

Bactiguard Infection Protection

Q2 presentation

8 August 2019

Financial highlights

An eventful quarter, yet earnings were weaker than last year

- Q2 revenues of MSEK 34.1 (52.4) – decrease due to substantially higher revenues (MSEK 15.8) in 2018 related to the agreement with Well Lead for China
- BIP sales of MSEK 3.2 (14.9) – no deliveries to China yet this year, and growth in other markets not enough to offset the difference
- License revenues of MSEK 28.7 (30.1) – BD revenues somewhat higher, new license revenues from agreement with Well Lead lower
- EBITDA of MSEK 5.7 (9.1)
- EBITDA margin of 17% (17%)
- Net profit of MSEK -5.6 (-0.9) - depreciation on technology of 6.0 MSEK (no effect on cash flow)
- Operating cash flow of MSEK -0.5 (9.7)

Recent media coverage

The
Economist

If antibiotics stop working

Attack of the superbugs: July 2041

How the world belatedly responded to antimicrobial resistance. An imagined scenario from 2041



Global kris väntar: "Vår tids största hälsoutmaning" | SvD

En lika stor ödesfråga som klimatet. I Sverige dör cirka 160 personer årligen när ingen antibiotika biter på infektionerna, i världen skördas hundratusent...

svd.se

→ [Antibiotikahotet](#) | SvD.se

Snabb spridning av resistent bakterier i Kina: "Är oroade"

Över 80 procent av kineser på landsbygden bär på bakterier med resistenstypen ESBL. Det visar ett unikt femårigt svensk-kinesiskt forskningsprojekt som just avslutats. Det här är riskerna med utbredningen i Asien.

berättar Malin Grape, enhetschef på Folkhälsomyndigheten, en av projektledarna.

2013, när det senast mättes i Sverige, var förekomsten fyra procent.

– På befolkningsnivå där 82 av 100 har ESBL-bakterier i tarmen

och importerar djur för livsmedelsproduktion. Det blir en snabb spridning av resistent bakterier och ett stort utbyte av bakterier över världen. Globalt måste vi bryta överanvändningen av antibiotika och samtidigt förebygga och begränsa smittspridningen, säger Malin Grape.

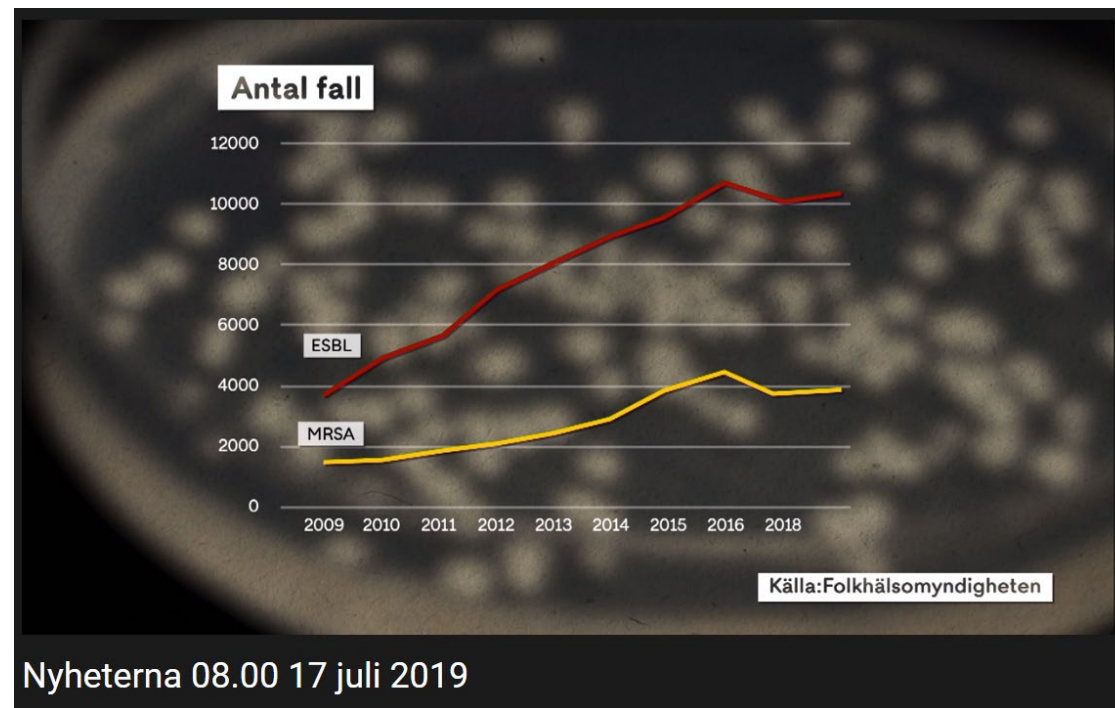
länder att jobba mer förebyggande. Det som nu görs räcker inte, det är långt ifrån tillräckligt, säger Malin Grape.

Vad händer annars?

– Vi tar så mycket för givet som är baserat på att vi har fungerande antibiotika. Vår avancerade sjuk-

Recent media coverage

Doubling of MRSA cases in Sweden

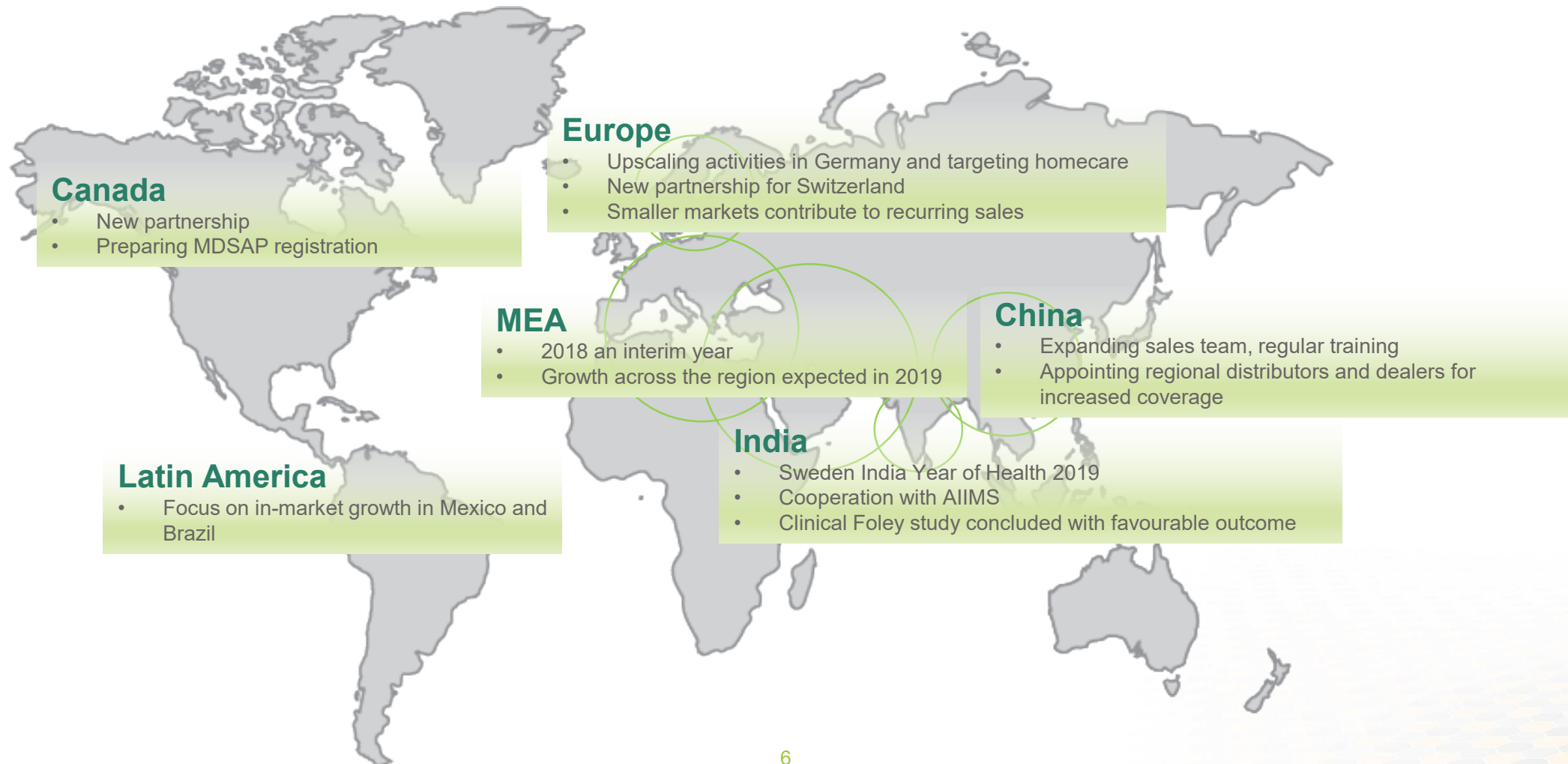


Operational highlights

An eventful quarter

- Increased market coverage and developing in-market growth
 - ✓ Canada
 - ✓ Switzerland
 - ✓ Primary focus on in-market growth in China, India and Germany
 - ✓ Adding 1-2 major European markets
- Targeting elderly and home care, recent publication of new clinical case study from Sweden
- Research grant for developing vascular stents
- Allocating resources to developing the license business
- Strengthening the medical competence on the board and in Executive management

Market update



Licensing business

BD (C.R. Bard)

- Successful partnership since 1995
- Bactiguard coated Foley catheters for the US, Japan and UK/Ireland
- Generating stable annual revenues



Vigilenz Medical Devices

- Bactiguard coated orthopaedic trauma implants for the ASEAN markets
- CE mark awarded in December 2018, **Malaysian registration in Q2 2019**
- Concluding clinical trial, **preparing sales start in Q3**
- **Important reference for other orthopaedic applications**



Smartwise Sweden AB

- Advanced Bactiguard coated vascular injection catheters
- Collaboration agreement with AstraZeneca announced in Q2 2018



Well Lead Medical

- License agreement for Foleys, CVCs and ETTs in China
- New license revenue of MSEK 2 in first half 2019 (MSEK 8 in 2018)
- Royalties and minimum sales targets going forward

Several other ongoing discussions

Development project for vascular stents

- **To reduce the risk of thrombosis in connection with interventions in the bloodstream**
- Project led by Professor Staffan Holmin and his research group at the Karolinska Institute
- Research grant of SEK 1.5 million from Vinnova
- The grant makes it possible to carry out advanced experiments to study both efficacy and safety of the method



“ By coating the stents with Bactiguard's technology, we hope to reduce the risk of thrombosis in the acute- and subacute phase and thereby reduce the need of drugs... ”

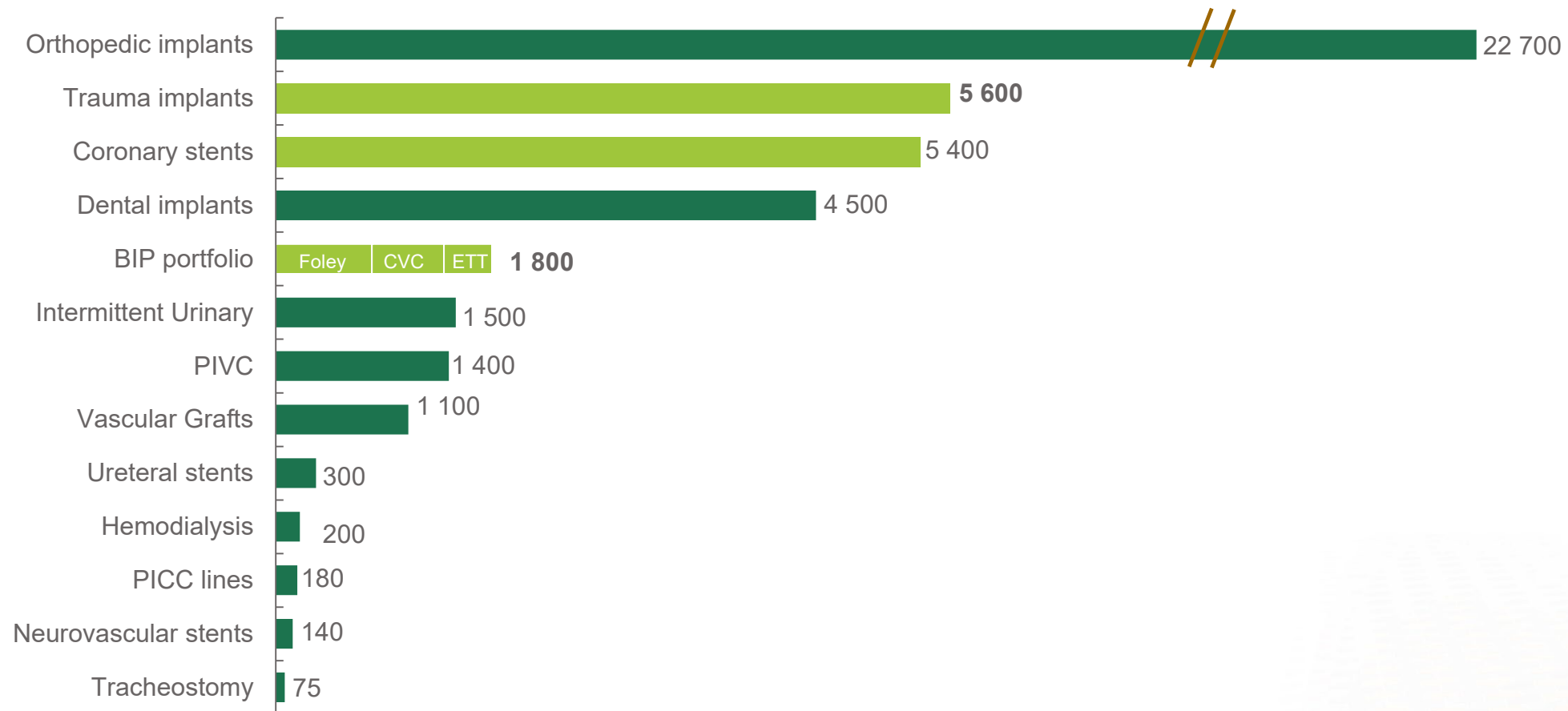
Staffan Holmin, Professor
Karolinska Institute

Stents save lives

- Stents are used when blood vessels in the heart or nervous system need to be widened to allow the blood to pass freely
- Used in both acute care and as a preventive measure for heart attack and stroke
- Treatment leads to greatly increased risk of thrombosis formation (blood clotting)
- Managed by double doses of anti-platelet therapy for several months, which increases the risk of bleeding and gastrointestinal complications

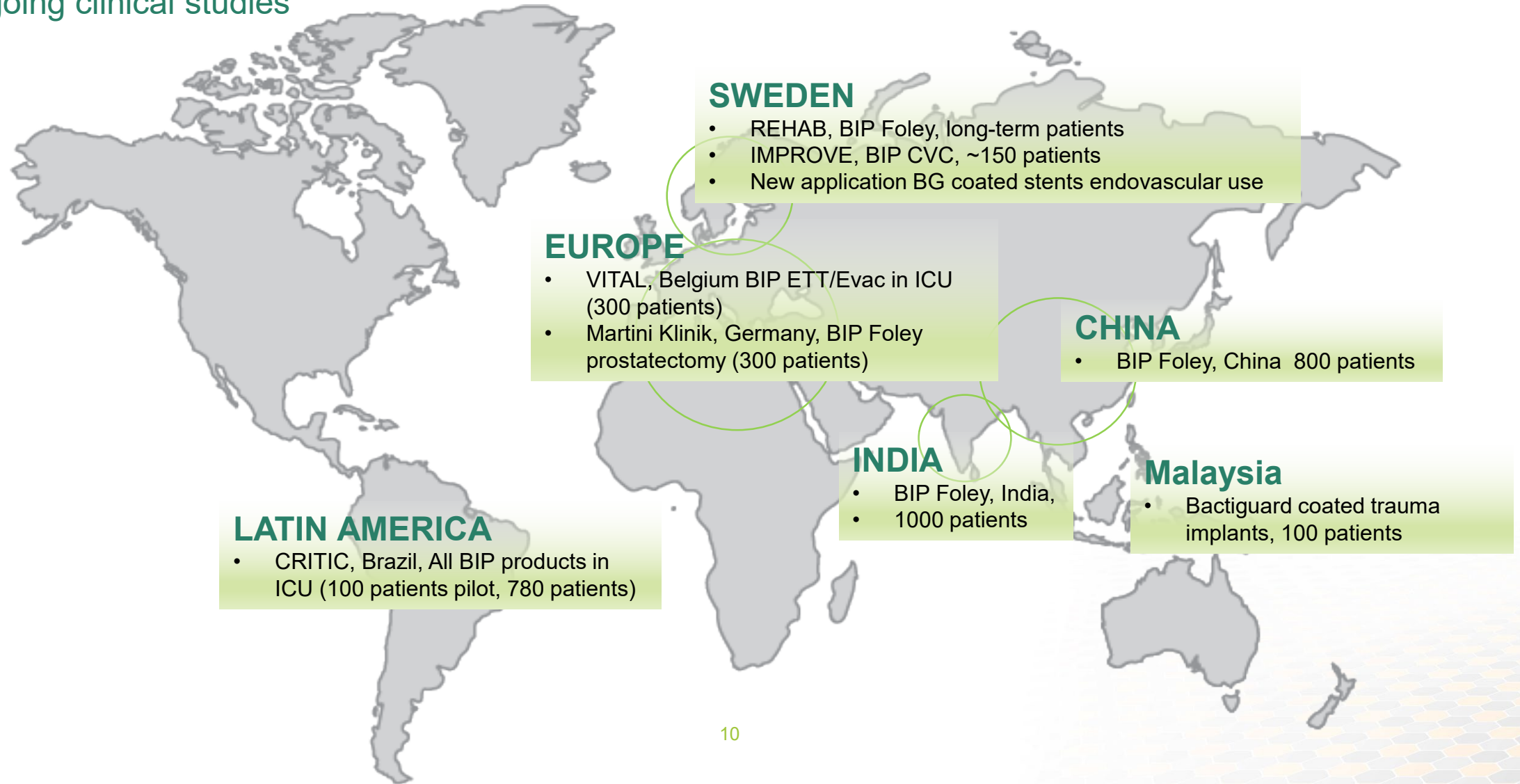
Potential new applications for licensing or BIP portfolio

Global sales MUSD



Continuously strengthening clinical evidence

On-going clinical studies



Board members



Jan Ståhlberg
Chairman

CEO of Trill Impact AB
Board member of
Trelleborg AB och ITB-
Med AB.



Mia Arnhult

CEO and Board member of
M2 Asset Management
AB, and a number of other
property companies
Board member of Odd
Molly International AB



Christian Kinch
CEO

Major shareholder
Board member in Swecare
Chairman of the Board of
SWIB Holding AB



Prof Anna Martling

Dean Campus North,
Karolinska Institutet
Senior Consultant
Surgeon, Karolinska
University Hospital
Research Group Leader,
Karolinska Institutet



Thomas von Koch

Major shareholder
Deputy MD in EQT
Partners

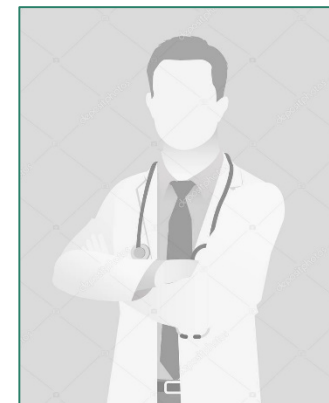
Bactiguard Executive Management



Christian Kinch
CEO



Cecilia Edström
CFO and Deputy CEO



Chief Medical and
Technology Officer



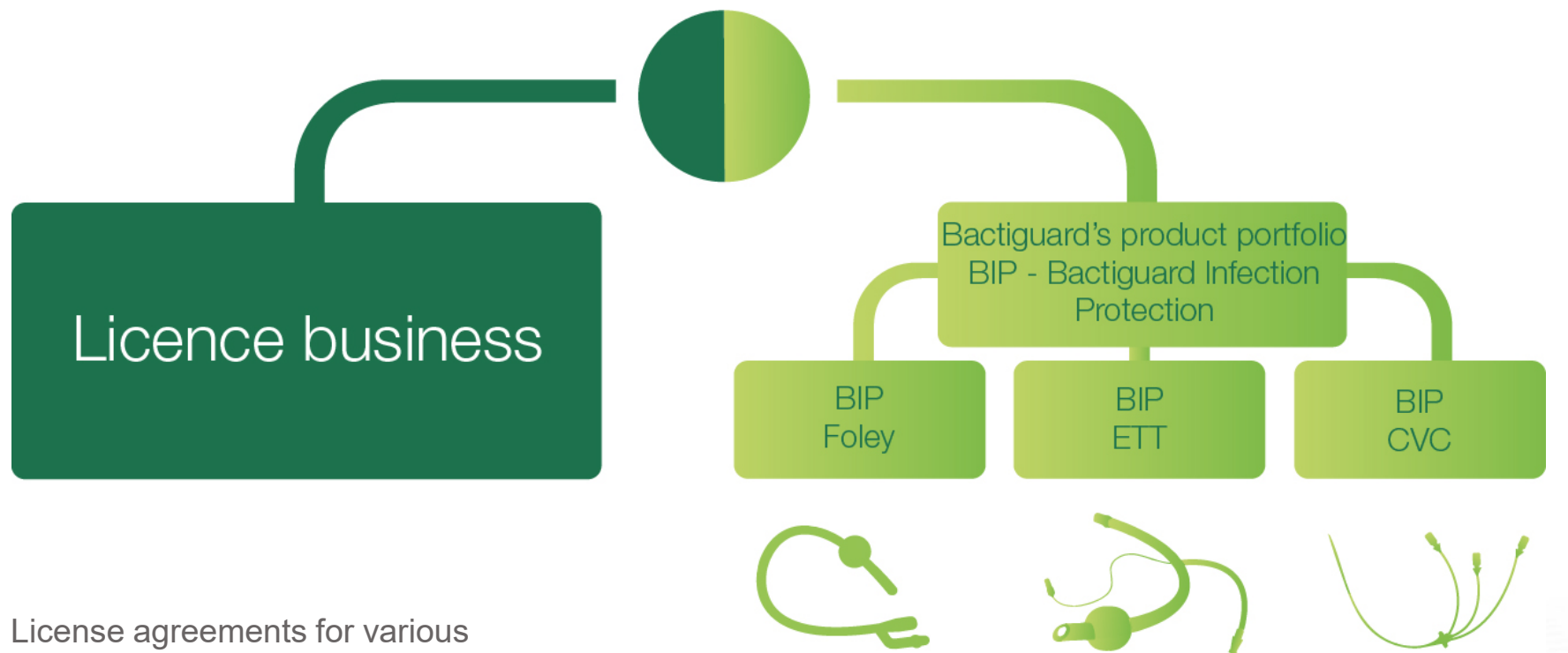
Jonas Östregård
Senior Vice President
Sales & Marketing



Daniel Lund
Senior Vice President
Operations

Business model

Two lines of business



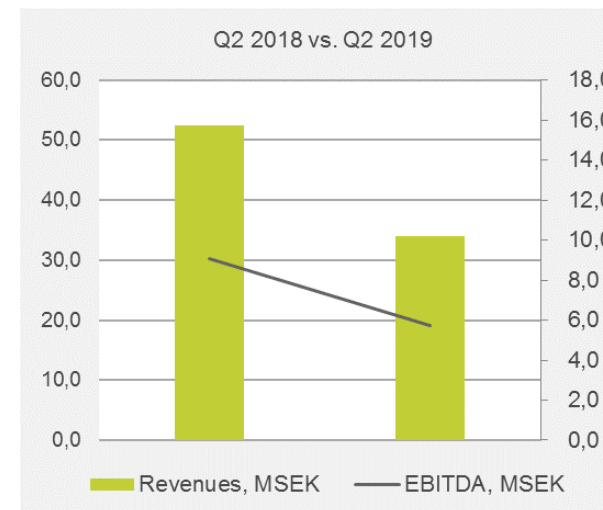
License agreements for various applications with Bactiguard technology – generating up-front fees and royalties

Proprietary product portfolio – sold through distributors a

Financial highlights

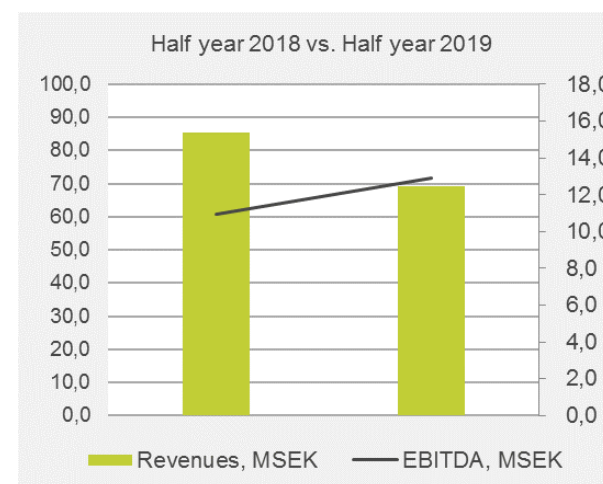
Second quarter (April-June 2019)

- Revenues of MSEK 34.1 (52.4). Second quarter last year contained revenues of MSEK 15.8 related to the agreement with Well Lead for China.
- License revenue from BD higher than last year MSEK 27.7 (24.9)
- New license revenues of MSEK 1.0 (5.2)
- BIP sales of MSEK 3.2 (14.9)
- EBITDA of MSEK 5.7 (9.1), 17% (17%) EBITDA margin
- Adjusted for IFRS 16 “Leasing”, EBITDA was MSEK 3.3 and the EBITDA margin was 10%



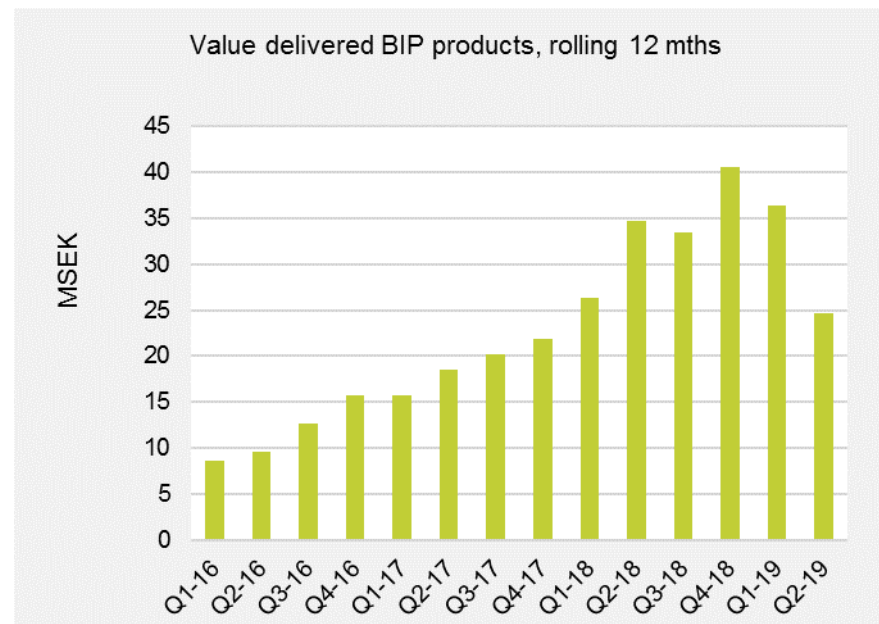
First half year (January-June 2019)

- Revenues of MSEK 69.2 (85.3). First half 2018 contained revenues of MSEK 15.8 related to agreement with Well Lead in China, whereas this year included revenues under the same agreement of MSEK 2.1.
- License revenue from BD higher than last year – MSEK 54.6 (46.9)
- BIP sales of MSEK 6.3 (22.2)
- EBITDA of MSEK 12.9 (10.9), 19% (13%) EBITDA margin
- Adjusted for IFRS 16 “Leasing”, EBITDA was MSEK 8.0 and the EBITDA margin was 12%

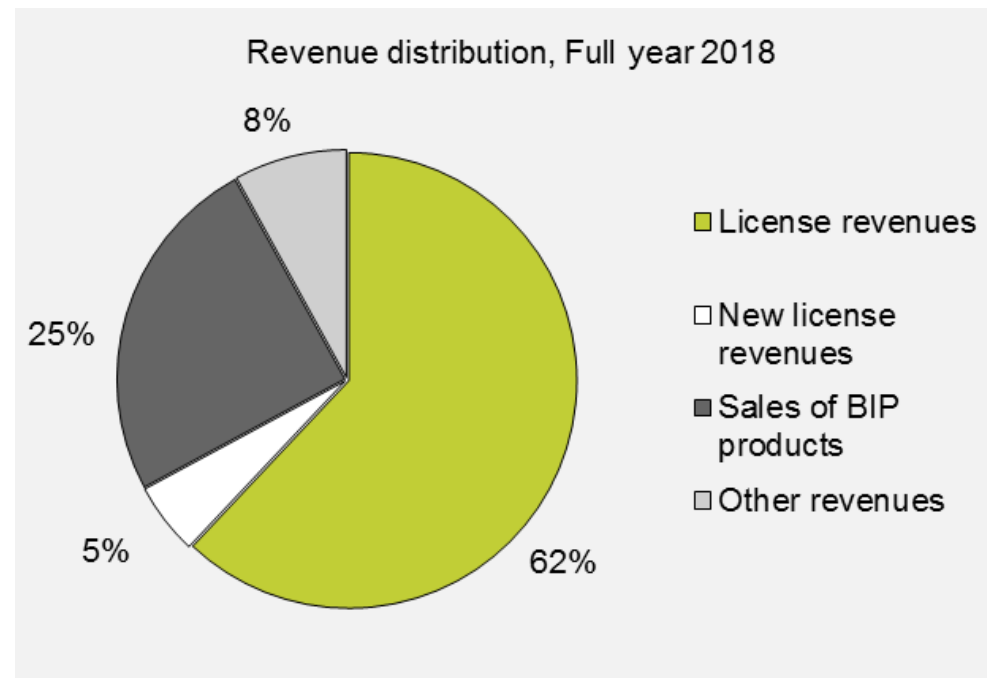
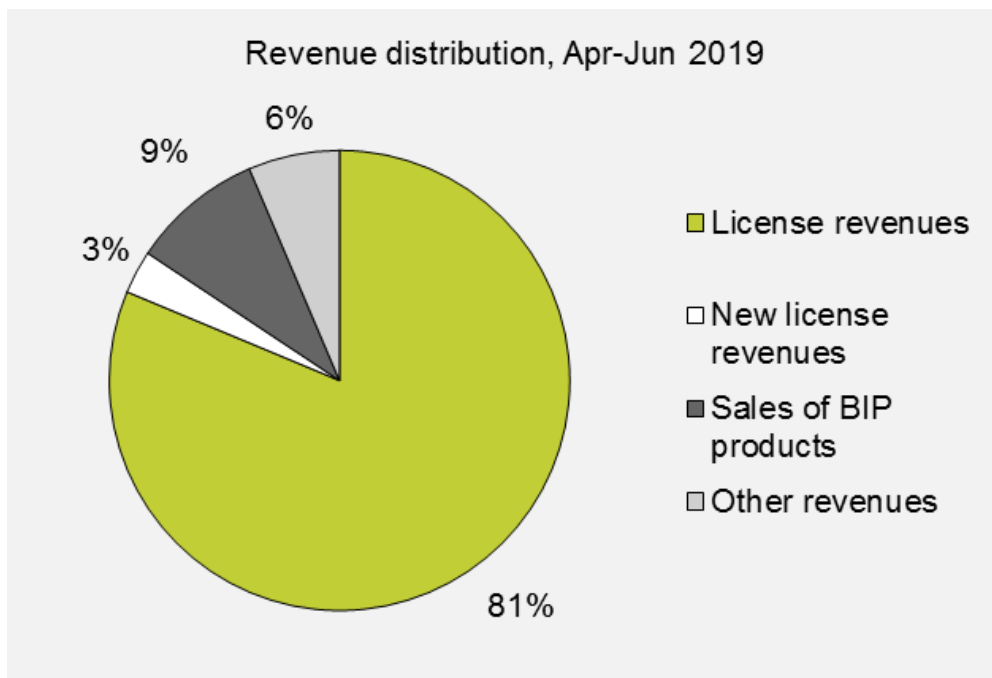


Development in revenues from BIP products

- Revenues from BIP-products of MSEK 3.2 (14.9) in Q2
- Development in BIP sales still somewhat irregular
- Major deliveries to China in 2018 not yet been repeated in 2019



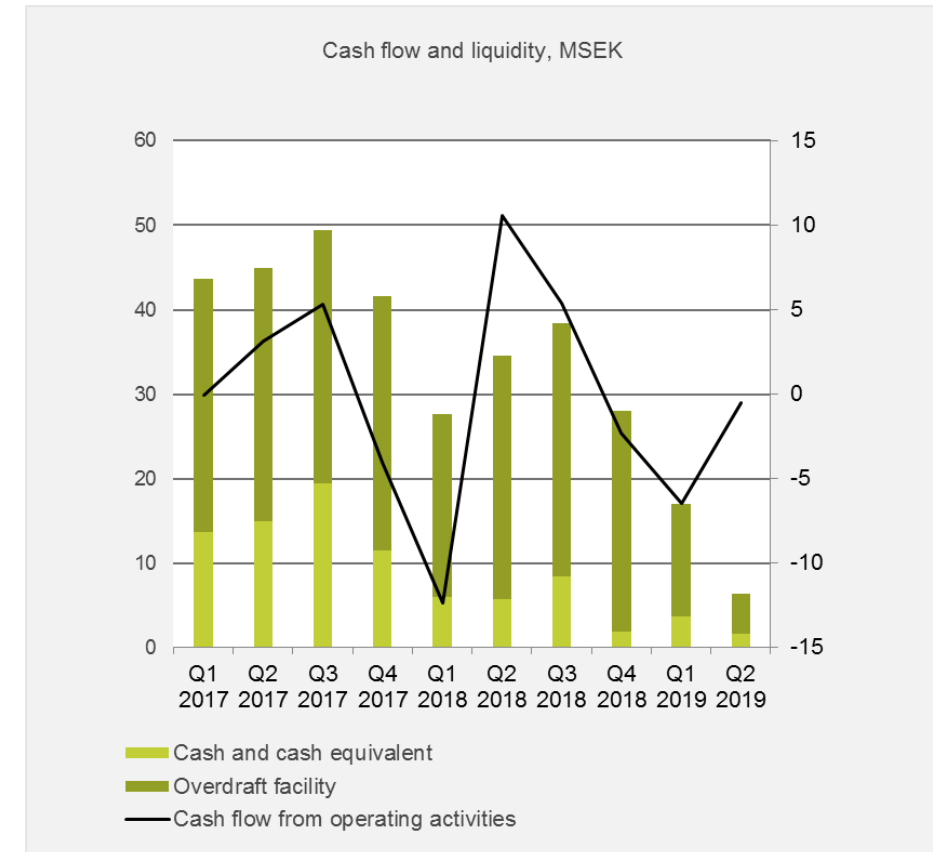
Revenue distribution



Cash flow and liquidity

Cash flow first half (January - June) 2019

- Operating cash flow of MSEK -9.6 (-4.0)
- Payment of MSEK -11.5 one-off compensation for China has affected cash flow this year
- Amortization of loan MSEK -7.5 end of June
- Net Cash position of MSEK 1.6 (5.7)

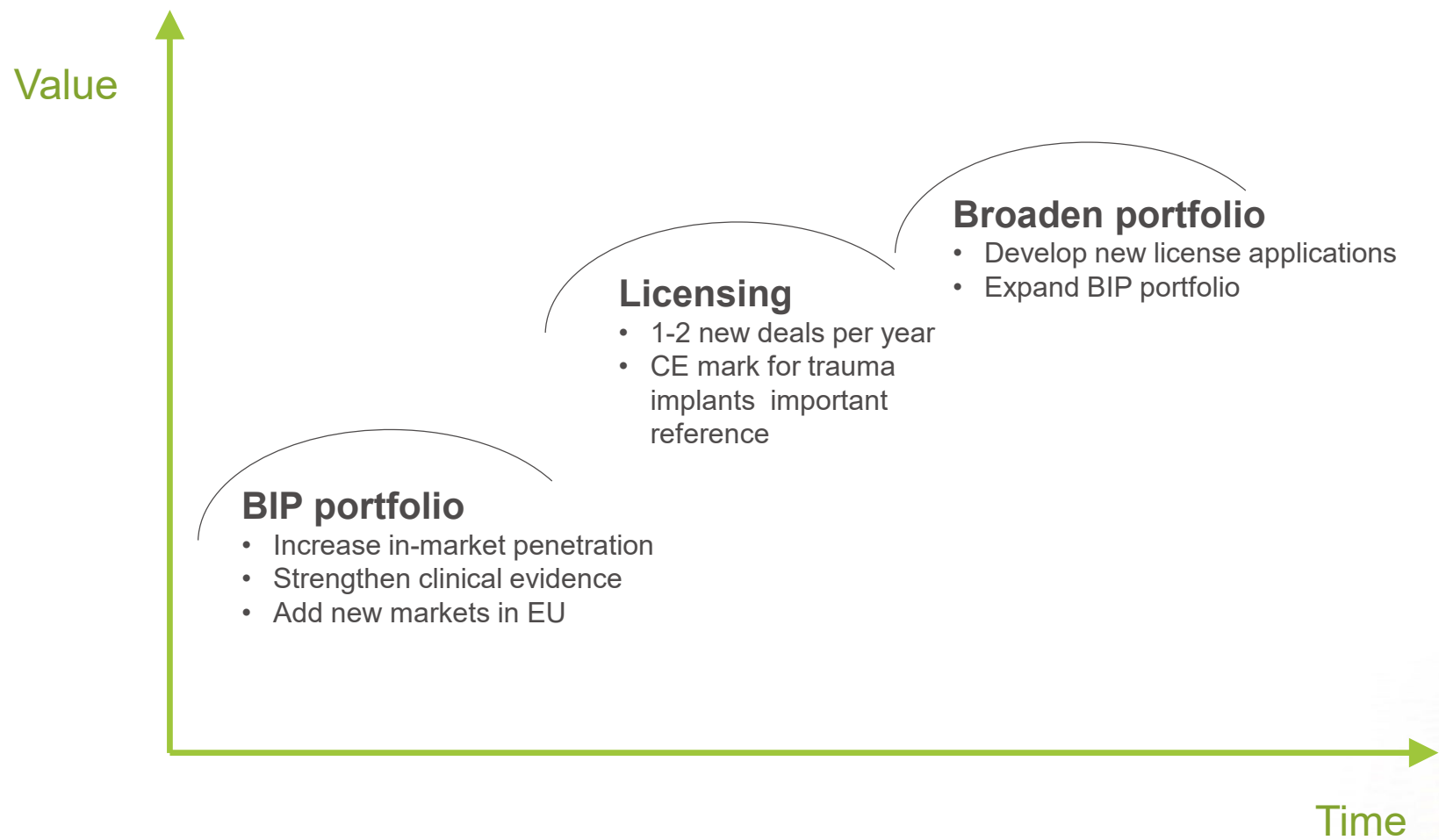


Financial targets

- Average sales growth of 20% per annum for a 5-year period, with 2015 as the base year – starting point MSEK 118.5
- EBITDA margin of at least 30% at the end of the 5-year period (by 2020)
- Equity ratio of at least 30%
- Over time uphold a dividend policy of 30-50% of net profit, taking into consideration the financial position of the Company. Bactiguard is currently in an expansion phase and will prioritize expansion before dividend



Growth strategy



Concluding remarks

An eventful quarter, paving the way for growth

- Revenues and earnings lower in the quarter, but license revenues were stable and underlying BIP sales are growing
- Adding 1-2 markets in Europe and focusing on in-market growth
- Good traction in China
- CE mark for trauma implants important reference for new partners and territories, preparing for sales start in Malaysia
- Research grant for developing vascular stents - interesting potential licensing opportunity
- Allocating resources to developing the license business
- Strengthening the board and management team by adding medical expertise



Our Vision



Eliminate healthcare associated infections to

1. save lives
2. reduce cost and
3. limit antimicrobial resistance, through preventive standards of care

Bactiguard representatives



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