October
Mark Christian Hvidberg da Silva joined the company as its new CFO

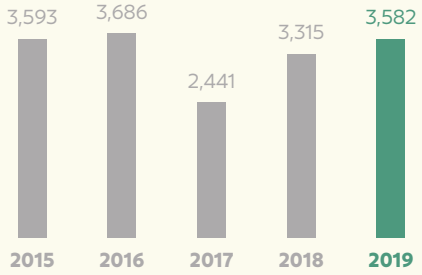
December
Sygehus Lillebaelt's two hospitals in Kolding and Vejle, Denmark announced as new clinical routine customers. Both hospitals use suPARnostic® TurbiLatex on the Roche cobas platform

Financial highlights and key ratios 2019

DKK ('000) unless otherwise stated	2019	2018	2017	2016	2015
Income statement					
Net revenue	3,582	3,315	2,441	3,686	3,593
Gross profit/loss	3,198	3,003	2,170	3,330	3,337
Operating profit/loss	-19,723	-18,102	-7,690	-6,937	-5,354
Financial income and expenses, net	-286	-814	-7	39	22
Profit/loss for the year before tax	-20,009	-18,916	-7,697	-6,898	-5,332
Profit/loss for the year	-18,797	-16,986	-5,987	-5,403	-4,070
Balance sheet					
Balance sheet total	45,157	63,424	4,977	11,997	17,412
Equity	42,215	61,012	2,998	8,984	14,387
Invested capital	2,942	2,412	1,980	3,013	3,025
Cash flows					
Cash flows from operating activities	-18,073	-16,380	-6,225	-6,679	-4,168
Cash flows from investment related activities	-603	-2	-132	0	0
Cash flows from financing activities	0	75,000	0	0	11,000
Total cash flows	-18,676	58,618	-6,357	-6,679	6,832
Investment in tangible fixed assets	-546	0	0	0	0
Ratios					
Rate of return	-736,8	-824.3	-308.0	-229.8	-176.3
Number of employees, end of period	12	8	4	4	5
Market share price, end of period (DKK)	34.3	60.0	0.0	0.0	0.0

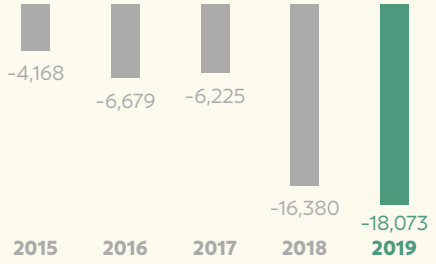
Net revenue

DKK ('000)



Cash flow from operating activities

DKK ('000)



Business and performance

Case

Implementation of suPARnostic® TurbiLatex at Montpellier University Hospital France

In September 2019, suPARnostic® TurbiLatex was implemented at the University Hospital of Montpellier in France for clinical routine use to predict outcome of chronic or acute heart failure in patients. At the same time, suPAR measurements became available to all other departments in the hospital. The hospital was the first to implement suPARnostic® TurbiLatex on the c502 system from Roche Diagnostics' 8000 series.

The implementation was carried out by MD Anne-Marie Dupuy and PharmD PhD Anne Sophie Bargnoux, both affiliated with the Laboratory of Biochemistry and Hormonology. This lab, which is headed by Professor Jean Paul Cristol, receives patient specimen from all departments of the hospital.

With its 2,800 beds, 11,000 employees, 14 expert medical specialty departments and the oldest medical faculty in Europe, the University Hospital of Montpellier holds significant potential for ViroGates beyond cardiology. In addition to the current clinical routine use, the hospital is assessing the impact of using suPAR in the Emergency Department for triaging of acute clinical patients. This half-year long project was initiated in November 2019.

The Biochemical team at the Laboratory of Biochemistry and Hormonology at the University Hospital of Montpellier.
From left: Manon Plaute dit Lebrun, Kévin France, Chloé Frontin, Prof. Jean Paul Cristol, Dr. Anne Sophie Bargnoux, and Dr. Anne Marie Dupuy.

"We are happy to break new ground by being the first hospital in the world to implement suPARnostic® TurbiLatex on the cobas 8000 system and we look forward to work with ViroGates to allow for better treatment of patients here at the hospital."

Prof. Jean Paul Cristol

"The programming was easy using the specific application note from ViroGates."

Dr. Anne Marie Dupuy


Thermo
SUPARnostic QT 20
Name
Dilution Factor

suPAR as prognostic tool

What is suPAR?

suPAR is the biomarker detected by ViroGates' suPARnostic® products and is a protein found in human plasma. The suPAR molecule was first described in 1993 and in 2000 it was found to be predictive of outcome in HIV infection. Following this discovery, it became clear that suPAR was also elevated and predictive of outcome in many other diseases.

Today, suPAR is considered a general risk status biomarker indicating:

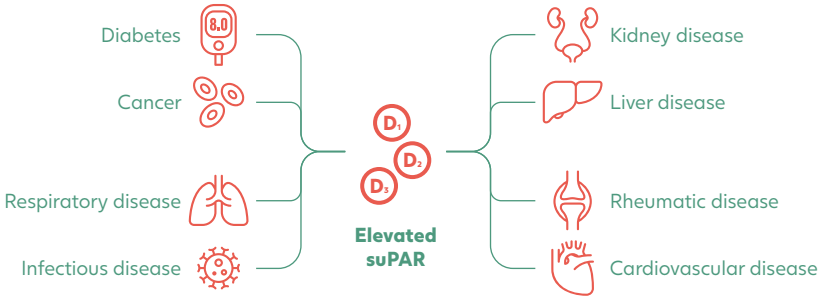
- Disease presence (acute, chronic, infectious, and non-communicable)
- Disease severity & progression
- Organ damage
- Mortality risk

In essence, the higher the level of suPAR, the worse the prognosis. suPAR is supported by strong scientific evidence across a wide range of diseases, for example:

- Cardiovascular diseases
- Kidney diseases
- Cancer
- Diabetes
- Liver diseases
- Infectious diseases
- Respiratory diseases
- Rheumatic diseases

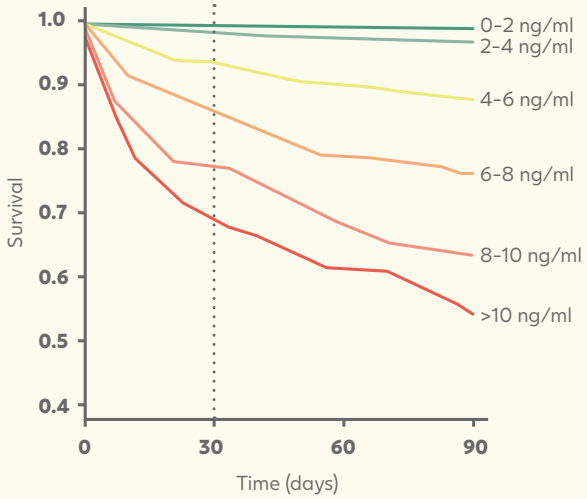
The suPAR level is not related to specific diseases and is not affected by circadian changes, short-term life circumstances (e.g. fasting), or temporary illnesses (e.g. influenza).

Elevated suPAR



Prediction of disease severity over time using suPAR

Survival rate over time



Recreated for illustrative purposes from Martin Schultz, MD, PhD thesis 2018

The figure shows the chance of survival over 90 days depending on the patient's suPAR level. A high-risk patient with higher suPAR level (higher ng/ml) is associated with a significantly lower chance of 30-, 60- and 90-day survival.

Benefits of using suPARnostic® in triaging of patients

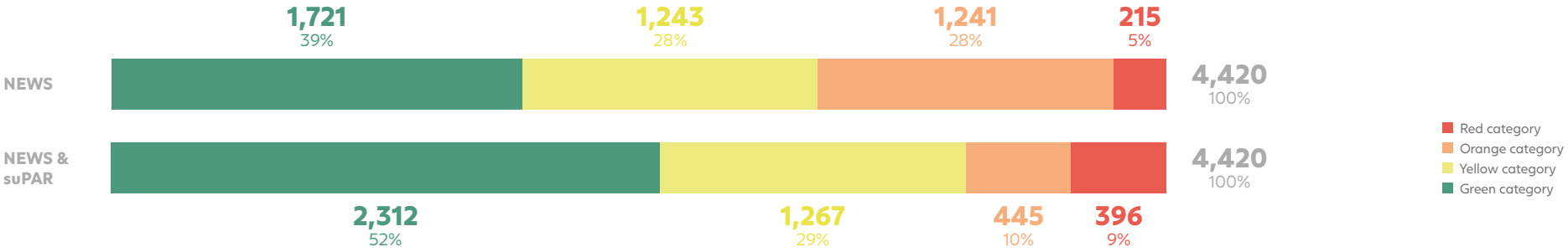
Use of scientific study results is a central element in our sales and marketing strategy. One of the most important studies currently used combines the triaging score, National Early Warning Score, with suPAR levels.

The study results showed that measuring suPAR could significantly improve triaging of patients by better classification in low, moderate and high risk groups. In the study, 34% more patients were classified as low risk leading to a potential 22% reduction in total admissions.

Identification of high risk patients was also improved, potentially leading to less severe disease progression for these patients due to more adequate care.

The data from the study can not only be used to convince doctors but also to design a local pilot use at the hospitals without a need to undergo extensive and time-consuming follow up.

Compared to standard triaging, suPARnostic® reveals more low-risk patients and more high-risk patients



The value of suPARnostic® in clinical routine use

Improve patient care | **Reduce healthcare costs** | **Empower clinical staff**

Based on the level of suPAR in the bloodstream, ViroGates´ suPARnostic® products determine the presence and severity of disease as well as the prognosis. While suPARnostic® can not diagnose a patient with a specific disease, it can provide the physician with an objective view of the patient to assist in making decisions regarding admission for further examination or discharge.

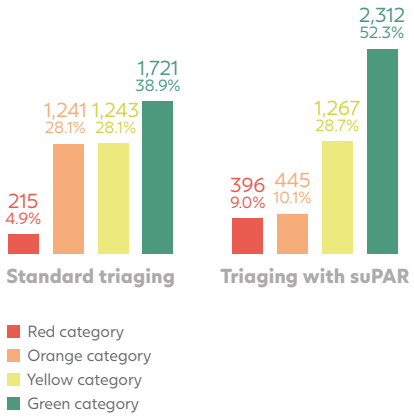
Thus, suPARnostic® can help physicians improve patient care and reduce healthcare costs. Using suPARnostic® in clinical routine practice contributes to avoiding unnecessary hospitalization of low-risk patients, shortening hospital stays, and ensuring that important underlying diseases are not overlooked before discharging high-risk patients.

Furthermore, suPARnostic® empowers clinical staff with information to make more confident clinical decisions.

The study described on page 15 also showed that hospital length-of-stay per patient could be shortened by 6% (equivalent to 6.5 hours per hospital stay) by using suPARnostic®. This could lead to significant healthcare cost savings without negatively affecting readmissions or mortality.

Triaging (Included N=4420)

Numbers of



34%

More patients classified into low-risk, discharge category and with lower mortality[1]

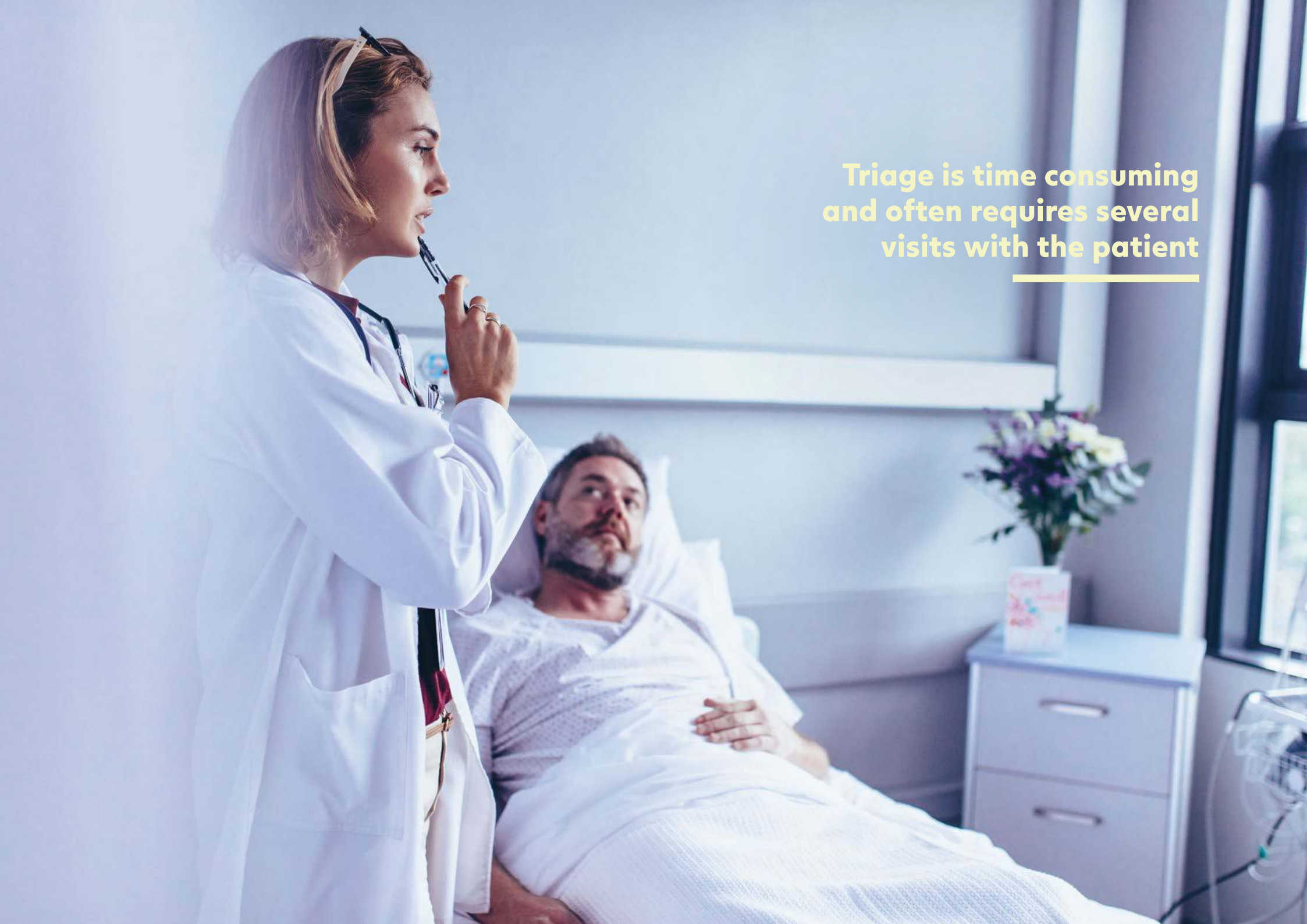
6%

reduction in hospital length-of-stay per patient[2]

€100-380

savings per admission depending on medical specialty and geography[3]

[1] Schultz et al. Scandinavian Journal of Trauma, Resuscitation and Emergency Medicine, 2019, 27:43
[2] Schultz et al. Disease Markers, 2019, 10;1-8
[3] Stallknecht et al, Incentive health economic assessment, 2017


Triage is time consuming
and often requires several
visits with the patient

ViroGates' corporate strategy towards 2022

ViroGates' business is built around a clear purpose of improving patient care, reducing healthcare costs and empowering clinical staff in the healthcare sector.

ViroGates corporate strategy towards 2022 remains unchanged with an initial focus on commercial penetration of the European Acute Care (in-hospital) segment, primarily in emergency departments. The company plans to pursue significant market opportunities in the pre-hospital and General Practitioner segments from 2021.

The commercial efforts are centered on European markets with a potential US entry later in the strategy period. Markets outside Europe and the US are only pursued opportunistically. ViroGates employs a direct sales strategy in the Nordics, France, and Spain while other European markets are addressed through distributors. The direct sales markets have been selected based on an evaluation of the financial attractiveness (size, purchasing power, etc.) and feasibility of entering (KOLs, relations, healthcare systems, instruments, etc.). Germany will not be addressed with own sales force due to complicated reimbursement processes. We have engaged certain key opinion leaders and a distributor to assist in penetrating the German market.

The suPARnostic® TurbiLatex product is a pivotal element in succeeding in the Acute Care segment as it fits into the hospitals' existing workflow with no additional steps needed, and has been validated on Roche and Siemens Healthineers analyzers used in the majority of laboratories.

Strategic initiatives

The initiatives in ViroGates' corporate strategy towards 2022 rests on four main pillars:

1. **Strengthen sales conversion performance**
2. **Establish direct sales footprint in selected European markets**
3. **Prioritize indirect sales efforts in selected European markets**
4. **Expand in products, segments, and geographies**

Strengthen sales conversion performance
The first wave of commercialization efforts have yielded great learnings that will be leveraged to advance conversion of customers from pilot users to clinical routine customers. ViroGates has initiated a range of commercial excellence projects to further strengthen the value proposition and go-to-market strategy. The short-term focus is on strategic initiatives addressing optimization of the sales process, training of sales staff, improving sales incentives, strengthening lead generation and raising general awareness of suPAR.

Establish direct sales footprint in European markets
Europe holds significant potential for ViroGates as hospitals are challenged by increasingly tighter budgets and aging populations with rising life expectancy requiring long-term care. Establishing a significant footprint in the Nordics, France, and Spain is pivotal for ViroGates to succeed commercially. The commercial efforts have been intensified with significant investments in the sales and marketing organization and activities. ViroGates' strategy is to continue to invest in direct sales in the coming years. The short-term focus is on establishing must-win battles in key markets, shortening of the sales cycle and improving after-sales account management.

Prioritize indirect sales efforts in European markets
The European markets have strong in-vitro diagnostics distributor networks providing an attractive channel to enter markets with speed and volume. ViroGates' strategy is to continue allocating dedicated resources to indirect sales. The short-term focus is on growing existing distrib-

utor relations and developing new distributor relations in a selected number of European focus markets such as Germany, Benelux, UK, Italy, Switzerland, Austria and the Baltics. Other European and international markets will be pursued opportunistically.

Expand in products, segments, and geographies

ViroGates' current product portfolio has high relevance outside European Acute Care. In addition, ViroGates' technology could be deployed in other products, such as point-of-care and home testing solutions. As ViroGates increasingly establishes a footprint in European Acute Care, the strategy is to keep evaluating the potential to expand the current product portfolio while targeting new segments and geographies. The short-term focus is on extending point-of-care solutions (e.g. with GENSPEED) and partnerships, investigating opportunities in the US acute care market.

The preparation of suPARnostic® Quick Triage is easy using the incorporated bar code scanner

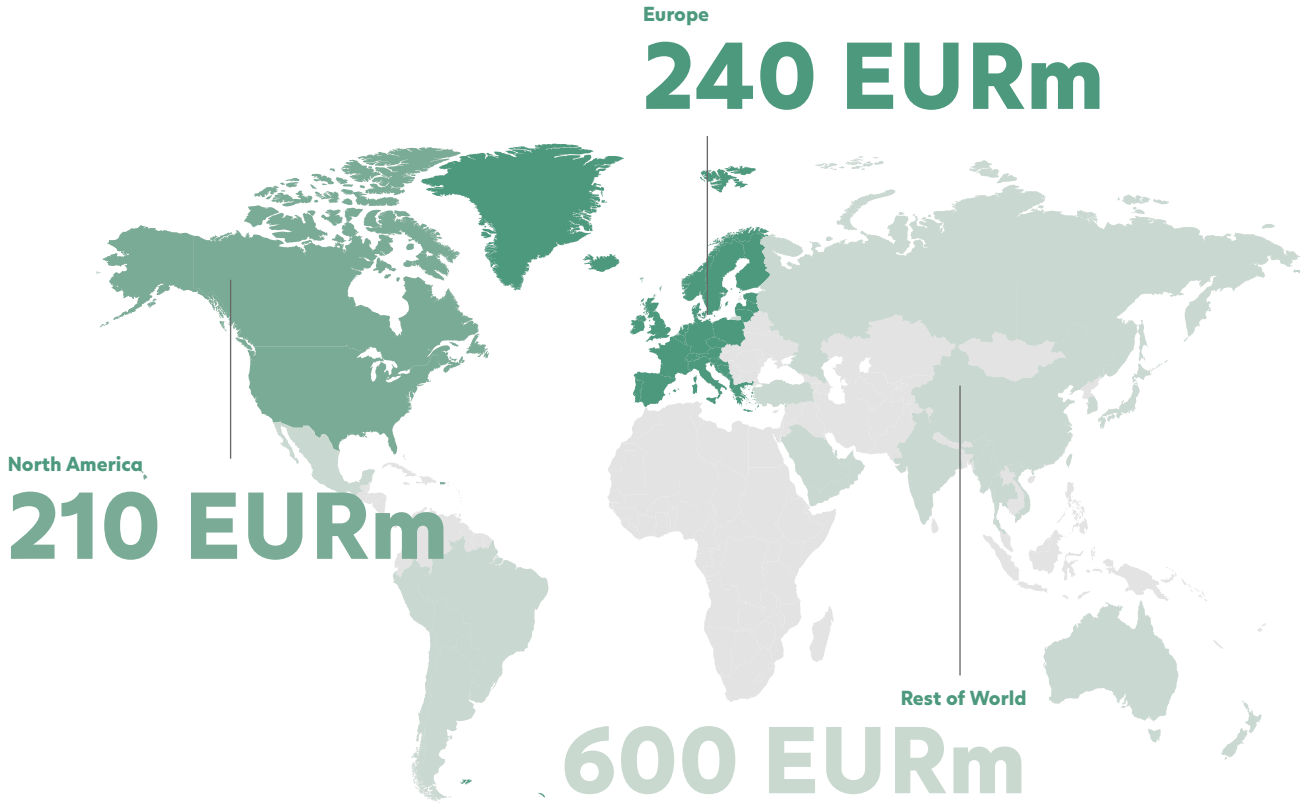
Market opportunities

Acute Care market potential

ViroGates is operating in the in vitro diagnostics (IVD) market that is currently estimated at a total value of EUR ~11.1 billion in Europe with a cumulative annual growth rate of ~5% towards 2022. ViroGates' products are within immunochemistry currently making up ~27% of the total European IVD market.[1]

One of the largest use areas of IVD tests is Acute Care at the emergency departments when physicians need to decide whether to admit patients to the hospital or to discharge based on physiological scores and various types of IVD tests. ViroGates believes that the suPARnostic® products could increase the total market size due to its unique application area while only replacing existing tests to a limited extent.

ViroGates estimates, based on patient flow from selected hospitals, that the patient potential for the suPARnostic® products is approximately 2.5% of the general population. Using a price of EUR 20 per test conducted in Europe and North America, and EUR 10 per test in the rest of the world, the total estimated market potential for suPAR testing globally in Acute Care is in excess of EUR 1 billion annually with an addressable market of EUR 240 million in Europe.



Favorable trends

A number of trends are expected to positively impact volume and value of the IVD market in the coming years. For ViroGates specifically, these trends are expected to have a positive impact due to the company's focus on delivering products that improve efficiency in the healthcare sector and developing new solutions that address the increasing needs of healthcare professionals and patients.

- Aging populations with rising life expectancy require long-term care and will lead to higher healthcare spending
- Chronic and infectious diseases are growing, which put considerable demands on health systems and society as a whole

[1] MedTech Europe 2017, VDGH 2017, Market Data Forecast 2019

- Shortage of skilled doctors, nurses, and other healthcare providers is increasing, which puts further strain on the health care systems

- Delivery of healthcare services are moving from hospitals and GPs to retail- and community-based clinics for non-emergency and non-surgical conditions, which increases volume and value in certain non-acute care segments

- Patients are demanding sophisticated, convenient, transparent, affordable, and personalized service with patients being more willing to self-manage, which impacts volume and value of health tests positively

Market potential beyond Acute Care

Several other segments represent a significant unquantified potential for ViroGates in the medium- to long-term expanding the total addressable market for ViroGates in the future. Some of the most evident potentials include:

- **General Practitioners (GPs):** GPs are often confronted with patients with multiple symptoms that are challenging to diagnose. ViroGates' products can assist the GP in making more informed decisions on whether to send the patient to the hospital or send the patient home.

- **Post-Acute Care:** Many patients will have a rehabilitation need following a stay in the hospital. ViroGates' products can assist healthcare professionals in making informed decisions on whether to send patients home.

- **Direct to consumer/health check:** The increasing trends towards decentralized healthcare services and engaged patients open up a potential direct to consumer/health check segment. Frequent suPAR tests can help predict the health risk of the individual over time and be used to suggest potential lifestyle or pharmacological interventions. This increases people's opportunity to stay healthy and avoid diseases.

The existing product portfolio together with the point-of-care test currently under development is expected to serve large parts of the segments beyond Acute Care.

General Practitioners

Post-Acute Care

Direct to consumer

Case

Implementation of suPARnostic® drives change in perioperative medicine in Greece

During a ViroGates arranged symposium in Greece, Assistant Professor Chalkias, Larisa University Hospital immediately acknowledged the potential suPAR could bring to the hospital, not least within perioperative inflammation, one of his key areas of interest.

Ass. Prof. Chalkias, has over the years become an expert in anesthesiology, resuscitation, intensive care and emergency medicine.

The challenge in perioperative medicine is that a significant number of patients have heightened underlying pro-inflammatory or inflammatory levels causing vascular endothelial dysfunction. This leads to impairment of microcirculation and, eventually, in devastating, intra or post-operative complications.

To assess suPAR's usefulness in perioperative medicine, Ass. Prof. Chalkias launched in April 2019 the SPARSE project. This is a prospective, single-center observational study aiming at investigating if suPAR measured pre-operatively and immediately after surgery can predict the risk of future complications and post-operative mortality in adults following major non-cardiac surgery.

The SPARSE project is now in its final phase and Dr. Chalkias has noted that if the results are positive it may be the beginning of a new era in perioperative medicine with improved patient care at Larisa University Hospital. Final results are expected during first half of 2020.

Athanasios Chalkias, Ass. Prof. of Anesthesiology at the School of Medicine at Larisa University Hospital, University of Thessaly, Greece, here seen with a patient in the Operating Theater, shares his view on suPAR.

"When I heard about suPAR, I realized that here is a biomarker with prognostic capabilities. Implementation of suPAR testing will allow us to extract important information for improving patient management such as prognoses for postoperative complications, admission to the intensive care unit, readmission, and survival. Moreover, implementation of suPAR testing will help us decrease healthcare costs, which may be especially important in a country as Greece suffering from economic crisis."

Ass. Prof. A. Chalkias

Financial review

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

Income statement

The net loss was TDKK -18,797 (TDKK -16,986). The lower net result in 2019 was primarily a consequence of investments in the commercial organization.

Revenue

Revenue increased to TDKK 3,582 (TDKK 3,315). Revenue in 2019 originated primarily from a few large customers.

Expenses

Total operating expenses amounted to TDKK -22,921, without IPO cost -23,965 (TDKK 21,105, without IPO cost TDKK 15,607). The increase was due to increased costs from sales activities of TDKK -6,246 including increase in staff cost from hiring of new sales employees to support the company's international expansion strategy. Administrative costs decreased with TDKK -5,736 due to IPO costs in 2018. Research and development costs increased with TDKK 1,306 primarily due to development costs related to the suPARnostic® TurbiLatex product.

Total expenses amounted to TDKK -23,591 in 2019, without IPO cost -24,635 (TDKK -22,232, without IPO cost TDKK 16,734).

Profit & loss

Operating loss came to TDKK -19,723, without IPO cost -20,767 (TDKK-18,102, without IPO cost TDKK -12,604). Net financial items amounted to TDKK -286 (TDKK -814) which is a reduction from 2018 that was negatively impacted by interest on a convertible loan converted to shares prior to the IPO. Loss before tax was TDKK -20,009 (TDKK -18,916). Net loss amounted to TDKK -18,797 (TDKK -16,986). Earnings per share (EPS) diluted was DKK -5.73 against an EPS (diluted) of DKK -5.73 in 2018.

Cash flow and investments

Net cash flow amounted to TDKK 18.676 (TDKK 58,618). Cash flow from operating activities amounted to TDKK -18,073 (TDKK -16,380). The outflow in the year was mainly due to increase in sales activities. Investments in equipment amounted to TDKK 546 (TDKK 0). Cash flow from financing activities amounted to TDKK 0 (TDKK 75,000) which is lower than 2018 due to the IPO.

Equity and net cash

As of December 31, 2019, equity was TDKK 42,215 (TDKK 61,012). The decrease is due to investment of proceeds in commercialization activities from the IPO in June 2018. On December 31, 2019 net cash amounted to TDKK 41,407 (TDKK 60,083).

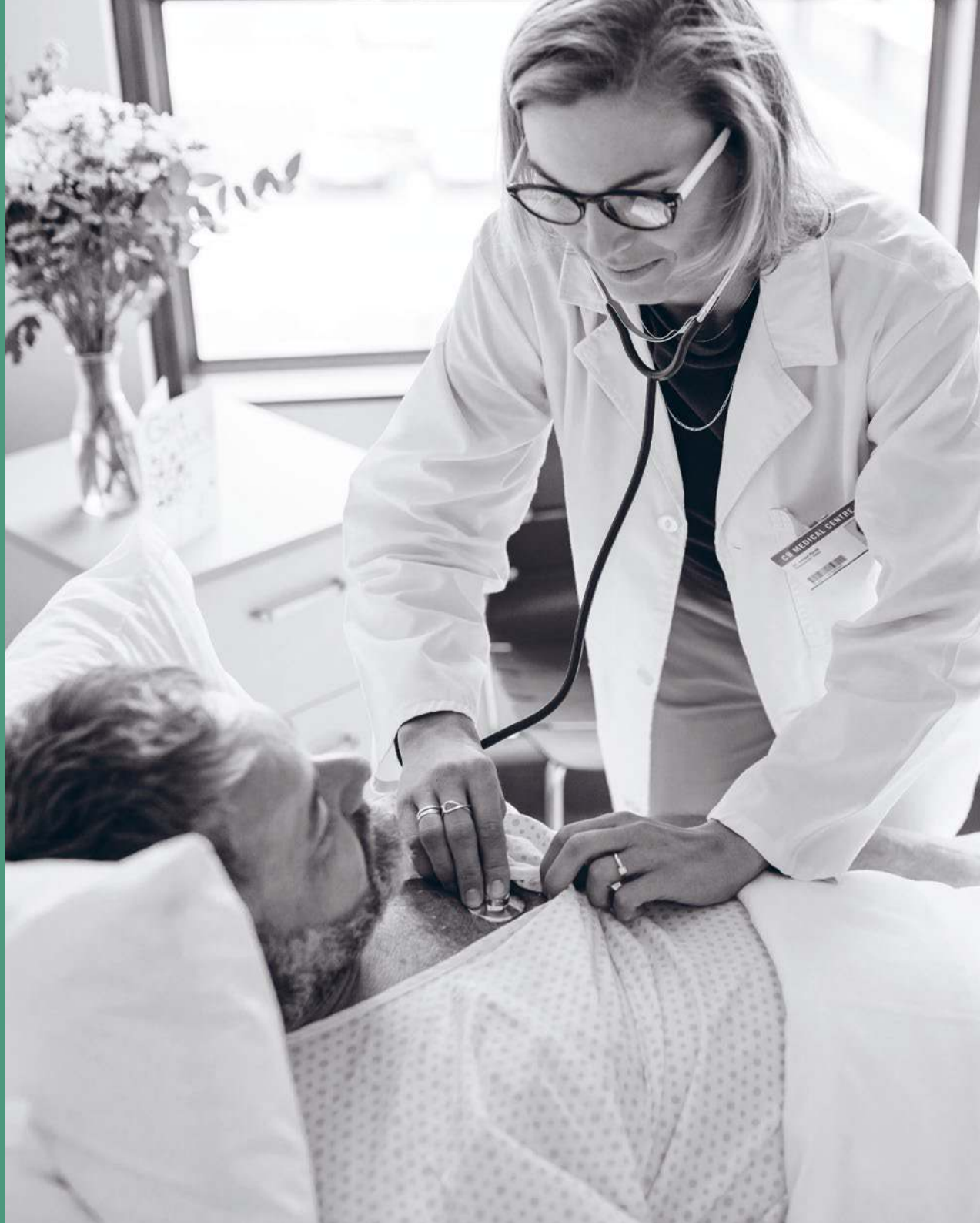
Numbers of shares

At December 31, 2019 the total number of shares in ViroGates A/S was 3,034,347 (3,034,347).

No events have occurred after the balance sheet date of importance to the financial statements.

All numbers from previous financial statements have been corrected to make comparison to the audited 2019 report possible. No change in totals have occurred because of this.

Corporate Matters



Risk Management

Management is responsible for risk management, including mapping, assessment of probabilities, potential impacts as well as mitigating measures. Executive Management reports frequently to the Board of Directors on risk management procedures and findings. The following risks are deemed particularly relevant to ViroGates.

Risk	Risk mitigation
Commercial execution Being in the initial commercialization phase, there is a risk that the company's products may not penetrate markets due to inadequate sales & marketing efforts and/or reluctance to introduce new methods at emergency departments and other clinical facilities.	ViroGates deploys a direct sales strategy for selected markets in Europe with frequent presentations at congresses, direct interactions with potential customers, etc. Initially, this strategy has resulted in products being placed in clinical settings in hospitals in Denmark, Finland, France, Spain, Sweden, Norway, Greece, Romania, Serbia and Holland. In 2019, ViroGates started adding its own sales representatives in selected markets to further speed up the commercialization process. ViroGates hired a dedicated sales representative to address other markets via partnerships with distributors. Current agreements cover markets in Europe, North America, the Middle East and India, and the company continuously seeks to add new distributors to serve other markets. ViroGates is investing significantly in educating and supporting distributors while distributors reversely commit to schemes with requirements to activity, sales, etc. ViroGates has secured a broad product offering with compatibility for its key products on all market leading instruments for performing immunochemical analysis in the hospitals across Europe. Key to the commercialization efforts is ViroGates' ability to elucidate the cost effectiveness and clinical value of its product range in emergency departments and other clinical settings in the light of continuously rising global healthcare expenses and demands. ViroGates will continue to carry out clinical and product development to document the value of its product portfolio.

Risk	Risk mitigation
Dependency on key individuals ViroGates is to a large extent dependent on key individuals, not least the Management Team. Furthermore, global commercialization is subject to successful recruitment of skilled sales professionals.	To recruit and retain qualified staff, ViroGates offers employment agreements on market terms, including incentive-pay schemes, combined with the virtues of a small growth company, such as short lines of command, fast decision-making, lack of bureaucracy, etc. Recruitments during 2019 show that ViroGates is able to attract skilled international sales professionals from large peers.
Dependency on third parties ViroGates is an R&D-intensive company with primarily in-house commercial expertise and is therefore highly dependent on collaborations with external partners on production, quality assurance and sales.	ViroGates has lab service and production agreements with well-established providers in Poland, Norway, the UK, Japan and Sweden. Risks related to these agreements are managed through contractual stipulations, thorough monitoring, close co-ordination and build-up of ample stocks of manufactured products and/or back-up facilities, wherever possible. Production processes and Q&A systems are also subject to routine inspections by regulatory authorities. None of the external service providers are deemed irreplaceable and, in ViroGates' view, replacement could take place with limited cost and burden to ViroGates. ViroGates has entered into exclusive and non-exclusive agreements with distributors. None of these distributors are currently deemed material. To balance any future dependency, ViroGates deploys a direct sales strategy for selected markets and seeks to widen its geographical footprint through new distributor relationships and partnerships.
Intellectual property rights (IPR) ViroGates is dependent on its capacity to file and maintain patents to protect intellectual property and specific knowledge. There is a risk that other companies may infringe ViroGates' patents and/or trade mark rights or vice versa - or that new technologies and products will circumvent or replace the company's present and future patents.	IPR is monitored closely by Management, R&D and patent attorneys contracted by ViroGates. ViroGates files patent applications and registers brands and trademarks continuously to protect its intellectual property rights. The company currently owns five patent families, has recently filed a new application and further holds exclusive licenses to two patent families. The most important granted patent family expires in 2028 while the new application will expire no earlier than 2038. The patent families cover the use of suPAR for broad-based clinical prognostication and, to the best of ViroGates' knowledge, patents provide solid protection providing full freedom to operate in this area. The R&D department continuously generates new patent opportunities. All current and future patent applications have been and will be designated for major global markets in the Western world, newly industrialized countries and in developing regions. ViroGates is also applying significant trade secrets in the manufacturing processes, having developed proprietary antibodies and using unique techniques in manufacturing and clinical trials. Furthermore, the company has trademark-protected all important trademarks, logo-types, brands and domain names.

Risk	Risk mitigation
Competition and pricing ViroGates could be challenged by competition from existing and/or potential new competitors with greater financial resources and skills.	ViroGates closely monitors the competitive situations and initiatives in all major markets with the aim of appropriate risk mitigation. Additionally, ViroGates controls all issued and relevant patents within the clinical application of suPAR in humans and this is believed to not allow competitors to enter the field of prognostication based on a suPAR biomarker within a foreseeable future. Furthermore, ViroGates constantly innovates to ensure that its products are commercially viable and include the features and applications requested by customers.
Financing needs ViroGates may in the future be forced to raise new capital to strengthen its financial position.	ViroGates aims to be cash positive by deploying the cash raised in the IPO in 2018 and does not expect to raise additional cash.
Regulation by authorities ViroGates' products are subject to a number of statutory and regulatory requirements. There is a risk, that permits from national authorities may not be renewed on the same terms as previously, or that permits may be revoked or limited. Changes to legislation might also impact ViroGates.	ViroGates actively engages in dialogue with the relevant authorities to mitigate such risk. Current in vitro diagnostic products are regulated according to EU Directive IVDMDD (98/79/EC) but Management is working to ensure that ViroGates' products comply with the new In Vitro Diagnostic Device Regulations (EU 2017/746), which is coming into force during a period until 2022.
Disputes, claims and proceedings ViroGates might become involved in disputes within the framework of its normal business, including claims or proceedings related to products. Managers might also become subject to proceedings.	ViroGates is not involved in any disputes, claims or proceedings. The company's insurance coverage is deemed to provide adequate protection, taking the potential risks into account. New product liability insurance policies are secured on an ongoing basis to the extent deemed necessary.

ViroGates team accompanied by distributors from Austria, Italy and Greece

Corporate Governance

ViroGates has a two-tier management structure consisting of a Board of Directors, elected by the shareholders at the Annual General Meeting, and an Executive Management appointed by the Board of Directors. The two bodies are independent of each other and no person is a member of both.

The Board of Directors is entrusted with the ultimate responsibility for the company. Board duties include strategy, budgets, goals as well as appointing and supervising Executive Management. The Board further monitors procedures and responsibilities to ensure that ViroGates is managed appropriately in accordance with its articles of association and applicable legislation.

The Board of Directors convenes regularly and conducts its business according to its rules of procedure, which is updated at least once annually. Regular board meetings include an in-depth report from the Management Team on operations, status and progress. The Board held 7 meetings in 2019 (2018: 7) with full attendance at all meetings. The Board agrees on a regular basis whether members need to be present in person or via dial-in.

The CEO attends all Board meetings and the Chairman maintains close and regular contact with the CEO.

The Board considers the following competencies to be particularly relevant to ViroGates: Experience in management of international life science companies, strategic development, business development, development and commercialization of life science products, finance as well as first-hand experiences from growth companies. The Board is deemed to possess these competencies, and, by virtue of its size, the Board has also decision-making power and drive.

The Management Team undertakes day-to-day management. The team is made up of the CEO (who constitutes Executive Management and is registered as such with the Danish Business Authority), the CFO, the CSO (Chief Scientific Officer), the VP, Global Sales & Marketing and Accounting. The Board sets out the terms and tasks of the Management Team.

Danish Corporate Governance recommendations

There are no requirements for companies whose shares are listed on Nasdaq First North Growth Market to comply with the Danish Recommendations on Corporate Governance. The Board finds the recommendations to be less relevant for a small, growth company and, accordingly, the entire Board resolves on duties otherwise recommended to be dealt with by Board committees. The company is also not required to comply with other codes of conduct for corporate governance.

Internal control

ViroGates has internal control and financial reporting procedures enabling the company to monitor its performance, operations, funding and risks. The Board of Directors decides on policies for risk management and internal control in relation to financial reporting, while Executive Management is responsible for the systems' effectiveness and for implementing controls to mitigate risks associated with financial reporting. ViroGates continuously improves its procedures and systems, and the current framework is considered compliant with Nasdaq First North Growth Market's disclosure obligations.

Remuneration

In accordance with section 139 of the Danish Companies Act, the Annual General Meeting has approved Incentive Guidelines, laying down the principles governing remuneration of the Board of Directors and Executive Management. The guidelines aim to align the interests of the company and its Board of Directors, Executive Management and shareholders.

To attract and retain key personnel without risking imprudence or unreasonable behaviour or risk acceptance, ViroGates combines fixed salaries, performance-based remuneration and share-based incentives. According to the Incentive Guidelines, the Board of Directors may decide to allocate warrants to a Board member or a member of the Management Team and decide on exercise price, vesting period and terms.

In 2019, no warrants were issued to members of the Board of Directors (2018: 0). The Board received a fixed fee of DKK 375,000 in aggregate - DKK 150,000 to the Chairman and DKK 75,000 to each of the other members. The fee, which was approved by the Annual General Meeting in 2019, was unchanged compared to 2018. An identical fee for 2020 will be submitted for approval at the Annual Generating Meeting in April 2020.

The aggregate remuneration to the Management Team in 2019 totalled DKK 4,230,080 (2018: 4,208,200), hereof DKK 1,681,974 to Executive Management (2018: 1,871,700).

The Board of Directors granted warrants to the Management Team in November 2019 in accordance with ViroGates' general guidelines for incentive pay as approved at the Annual General Meeting on 25 April 2019, as well as in accordance with section 4.2.5 of the Nasdaq First North Growth Market Rulebook. The grant comprises a total of 119,324 warrants to the Management Team. Warrants have been granted free of charge and vest four years after grant. Upon vesting, each vested warrant may be exercised over a five-year period following the publication of a quarterly financial report. The total number of warrants, which may be exercised under this grant, corresponds to 3.9% of ViroGates' total outstanding shares. Please refer to page 32 for details on the Management Team's remuneration and warrant program.

Corporate Social Responsibility

By the virtue of its products, ViroGates contributes positively to society by supporting healthcare systems in the markets where it operates by enabling better clinical decisions to improve patient care, reduce healthcare costs and empower clinical staff. As such, the company specifically contributes to fulfilling the UN Sustainable Development Goal no. 3 – Good Health and Well-being. ViroGates is a small company with very limited environmental footprint but as the company grows and gains momentum in the global marketplace, it recognizes the need for formalising certain business processes in light of environmental, social and governance issues. Thus, during 2020, the company expects to clarify to which extent the principles of the UN Global Compact in the areas of human rights, labour rights, the environment and anti-corruption should be formalised in a code of conduct and implemented in the value chain.

Human Resources

ViroGates feel responsible for the well-being of the company's employees. Creating an open and flexible workplace where the individual employee thrives, and can develop and grow, is at the core of the company's values. The company believes in the importance of employees having a good balance between work time and leisure and want to support employees in having a healthy and active lifestyle.

Shareholder information

Share Capital

The share capital amounts to DKK 3,034,347 divided into 3,034,347 shares, each with a nominal value of DKK 1. The company has one share class and all shares hold equal rights, including the right for each shareholder to vote at Annual General Meetings for the full number of shares owned. The shares are not subject to restrictions on transferability. At the end of 2019, ViroGates held 2,585 (0,09%) treasury shares.

Shareholders

At the end of 2019, ViroGates had 855 registered shareholders. Four shareholders had notified shareholdings of 5% or more:

Shareholder	Number of shares	Percent of capital
N. P. LOUIS-HANSEN APS.	735,919	24.25%
4AM APS	325,965	10.74%
KIM GINNERUP APS	325,965	10.74%
JEO Holding ApS	153,920	5.07%

Dividends and capital structure

Historically, ViroGates has not paid out dividends and no proposals on dividends will be submitted by the Board until the company has achieved long-term profitability. The share price closed 2019 at DKK 34.3.

The Board of Directors expects ViroGates' current cash position, combined with incremental income from new customer contracts, to constitute a sufficient financial basis for implementing ViroGates' strategy and business plans for 2020. ViroGates aims to be cash flow positive by the end of 2020.

Investor Relations

ViroGates aims to be perceived as a trustworthy and open company by the investor community. All information will be communicated correctly, in a balanced, transparent and timely way and simultaneously to investors, analysts and other stakeholders to facilitate regular trading and fair pricing of the shares.

In 2019, the company published 17 company announcements along with regular updates on products, congresses, customers, trials, etc. Immediately after release, all announcements are made available on the company's investor website together with presentations, share price information, and related information. Shareholders are encouraged to sign up at the ViroGates website.

2020 Financial calendar

Annual General Meeting	28 April
Interim Report Q1	30 April
Interim Report Q2	13 August
Interim Report Q3	27 October

Management Team

Jakob Knudsen
Born 1968. CEO since 2011.

Education
Master of Law, Copenhagen University; MBA from Imperial College, UK.

Competencies
Working 25 years in life science, his extensive experience spans commercial operations, IP, sales and marketing, finance, partnerships, licensing, financing, listing requirements, a.o. Jakob Knudsen has held managerial positions in Egalet Corp. (CCO & CFO) and ALK-Abelló A/S (Head of Business Development).

Directorships
- Expres2ion Biotech Holding AB (BM)
- P.V. Fonden (BM)
- Jakob Knudsen (M)

Shareholding
4,882 shares, 59,147 warrants

Dr. Jesper Eugen-Olsen
Born 1963. Co-founder and CSO since 2001.

Education
PhD in Biochemistry, Copenhagen University.

Competencies
More than 30 years of research experience, author/co-author of +150 peer reviewed scientific publications and 12 patents. Further to being Senior Researcher and Principal Investigator at Copenhagen University Hvidovre Hospital, he is an independent expert and evaluator for a range of EU financed projects.

Directorships
- JEO Holding ApS (M)

Shareholding
154,062 shares, 55,329 warrants

Mark Christian Hvidberg da Silva
Born 1990. CFO since 2019.

Education
Master of Science in Economics and Business Administration, Copenhagen Business School.

Competencies
+5 years experience as a management consultant in QVARTZ (acquired by Bain & Company) heading projects within corporate strategy, M&A and commercial excellence primarily in Europe and North America. He has previously worked for Novozymes in Denmark and Nova Founders Capital in Malaysia and the Philippines.

Directorships
- MDASI Holding ApS (M)
- FIAFF IVS (M)

Shareholding
0 shares, 1,730 warrants

Dr. Thomas Krarup
Born 1963. VP, Global Sales & Marketing since 2018

Education
PhD in cell biology from Copenhagen University and Syracuse University, USA; CBA from AVT Business School.

Competencies
Has worked in the life science and clinical diagnostics industry since 1997, holding positions within scientific marketing, licensing, business development and sales in Radiometer Medical A/S, Becton Dickinson A/S, Roche Diagnostics A/S, Oncotech Inc, Exiqon A/S and ChemoMetec A/S.

Directorships
- None

Shareholding
605 shares, 1,010 warrants

BM: Board Member, M = Management

Remuneration to the Management Team

DKK	Fixed salary	Pension	Bonus	Total 2019	Total 2018	% change
Jakob Knudsen	1.254.000	127.014	300.960	1.681.974	1.871.700	-10%
Other members of Management Team*	2.063.545	83.999	400.562	2.548.106	2.336.500	9%
Total Management	3.317.545	211.013	701.522	4.230.080	4.208.200	1%

* 2018 figures include 12 months of employment for Jesper Eugen-Olsen and May Britt Dyvelkov, and 10.5 months of employment for Thomas Krarup. 2019 figures include 12 months of employment for Jesper-Eugen Olsen and Thomas Krarup, 8.5 months of employment for May Britt Dyvelkov and 3.5 months of employment for Mark Christian Hvidberg da Silva (employed 16 September 2019)

Board of Directors

Dr. Lars Kongsbak, Chairman
Born 1961. President and CEO of Samplix ApS . Joined 2015.

Education
M.Sc. in Biology, Copenhagen University; Ph.D. in molecular biology from the Technical University of Denmark (DTU)

Competencies
Former President & CEO of listed biopharmaceutical company; strategic business development; M&A; financing, broad-based leadership experience; senior scientist positions at blue-chip companies.

Directorships
- BlueBee Holding BV (BM)

Shareholding
3,468 shares, 43,940 warrants

Lars Krogsgaard
Born 1967. Chief Investment Officer at IFU. Joined 2016

Education
B.Sc. in Economics, Copenhagen Business School; MBA in Finance and International Business, Stern School of Business, New York.

Competencies
Track-record as active investor, owner and board member in more than 25 Nordic companies incl. other growth companies; strategic development; business development; risk management; financing, M&A.

Directorships
- DCR Solutions A/S (BM)
- Forward Capital A/S (BM, M)
- 4AM ApS (M)
- Samplix A/S (MB)
- 6AM ApS (M)

Shareholding
325,965 shares, 0 warrants

Dr. Jørgen Thorball MD
Born 1962. Managing Partner at XOventure GmbH. Joined 2000.

Education
MD, University of Copenhagen

Competencies
Life science entrepreneur and founder of several companies, many of them based on his own medical inventions; management and board positions in listed blue-chip pharma companies; financing; M&A.

Directorships
- 3Brain AG (C)
- BioMe AS (BM)
- Retipharma A/S (BM)
- Rigi Care (M)

Shareholding
10,204 shares, 21,970 warrants

Bernd Peter Uder
Born 1957. Joined 2015.

Education
Chemo-Techniker

Competencies
Extensive general management and sales & marketing experience during a more than 30-year career in the global life science and diagnostics industry, incl. positions as Senior Vice President and Managing Director at Qiagen.

Directorships
- Uder Consulting (M)

Shareholding
0 shares, 21,970 warrants

C = Chairman of the Board; BM = Member of the Board; M = Management.

The Board of Directors currently consists of four members, all elected by the shareholders at the General Meeting for a term of one year and all eligible for re-election. All members were re-elected at the 2019 Annual General Meeting and all have accepted re-nomination at the 2020 Annual General Meeting.

None of the Board members hold managerial positions in ViroGates, perform material ongoing consultancy services for the company or have any interest in ViroGates except as holders of shares and warrants, an no member of the Board represents a controlling shareholder. Dr. Jørgen Thorball, co-founder of ViroGates, has been on the Board for more than 12 years and can therefore not be deemed independent, according to the Danish Corporate Governance Recommendations.

Remuneration to the Board of Directors

DKK	Fixed cash remuneration	Expenses	Other fixed remuneration	Total 2019	Total 2018	% change
Lars Kongsbak	150.000			150.000	150.000	0%
Lars Krogsgaard	75.000			75.000	395.000	-81%
Bernd Uder	74.677	2.066		76.743	84.844	-10%
Jørgen Thorball	76.760		45.651	122.411	94.823	29%
Total	376.437	2.066	45.651	424.154	724.667	-41%

Financial statements 2019

Income Statement 1 January - 31 December

	Amounts in DKK ('000)	2019	2018
	Net revenue	**3,582**	**3,315**
	Costs of goods sold	-384	-312
	Gross profit/loss	**3,198**	**3,003**
1	Sales and distribution costs	-13,921	-7,675
1	Research and delevopment costs	-5,584	-4,278
1	Administrative costs	-3,416	-9,152
	Operating loss	**-19,723**	**-18,102**
	Financial income	12	9
	Financial expenses	-298	-823
	Loss before tax	**-20,009**	**-18,916**
2	Tax on profit/loss for the year	1,212	1,930
	Loss for the year	**-18,797**	**-16,986**
	Proposed distribution of loss		
	Retained earnings	-18,797	-16,986
	Total	**-18,797**	**-16,986**

Balance Sheet at 31 December

Amounts in DKK ('000)		2019	2018
ASSETS			
Other plant, machinery tools and equipment		432	118
Leasehold improvements		116	0
Tangible fixed assets		**548**	**118**
Rent deposit and other receivables		167	110
Fixed asset investments		**167**	**110**
Fixed assets		**715**	**228**
Finished goods and goods for resale		390	694
Inventories		**390**	**694**
Trade receivables		244	431
Other receivables		838	24
Corporation tax receivable		1,212	1,930
Prepayments and accrued income		351	34
Receivables		**2,645**	**2,419**
Cash and cash equivalents		**41,407**	**60,083**
Current assets		**44,442**	**63,196**
Assets		**45,157**	**63,424**

Amounts in DKK ('000)		2019	2018
EQUITY AND LIABILITIES			
Share capital		3,034	3,034
Retained earnings		39,181	57,978
Equity	3	**42,215**	**61,012**
Trade payables		927	338
Other liabilities		2,015	2,074
Current liabilities		**2,942**	**2,412**
Liabilities		**2,942**	**2,412**
Equity and liabilities		**45,157**	**63,424**
Contingencies etc.	4		

Cash Flow Statement 1 January - 31 December

Amounts in DKK ('000)	2019	2018
Profit/loss for the year	-18,797	-16,986
Reversed depreciation of the year	116	125
Reversed tax on profit/loss for the year	-1,212	-1,930
Corporation tax received	1,930	1,710
Change in inventory	304	1
Change in receivables	-944	268
Change in current liabilities (ex bank and tax)	530	432
Cash flows from operating activity	**-18,073**	**-16,380**
Purchase of tangible fixed assets	-546	0
Purchase of financial assets	-57	-2
Cash flows from investing activity	**-603**	**-2**
Capital increase	0	75,000
Cash flows from financing activity	**0**	**75,000**
Change in cash and cash equivalents	**-18,676**	**58,618**
Cash and cash equivalents at 1 January	60,083	1,465
Cash and cash equivalents at 31 December	**41,407**	**60,083**
Specification of cash and cash equivalents at 31 December:		
Cash and cash equivalents	41,407	60,083
Cash and cash equivalents, net debt	**41,407**	**60,083**

Notes to the financial statements

Amounts in DKK ('000)	2019	2018
1 Staff costs		
Average number of employees	9	6
Sales & Marketing	8,726	2,562
Research & Development	324	292
Administration	1,789	3,002
	10,839	**5,856**

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 2020 to 2024 for up to 11 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 2024 the subscription of shares cannot exceed a nominal amount of DKK 328,039 at price 32.77 – 68.27, equal to a market price of a total amount of DKK ('000) 14,626.

Amounts in DKK ('000)	2019	2018
2 Tax on profit/loss for the year		
Calculated tax on taxable income of the year	-1,212	-1,930
	-1,212	**-1,930**

Amounts in DKK ('000)	Share capital	Retained earnings	Total
3 Equity			
Equity at 1 January 2019	3,034	57,978	61,012
Proposed distribution of loss		-18,797	-18,797
Equity at 31 December 2019	**3,034**	**39,181**	**42,215**

The company's share capital consists of 3,034,347 shares in the denomination of DKK 1.

The company has 2,585 treasury shares in the denomination of DKK 1, which is equivalent 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 the purpose of incentive programmes for consultants and employees of the company.

4 Contingencies etc.

Contingent liabilities
The company has entered into an agreement for office rent with a notice of termination period of 38 months. The liability in this respect is DKK ('000) 1,641.

The company has entered into operating leases for cars with a remaining period of 22 months and an average annual payment of DKK ('000) 92.

Further, the company has provided guarantee in the form of bank deposits of DKK ('000) 50 as security for all balances with Danske Bank.

Notes to the financial statements

Accounting policies

The Annual Report of ViroGates A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year, except for the following changes.

Change in accounting policies and classification
The accounting policies have been changed in the following areas:

- The company has changed its presentation of the Income Statement, going from classified by nature to classified by function. The reason for the change is due to comparative reasons to other companies in the same line of business.

The comparative figures for 2018 are adjusted in the annual report to reflect the situation which should have been shown in 2018 if the income Statement was classified by functions.

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.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

Production costs
Production costs comprise costs, including wages and salaries and write off, incurred to achieve the net revenue for the year. This includes direct and indirect costs of raw materials and consumables, wages and salaries, rent and leasing and depreciation of production plant.

Amortisation of capitalised development and research costs and the development costs that do not fulfil the criteria for capitalisation are also recognised in production costs.

Impairment losses are recognised in connection with expected losses on project contracts.

Distribution costs
The costs incurred for distribution of goods sold during the year and for sales campaigns carried out during the year are recognised in distribution costs. The costs of the sales personnel, advertising and exhibition costs and amortisation are also recognised in distribution costs.

Administrative expenses
Administrative expenses recognise costs incurred during the year regarding management and administration of the group, inclusive of costs relating to the administrative staff, executives, office premises, office expenses, etc. and related amortisation.

Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities 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
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.

Balance sheet

Tangible fixed assets
Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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. As regards self manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

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
Production plant and machinery	3-8 years	0-30%
Leasehold improvements	3-5 years	0%

Notes to the financial statements

Accounting policies, continued

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 tangible assets together with fixed assets, 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 recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

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, the inventories are written down to the lower value.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written 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.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry forwards, are measured at the expected realisable value of the asset, either by set off against tax on future earnings or by set off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short term liabilities usually corresponds to the nominal value.

Cash flow statement

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:
Cash flows from operating activities are computed as the results for the year adjusted for non cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:
Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:
Cash and cash equivalents include bank overdraft and cash in hand.

Definitions

The ratios stated in the list of key figures and ratios have been calculated as follows:

Term	Definitions
Rate of return:	Profit/loss on ordinary activities x 100 / Average invested capital
Invested capital:	Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets – trade payables – other provisions – other long and short term working liabilities
Return on equity (ex minorities):	Profit/loss after tax ex minorities x 100 / Average equity ex minorities
Earnings per share, diluted	Net earnings DKK ('000) / Average number of shares after dilution

The ratios follow in all material respects the recommendations of the Danish Finance Society.

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 financial year 1 January – 31 December 2019.

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 company's financial position at 31 December 2019 and of the results of the company's operations and cash flows for the financial year 1 January – 31 December 2019.

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.

Birkerød, 25 March 2020

Executive Management

Jakob Ole Knudsen
CEO

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 2019, which comprise income statement, balance sheet, cash flows, 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 2019 and of the results of the company's operations and cash flows for the financial year 1 January – 31 December 2019 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities 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 Responsibilities for the Audit of 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.

- 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.

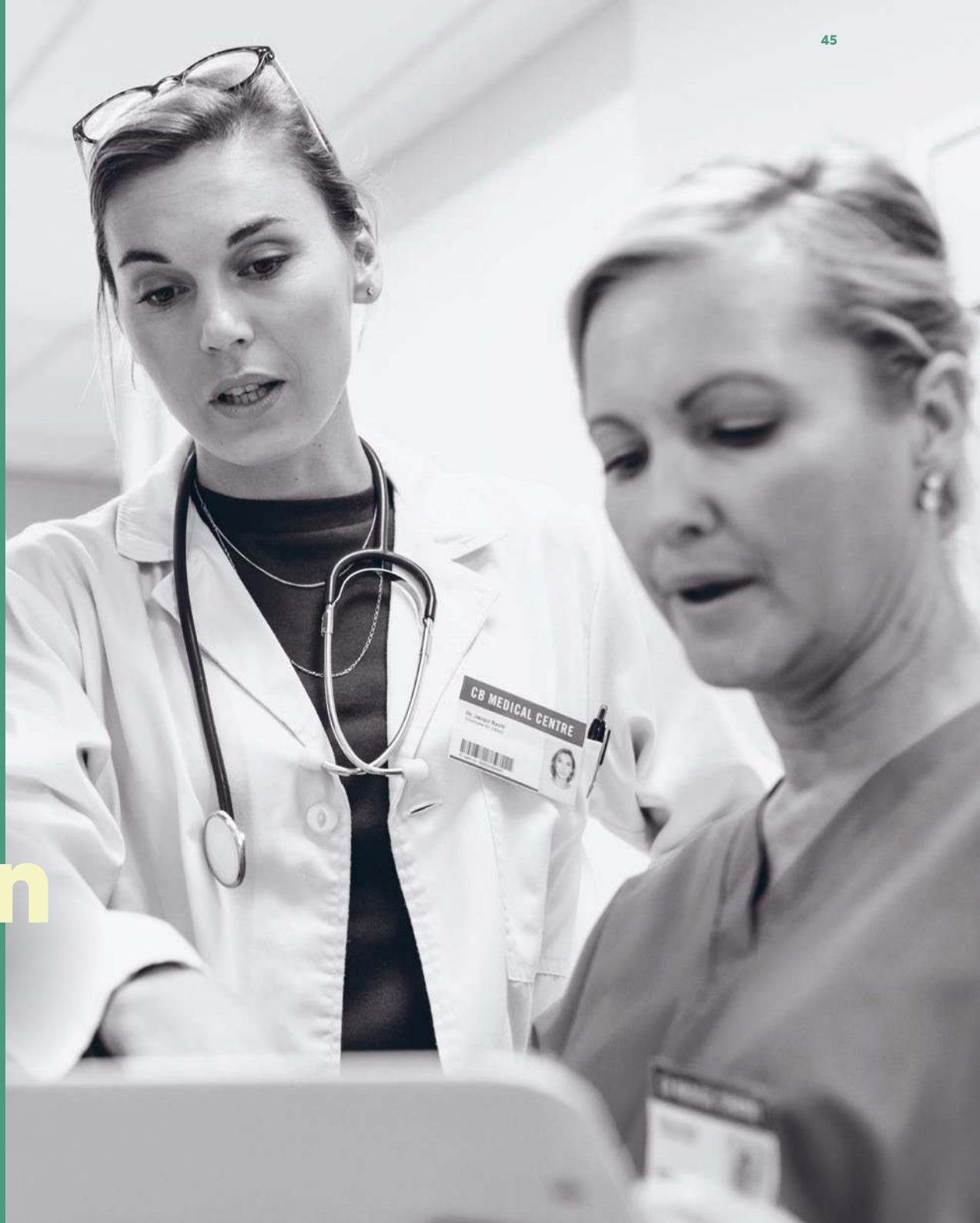
Copenhagen, 25 March 2020

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jesper Buch
State Authorised
Public Accountant
MNE no. mne34089

Per Frost Jensen
State Authorised
Public Accountant
MNE no. mne27740

Additional information



Basis for calculation of earnings per share (EPS) (unaudited)*

	Full year	
	2019	2018
Amounts in DKK ('000)		
Net sales	3,582	3,316
Operating earnings	-19,723	-18,102
Earnings before tax	-20,009	-18,916
Net earnings	-18,797	-16,986
Amounts in DKK/share		
Earnings per share before dilution	-6.19	-6.44
Earnings per share after dilution	-5.43	-5.73
Number of shares ('000)		
Average number of shares before dilution	3,034	2,637
Average number of shares after dilution	3,462	2,963
Number of shares before dilution	3,034	3,034
Number of shares after dilution	3,466	3,466
Equity ratio, %	93%	96%
Number of warrants		
Warrants outstanding, average	427,391	326,558
Warrants outstanding, end-period	431,641	431,174
Amounts i DKK		
Shareholders equity per share	13.91	20.11
Period-end share market price	34.30	60.00

*) Management's review comprises this page as well as pages 1-33.

Financial highlights by quarter (unaudited)*

Amounts in DKK ('000)	2019 Year Audited	2019 Q4 Unaudited	2019 Q3	2019 Q2	2019 Q1	2018 Year Audited	2018 Q4 Unaudited	2018 Q3	2018 Q2	2018 Q1
Income statement										
Revenue	3,581	460	551	1,465	1,105	3,316	826	824	1,092	574
Cost of sales	384	126	88	80	90	312	109	52	87	64
Research and development expenses	5,301	1,202	1,405	1,469	1,225	4,318	438	1,201	1,198	1,481
Sales and marketing expenses	4,911	1,895	880	1,333	803	2,941	197	891	1,467	386
Administrative expenses	1,753	1,095	441	(296)	514	7,865	1,480	398	5,765	222
Personel cost	10,839	3,116	1,975	3,442	2,305	5,858	1,712	1,100	1,903	1,143
Operating profit/ -loss before depreciation (EBITDA)	(19,607)	(6,975)	(4,237)	(4,562)	(3,832)	(17,977)	(3,110)	(2,818)	(9,328)	(2,722)
Depreciation	116	54	0	31	31	125	31	31	31	31
Operating profit/ -loss (EBIT)	(19,723)	-7,029	-4,237	-4,594	-3,864	(18,102)	-3,141	-2,849	-9,359	-2,753
Net financial items	286	61	66	78	81	814	84	148	370	212
Extraordinary cost	0	0	0	0	0	0	0	0	0	0
Profit/-loss before tax (EBT)	(20,009)	(7,090)	(4,303)	(4,672)	(3,945)	(18,916)	(3,225)	(2,997)	(9,729)	(2,965)
Tax	1,212	311	309	322	270	1,930	(382)	655	1,005	652
Net profit/ -loss	(18,797)	(6,778)	(3,994)	(4,350)	(3,675)	(16,986)	(3,607)	(2,342)	(8,724)	(2,313)

*) Management's review comprises this page as well as pages 1-33.

Company information

Company
ViroGates A/S
Banevænget 13
DK-3460 Birkerød
Denmark

CVR No.:	25 73 40 33
Established:	1 November 2000
Registered Office:	Rudersdal
Financial Year:	1 January – 31 December

General Meeting
The Annual General Meeting is held on 28 April 2020,
at 17.00 at the company's address.

ViroGates

Banevænget 13
DK-3460 Birkerød
Denmark

Design and production: Noted