

**August 8, 2014**

**Announcement no. 13**

## **Interim Financial Report for the first half of 2014 for the BioPorto Group**

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### **Summary**

#### **Strategic development**

- The focused execution of BioPorto new strategy is continued in Q2 2014. After several years of declining activity, the strategy change has led to a revenue increase within the last 12 months by 14%, and the downward trend is broken.
- BioPorto is signing an agreement with Massachusetts General Hospital regarding sampling for the clinical study in the USA and is replacing another site to ensure the planned progress. Management expects that the collection is completed in the first quarter of 2015, so that the study can be carried out and an application submitted in the first half of 2015.
- BioPorto's Advisory Board held its first meeting in May. The meeting gave rise to the development of a scientific article on The NGAL Test, which is expected to be filed with a recognized journal in the second half of 2014. Articles in scientific publications in the first half of 2014 has supported the use of NGAL as a marker of acute kidney injury. Among the most recent are a report on the most commonly used markers in clinical studies and a study of acute kidney injury (AKI) in an ICU setting.
- On April 1, 2014, The European Patent Office decided that BioPorto's NGAL cutoff patent does not meet the requirements for adequate description. The company is working on a divisional application, which upon approval can provide the same coverage. In BioPorto's assessment, the company still has a very strong patent portfolio of patents and patent applications.

#### **Financial development**

- In the first 6 months, BioPorto generated total revenues of DKK 9.2 million (first 6 months 2013: DKK 7.3 million). Sales in the 2<sup>nd</sup> quarter amounted to DKK 4.5 (2013: DKK 4.3 million).
- The loss for the first 6 months of 2014 was DKK -8.3 million (2013: DKK -10.8 million).
- Sales of the group's NGAL products for human diagnostics, including The NGAL Test™, amounted to DKK 1.9 million for the first 6 months of 2014 (2013: DKK 1.3 million). Sales of The NGAL Test™ accounted for DKK 1.3 million of this amount.

#### **Expectations for 2014 maintained**

- BioPorto expects to generate revenue of around DKK 19-23 million in 2014, equivalent to a growth rate of 15-40%.
- A loss of around DKK 10-14 million is expected in 2014

Peter Mørch Eriksen, CEO, commented, "*The rollout of the new strategy is on track to create the results we put up as targets at the beginning of the year. This past year, we have broken the negative curve and is now back in positive growth. Particularly The NGAL Test™ is performing well, the elapsed year has doubled on top of past increases of around 20%. We are therefore well on track to achieve our long-term strategic and financial objectives.*"

## Investor Meeting

In connection with the publication of the interim report, BioPorto hosts an investor meeting on Friday, August 8, 2014 at 3 p.m. at the company's address: Tuborg Havnevej 15 st., 2900 Hellerup.

## Key figures

	2014 2nd quarter DKK thousands	2013 2nd quarter DKK thousands	2014 6 months DKK thousands	2013 6 months DKK thousands	2013 12 months DKK thousands
Net revenues .....	4,485	4,257	9,236	7,267	16,625
Net income/loss, ordinary operating act (EBIT) .....	(5,682)	(4,510)	(9,306)	(9,604)	(19,802)
Earnings before tax .....	(5,698)	(5,125)	(9,310)	(10,756)	(21,873)
Net income/loss for the period .....	(4,645)	(5,125)	(8,257)	(10,756)	(20,623)
Long-term assets .....	1,606	441	1,606	441	528
Short-term assets .....	42,561	16,348	42,561	16,348	51,314
Total assets .....	44,166	16,789	44,166	16,789	51,842
Capital stock .....	117,874	47,150	117,874	47,150	117,874
Equity .....	34,605	(11,906)	34,605	(11,906)	42,862
Long-term liabilities .....	96	0	96	0	105
Short-term liabilities .....	9,464	28,695	9,464	28,695	8,875
Total liabilities .....	44,166	16,789	44,166	16,789	51,842
Cash flow from by operations .....	(4,019)	(4,631)	(9,433)	(9,845)	(16,640)
Cash flow from investing, net .....	73	(5)	(1,200)	(31)	(33)
Of which invested in property, plant and equipment .....	(181)	0	(542)	(27)	(28)
Cash flow from financing .....	(4)	8,000	(8)	8,000	51,126
Total cash flow .....	(3,951)	3,364	(10,641)	(1,877)	34,453
Revenue growth .....	5%	16%	27%	-17%	-7%
Gross margin ratio .....	69%	59%	68%	53%	54%
Operating margin .....	-127%	-106%	-101%	-132%	-119%
Equity interest (equity ratio) .....	78%	-71%	78%	-71%	83%
Return on equity .....	Negativ	Negativ	Negativ	Negativ	Negativ
Average no. of employees .....	24	25	24	25	25
Average no. of shares (1,000) .....	117,861	47,137	117,861	47,137	79,124
Earnings per share (EPS) DKK .....	(0.04)	(0.08)	(0.07)	(0.17)	(0.26)
Equity value per share, closing, DKK .....	0.29	(0.25)	0.29	(0.25)	0.36
Listed price, closing, DKK .....	2.32	1.14	2.32	1.14	1.40

**The NGAL Test™ is disseminated in routine use**

The sales of BioPorto's The NGAL Test™ amounted to DKK 813 thousands in the second quarter of 2014 (2013: DKK 431 thousands). In the second quarter, yet a clinic has set up routine use of NGAL and BioPorto is continuously working to increase the number of routine users in Europe. There are currently nine European clinics offering BioPorto's NGAL tests routinely and in the course of 2014, the number is expected to double. Routine users are a mix of smaller laboratories, where the need is of such a size that they currently use BioPorto's NGAL ELISA kits, and larger laboratories in which NGAL Test™ is implemented on automated instruments.

In Q2 2014, BioPorto has concluded a agreements with a number of new distributors supporting the company's focus on transplants and the cardiac area. The replacement of the distributor network against this type of distributor will be ongoing and with a particular focus on the new strategic considerations of The NGAL Test™.

**New NGAL studies support NGAL's superiority and sales efforts**

The research and clinical interest for NGAL is increasing. In the first half of 2014 several scientific articles have been published in international journals.

Among other, BioMarkerBase™ has published a list of the 10 most commonly used biomarkers in clinical studies in the cardio-vascular area. NGAL tops this list and is also estimated to be used in 30 new studies per year until 2017. The cardio-vascular area, as mentioned earlier, is one of BioPorto's focus segments.

Furthermore, a study of AKI diagnosis in an ICU setting using NGAL was carried out in England. BioPorto's The NGAL Test™ was used in this study, measuring NGAL in both plasma and urine. The study confirms BioPorto's previous findings and conclude that NGAL measurement in both plasma and urine can diagnose AKI with good precision. In addition, repeated NGAL measurements add value as a predictive marker.

Finally, following it's first meeting in May 2014, BioPorto's European Advisory Board is working on a scientific paper on the use of NGAL in cardiac surgery, which is expected to be filed with a recognized journal in the second half of 2014.

**ELISA kit and antibody portfolio in overall progress**

Sales of the research-oriented products are affected by factors such study set-ups and the planning and resources of universities, but in the first half of 2014, an overall growth was still recorded in this part of its portfolio. The antibodies, as well as the MBL ELISA kit, have shown a great increase, whereas animal NGAL ELISA kits have been declining. Order intake at BioPorto new webshop is growing, which is positive and emphasizes that the company's unique antibodies are in demand in a market dominated by larger players.

**BioPorto NGAL IP rights still provides the necessary protection**

As stated in announcement no. 08 dated April 1, 2014, The European Patent Organization (EPO) has ruled BioPorto's NGAL cutoff patent invalid.

BioPorto has received the grounds for invalidation, which is available from [epoline.org](http://epoline.org), and has had the opportunity to assess the grounds. Based hereon, BioPorto maintains the assessment that the company still has a very strong patent portfolio in the NGAL area. First, the company has a number of other important patents (NGAL Exclusion, NGAL Ratio, NGAL Trauma and NGAL Forms patents) and second, the company has a divisional European NGAL cutoff patent application pending before the EPO, which covers the same area and has the same priority date as the invalidated patent. The company will seek to improve the shortcomings,

which led to the invalidation. The amendments will be filed in September 2014 at the latest. As previously announced, the exclusion patent has been approved for issuance, and is expected to be issued in early Q4.

### **Registration**

For the clinical study in the United, on which the FDA application is to be based, BioPorto is signing an agreement with Massachusetts General Hospital, which thus becomes the third site for sampling. To ensure the planned progress, it has been necessary to replace one of the other sites, and collaboration with Baystate Medical Center/WNERTA is to be terminated and discussions with a new site is in progress.

With these changes, the management expects that the collection is completed in the first quarter of 2015, so that the study can be carried out and an application submitted in the first half of 2015. Depending on the FDA's processing of the application, an approval is expected in the course of 2015, after which the roll-out in the U.S. can commence in 2016.

### **Financial Statements**

#### *Revenues*

In the first 6 months, BioPorto generated total revenues of DKK 9.2 million, compared to DKK 7.3 million in the same period last year. Sales in the 2<sup>nd</sup> quarter amounted to DKK 4.5 million compared to DKK 4.3 million in 2<sup>nd</sup> quarter of 2013.

Sales of the group's NGAL products for human diagnostics, including The NGAL Test<sup>™</sup>, amounted to DKK 1.9 million for the first 6 months of 2014 (2013: DKK 1.3 million). Sales of The NGAL Test<sup>™</sup> accounted for DKK 1.3 million of this amount, which is in line with the budget.

#### *Costs and financial result*

The gross profit for the first 6 months of 2014 was DKK 6.3 million, compared to DKK 3.8 million for the same period last year. The gross margin amounted to 68%, compared to 53% for the same period last year.

Operating costs totaled DKK 18.5 million in the first 6 months of 2014, compared to DKK 16.9 million in the same period in 2013. The increase primarily reflects the strengthening of BioPorto's organization that has taken place over the past year. Included are also costs associated with the FDA study.

In the first 6 months, financial items amounted to an income of 0.0 million (2013: DKK -1.1 million). The financial costs in 2013 were primarily interest expenditure relating to the convertible bond loan.

The loss for the first 6 months of 2014 was improved by DKK 2.5 million to DKK -8.3 million (2013: DKK -10.3 million), which is as expected.

#### *Equity*

At the closing of the first 6 months of 2014, equity was DKK 34.6 million, compared to DKK 42.9 million at the start of the period.

#### *Cash flow*

The group had a total negative cash flow primary operations of DKK -9.4 million in the first 6 months of 2014, compared to DKK -9.8 million for the same period last year. At the end of the period, liquid resources amounted to DKK 32.2 million (DKK 42.8 at the beginning of 2014 million).

### **Significant events after the end of the period**

No significant events have occurred that are not described in this interim report.

### **Planned priority areas in the second half of 2014**

The following priority areas deserve particular mention for the coming accounting period:

- Continue the penetration of The NGAL Test™ in niche markets
- Follow-up on interest from the research segment and cultivate new customers in this segment
- Focus on agreements on licensing and OEM
- Continuation of the registration process, focusing on the US market

#### **Forecast for 2014**

Following the planned rollout of the new strategy in the first half of 2014, management maintains the expectations of generating revenue of around DKK 19-23 million in 2014, equivalent to a growth rate of 15-40%. Growth will be generated by a combination of higher sales of ELISA kits and antibodies and a slight increase in sales of The NGAL Test™ concurrent with the addition of new regular customers resulting from a new sales focus aimed at transplantation centers. In 2014-2016, BioPorto will work to conclude additional licensing and OEM agreements, some of which can be entered into in 2014.

A loss of around DKK 10-14 million is expected in 2014.

#### **Statements about the future**

This interim financial report contains statements concerning forecasts for future developments, including in particular future revenues and net results. Such statements are uncertain and entail risk, as many factors, some of which are beyond the control of BioPorto, may cause actual trends to deviate significantly from the forecasts contained in the interim report.

#### **Further details:**

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## Statement by the Management and Board of Directors

On today's date, the board and management discussed and approved the Interim Financial Report for the period from January 1, 2014 to June 30, 2014, for the BioPorto Group.

The Interim Financial Report, which has not been audited or reviewed by the company's accountants, is presented in accordance with IAS 34, "Interim Financial Reporting", as approved by the European Union and in accordance with other Danish disclosure requirements for the interim reports of listed companies.

In our view, the Interim Financial Report presents a true and fair view of the group's assets, liabilities and financial position as at June 30, 2014 and of the financial results of the group's activities and cash flow for the period from January 1, 2014 to June 30, 2014.

It is also our view that the statement by the management and board of directors includes a true and fair account of the trends in the group's activities and financial situation, the financial results for the period and the group's financial position in general, as well as a description of significant risks and elements of uncertainty facing the group.

Helleup, August 8, 2014

### Management:

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Peter Mørch Eriksen  
CEO

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Otto Rasmussen  
CFO

### Board of directors:

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Thomas Magnussen  
Chairman

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Torben A. Nielsen  
Vice-chairman

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Roar Bjørk Seeger

## Comprehensive income statement

### The BioPorto group

	2014 2nd quarter DKK thousands	2013 2nd quarter DKK thousands	2014 6 months DKK thousands	2013 6 months DKK thousands
Net Revenues .....	4,485	4,257	9,236	7,267
Gross margin .....	3,086	2,519	6,272	3,831
<b>Earnings before interest and taxes .....</b>	<b>(5,682)</b>	<b>(4,510)</b>	<b>(9,306)</b>	<b>(9,604)</b>
<b>Earnings before taxes .....</b>	<b>(5,698)</b>	<b>(5,125)</b>	<b>(9,310)</b>	<b>(10,756)</b>
<b>Net profit/Comprehensive income, total .....</b>	<b>(4,645)</b>	<b>(5,125)</b>	<b>(8,257)</b>	<b>(10,756)</b>
	DKK	DKK	DKK	DKK
Earnings per share (eps/dps) .....	(0.04)	(0.08)	(0.07)	(0.17)

**Balance sheet**  
 The BioPorto group

ASSETS	2014	2013	2013
	June 30	Dec. 31	June 30
	DKK thousands	DKK thousands	DKK thousands
<b>Long-term assets</b>			
Intangible assets .....	243	0	0
Tangible assets .....	716	275	188
Financial assets.....	647	253	253
<b>Long-term assets, total .....</b>	<b>1,606</b>	<b>528</b>	<b>441</b>
<b>Short-term assets</b>			
Receivables and inventories .....	10,400	8,512	9,876
Cash resources .....	32,161	42,802	6,472
<b>Short-term assets, total .....</b>	<b>42,561</b>	<b>51,314</b>	<b>16,348</b>
<b>ASSETS, TOTAL .....</b>	<b>44,166</b>	<b>51,842</b>	<b>16,789</b>



## Balance sheet

### The BioPorto group

LIABILITIES	2014	2013	2013
	June 30	Dec. 31	June 30
	DKK thousands	DKK thousands	DKK thousands
<b>Equity</b>			
Capital stock .....	117,874	117,874	47,150
Other reserves .....	0	0	2,036
Reserve, share-based payment .....	897	1,666	2,844
Treasury stock .....	0	0	(13)
Retained income/loss .....	(84,166)	(76,678)	(63,923)
<b>Equity, total .....</b>	<b>34,605</b>	<b>42,862</b>	<b>(11,906)</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Leasing.....	96	105	0
<b>Long-term liabilities, total .....</b>	<b>96</b>	<b>105</b>	<b>0</b>
<b>Short-term liabilities</b>			
Short-term segment of long-term liabilities.....	18	18	14,170
Loans and credit facilities.....	0	0	8,000
Suppliers of goods and services .....	1,645	961	2,307
Other debt .....	7,801	7,896	4,217
<b>Short-term liabilities, total .....</b>	<b>9,464</b>	<b>8,875</b>	<b>28,695</b>
<b>Liabilities, total .....</b>	<b>9,561</b>	<b>8,980</b>	<b>28,695</b>
<b>EQUITY AND LIABILITIES, TOTAL .....</b>	<b>44,166</b>	<b>51,842</b>	<b>16,789</b>

## Statement for changes in Equity

### The BioPorto group

	Capital stock	Treasury stock	Share-based payment	Other reserves	Retained income/loss	Total
	DKK thousands	DKK thousands	DKK thousands	DKK thousands	DKK thousands	DKK thousands
Equity, January 1, 2014.....	117,874	0	1,666	0	(76,678)	<b>42,862</b>
Comprehensive income for the period.....	0	0	0	0	(8,257)	<b>(8,257)</b>
Transferred to "retained income".....	0	0	(769)	0	769	<b>0</b>
<b>Equity, June 30, 2014.....</b>	<b>117,874</b>	<b>0</b>	<b>897</b>	<b>0</b>	<b>(84,166)</b>	<b>34,605</b>

	Capital stock	Treasury stock	Share-based payment	Other reserves	Retained income/loss	Total
	DKK thousands	DKK thousands	DKK thousands	DKK thousands	DKK thousands	DKK thousands
Equity, January 1, 2013.....	141,449	(44)	2,844	2,036	(147,435)	<b>(1,150)</b>
Comprehensive income for the period.....	0	0	0	0	(10,756)	<b>(10,756)</b>
Reduction in share capital.....	(94,299)	31	0	0	94,268	<b>0</b>
<b>Equity, June 30, 2013.....</b>	<b>47,150</b>	<b>(13)</b>	<b>2,844</b>	<b>2,036</b>	<b>(63,923)</b>	<b>(11,906)</b>

## Cash flow statement

The BioPorto group

	2014 6 months DKK thousands	2013 6 months DKK thousands
Earnings before interest (EBIT) .....	(9,306)	(9,604)
Depreciation, amortization, write-downs and impairment ....	123	61
<b>Cash flow before change in working capital .....</b>	<b>(9,183)</b>	<b>(9,543)</b>
Change in working capital .....	(246)	(24)
<b>Cash flow from primary operations .....</b>	<b>(9,429)</b>	<b>(9,567)</b>
Interest income, included .....	41	13
Interest expenses, paid .....	(46)	(292)
<b>Cash flow from operating activities .....</b>	<b>(9,433)</b>	<b>(9,846)</b>
Purchase of intangible assets .....	(265)	0
Purchase of tangible assets .....	(542)	(27)
Purchase of financial assets .....	(393)	(5)
<b>Cash flow from investing activities .....</b>	<b>(1,200)</b>	<b>(31)</b>
Loans and credit facilities .....	0	8,000
Reduction of lease obligation.....	(8)	0
<b>Cash flow from financial activities .....</b>	<b>(8)</b>	<b>8,000</b>
<b>Cash flow for the period .....</b>	<b>(10,640)</b>	<b>(1,877)</b>
Cash balance at the beginning of the year .....	42,802	8,349
<b>Cash balance at the end of the period .....</b>	<b>32,161</b>	<b>6,472</b>

## Accounting Policies

The interim financial report is presented in accordance with IAS 34 and additional Danish disclosure requirements for interim financial reports for listed companies. The accounting policies used in the interim financial report are unchanged compared to the accounting policies used in the group's 2013 annual report.

The 2013 consolidated financial statements and the 2013 financial statements for the parent company contain a complete description of the accounting policies applied.

## Note 1

The geographical dispersion of the net revenues is:	2014 6 months DKK thousands	2013 6 months DKK thousands
Denmark .....	284	349
EU Member States .....	3,093	2,573
North America .....	4,699	3,167
Asia .....	796	641
Other .....	363	537
<b>Net revenues, total .....</b>	<b>9,236</b>	<b>7,267</b>

Product groups	2014 6 months DKK thousands	2013 6 months DKK thousands
The NGAL test.....	1,261	658
ELISA Human NGAL kits.....	659	1,043
ELISA Aminimal NGAL kits.....	556	871
ELISA MBL kits.....	1,045	856
Other products and licenses.....	5,715	3,839
<b>Net revenues, total .....</b>	<b>9,236</b>	<b>7,267</b>

In 2014, BioPorto's management has introduced a new internal reporting. Sales figures are distributed on an adapted classification of product groups, reflecting the focus areas in the new strategy. The previously used segments are deleted. Sales figures for 2013 have been converted to the new distribution.