



# Interim report for Bactiguard Holding AB (publ)

Corporate registration number 556822-1187

## Second quarter (April-June 2014)

- Revenues amounted to SEK 31.2 (22.1) million, an increase of 41% over the corresponding period last year
- EBITDA, excluding costs related to the IPO, amounted to SEK 5.2 (3.8) million, an increase of 36%
- Net profit for the quarter amounted to SEK -44.1 (-13.8) million, corresponding to SEK -2.04 (-0.69) per share, and has been negatively affected by costs associated with the IPO and market valuation of the bond, totalling SEK 32 million
- Operating cash flow for the quarter amounted to SEK -8.3 (-5.8) million, corresponding to SEK -0.39 (-0.29) per share
- As a consequence of the completed new issue and set-off issue during the period, the company's equity ratio increased from 20% at Dec 31, 2013 to 58%, and net debt decreased from SEK 479.5 million to SEK 22.5 million

## First half year (January-June 2014)

- Revenues for the period amounted to SEK 65.7 (50.6) million, an increase of 30% over the corresponding period last year
- EBITDA for the period, excluding costs related to the IPO, amounted to SEK 15.0 (10.1) million, an increase of 48%
- Net profit for the period amounted to SEK -63.7 (-17.2) million, corresponding to SEK -3.06 (-0.86) per share
- Operating cash flow amounted to SEK 9.4 (-9.6) million, corresponding to SEK 0.45 (-0.48) per share

## Key events during the second quarter

- Listing on NASDAQ OMX Stockholm
- Bactiguard's technology receives regulatory clearance in China
- Bactiguard enters collaboration with MAQUET in intensive care
- Published clinical study in USA shows significant efficacy of Bactiguard's infection prevention technology
- Bactiguard's BIP Foley catheters approved for new patient groups
- Bactiguard expands in Southern Africa
- Professor Kenneth Chien scientific advisor to Bactiguard

Key figures	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full year
	2014	2013	2014	2013	2013
Revenues, SEKm	31,2	22,1	65,7	50,6	131,1
EBITDA, SEKm	2,2	3,8	12,0	10,1	40,0
EBITDA margin, %	7%	17%	18%	20%	31%
EBITDA*, SEKm	5,2	3,8	15,0	10,1	40,0
EBITDA margin*, %	17%	17%	23%	20%	31%
Operating profit, SEKm	-5,2	-3,0	-2,8	-3,6	11,2
Net profit for the period, SEKm	-44,1	-13,8	-63,7	-17,2	-3,4
Operating cash flow**, SEKm	-8,3	-5,8	9,4	-9,6	-54,2
Earnings per share***, SEK	-2,04	-0,69	-3,06	-0,86	-0,17
Op. cash flow per share****, SEK	-0,39	-0,29	0,45	-0,48	-2,71
Equity ratio, %	58%	18%	58%	18%	20%
Net debt, SEKm	22,5	457,4	22,5	457,4	479,5
Number of shares at the end of period*****	33 302 373	20 000 000	33 302 373	20 000 000	20 000 000
Weighted average number of shares*****	21 573 174	20 000 000	20 790 933	20 000 000	20 000 000

\*EBITDA adjusted for IPO costs

\*\*Cash flow from operating activities after investments and changes in working capital

\*\*\*Net profit for the period / Weighted average number of shares during the period, issue-adjusted

\*\*\*\*Operating cash flow / Weighted average number of shares during the period, issue-adjusted

\*\*\*\*\*Adjusted for split

## Comments from the CEO

The second quarter was highly intense and was dominated by preparations for the IPO, work to establish collaborations in new markets, and new licensing deals. At the same time, procedures are ongoing for product approvals in several markets and we have strengthened competence within the company by recruitments.

In terms of revenues and earnings, the second quarter was stronger than the same period last year. We increased revenues by 41% and improved EBITDA (excluding IPO related costs) by 36 per cent, partly as a result of new distribution agreements in Southern Africa and higher sales revenues. Licensing revenues were also higher than last year, but this is mainly the result of accelerated orders and currency effects.

Bactiguard operates in a very exciting industry and has a preventive, cost-effective solution to one of today's biggest social problems, healthcare associated infections (HAI). Infections of the urinary and respiratory tracts, and blood stream, are among the most common HAI and we have therefore focused on these in the development of our portfolio of catheters and tubes to prevent infection (BIP portfolio).

The company's business concept is to develop products and solutions for health care that prevent HAI and therefore also the need for antibiotics. Bactiguard's patented technology is clinically proven to result in an average reduction of catheter-associated urinary tract infections of 39 per cent, and up to 60 per cent in several major studies. One of the latest studies conducted indicates that Bactiguard®-coated Foley catheters reduce the number of symptomatic catheter-associated urinary tract infections by 47-58 per cent, and antibiotic use by 60 per cent, which is very encouraging.

We have a solid licensing business. Our growth strategy is to expand sales of the BIP portfolio in new markets and establish new licensing agreements that complement our successful and longstanding partnership with Bard. We recently signed distribution agreements for seven sub-Saharan countries and have delivered an initial order of Foley catheters to Zambia. Preparations are simultaneously ongoing related to the start of sales in South America and India, together with our distributors. In June, collaboration was initiated with MAQUET Intensive Care to develop Bactiguard®-coated catheters for intensive-care patients and to generate new licensing deals.

Bactiguard is strengthening the competence in the company in areas such as research, finance, communication and sales. In May, Professor Kenneth Chien, an internationally recognised authority and pioneer in cardiovascular science, active at Karolinska Institutet, was appointed Scientific Advisor. Professor Chien will also lead the company's Scientific Advisory Board.

In July Erik Düring, with solid international experience from the medtech industry, was recruited as Regional Sales Director for Europe. This is an important step in the strengthening of the sales and marketing organisation that supports the company's distributors and addresses those markets in which Bactiguard has direct sales.

The listing on Nasdaq OMX took place on June 19. Through the IPO we achieved an important goal, namely refinancing the company and generating opportunities for expansion and growth. Our net debt has been reduced from approximately SEK 480 million at the start of the year to approximately SEK 22 million at the end of June, and our annual interest costs fell at a stroke from SEK 50 million to some SEK 25 million.

The company is at the beginning of an expansion phase, which means that both revenues and delivered volumes are increasing, but this increase will not occur evenly across the quarters. A good illustration of this is 2013, when a large proportion of the year's revenues and shipments occurred during the final quarter. Our long-term goal is to grow by an average of 30 per cent annually over the next five years, and to achieve an EBITDA margin of at least 30 per cent, with an ambition to achieve a margin of 40 per cent. Our equity ratio should be in the range of 30-50 per cent, and we have a long-term ambition to distribute 30-50 per cent of profit after tax. In the next few years, we will prioritise growth over dividends in the coming years.

Bactiguard has a well-proven technology, our BIP product portfolio, stable revenue streams through our licensing business and a market presence in 50 countries. We also have the financial strength required to build our organisation and strengthen competence in sales and marketing, in order to gain from the investments we have made in recent years. We can now start to seriously address the Swedish and European markets.

I would also like to take this opportunity to welcome the more than 2,500 new Bactiguard shareholders following the listing.

Johan Rugfelt  
CEO

## Key events during the second quarter

### Listing on NASDAQ OMX Stockholm

June saw a diversification of ownership through a combined new share issue, which before transaction costs raised approximately SEK 240 million for the company, and the sale of shares belonging to bondholders who chose to set these off against B shares in the offset issue related to Bactiguard's bond loan, which preceded the diversification of ownership. Of the bond's nominal value of SEK 450 million, holders of bonds with a total nominal value of SEK 222.5 million chose to offset their bonds against shares. Following the set-off issue, the company's interest expense will decrease by SEK 24.5 million per year.

An agreement was drawn up in May 2014, ahead of the company's listing on NASDAQ OMX Stockholm, with Biozif Investments Limited (indirectly owned by funds managed by Noonday Asset Management LLP), whereby the option agreement Biozif had to acquire 7 per cent of the shares in Bactiguard AB was terminated from the date of the listing. This transaction was settled after the end of the quarter through payment of the agreed termination fee of SEK 14 million to Biozif Investments Limited.

The listing on NASDAQ OMX Stockholm took place on 19 June 2014. For further information please refer to "Other disclosures".

### Bactiguard's technology receives regulatory clearance in China

On 4 June 2014 an expert panel at the Chinese Center for Medical Device Evaluation (CMDE) announced that it will approve Bactiguard's Foley catheters. This is a major step towards final regulatory approval and a commercial launch in China. The next step is for the China Food and Drug Administration (CFDA) to complete an administrative review of the manufacturing documentation and then take a decision on final regulatory approval.

### Bactiguard enters collaboration with MAQUET in intensive care

Bactiguard and MAQUET Critical Care AB (MAQUET), a company in the Getinge Group, entered a collaboration to develop Bactiguard®-coated catheters for ICU patients. Bactiguard's strategy includes expanding its licensing business and the companies have signed a letter of intent to develop Bactiguard coated catheters for use in intensive care. A pre-study phase has been initiated, with the aim of entering a development and supply agreement for the global market.

### Published clinical study demonstrates significant efficacy

A recently published clinical study in the USA (*Lederer, Jarvis, Thomas, Ritter, Wound Ostomy Continence Nurses Society, June 2014*) shows that urinary catheters coated with Bactiguard's unique surface significantly reduce both the number of symptomatic catheter-associated urinary tract infections (UTIs) and antibiotic use. The study resulted in a 47-58 per cent relative reduction in catheter-associated UTIs and a 60 per cent relative reduction in antibiotic use.

### Catheters approved for new patient groups

Bactiguard's BIP Foley catheters in latex and silicone have been approved for new groups of patients. The approval relates to patients requiring suprapubic catheterisation and long-term use.

Bactiguard's growth strategy includes the addition of new products, and new applications for existing products, to our product portfolio. The approval for use of our BIP Foley catheters suprapubically and for the long term is a significant step in this direction. It opens up a new market segment and will enhance the quality of life for many patients who are dependent on the daily use of catheters.

### Bactiguard expands in Southern Africa

Bactiguard has established itself in Southern Africa and has signed exclusive distribution agreements for seven sub-Saharan countries, covering the entire portfolio of infection prevention products. The first order for Foley catheters has already been delivered to Zambia.

### Professor Kenneth Chien Scientific Advisor to Bactiguard

Professor Kenneth Chien was appointed Scientific Advisor to Bactiguard and will also lead the company's Scientific Advisory Board. Professor Chien is an internationally recognised authority and pioneer in cardiac research. In 2013 he was recruited by Karolinska Institutet from Harvard University, USA.

# Consolidated revenues and earnings

## Revenues

Bactiguard has three revenue streams:

### License revenues

License revenues are attributable to sales of products under license, which currently includes the group's licensing agreement with C.R. Bard, Inc. (Bard) regarding Foley catheters for the USA, Japan, the UK, Ireland, Canada and Australia.

### Territorial fees

Territorial fees are attributable to the compensation received when entering into a contract with a distributor that obtains exclusive rights to sell Bactiguard's products on a distinct geographical market.

### Sales of BIP products

The BIP portfolio currently includes sales of the BIP Foley, BIP ETT and BIP CVC products.

### Other revenue

Comprises mainly foreign exchange differences and any other operating income.

Bactiguard's BIP (Bactiguard Infection Protection) product portfolio includes medical devices in three areas: urinary tract, respiratory tract and blood streams.

BIP Foley	BIP ETT	BIP CVC
		
<ul style="list-style-type: none"><li>BIP Foley is the company's urinary catheter, which uses the Bactiguard coating to reduce the risk of patients contracting catheter-associated infections of the urinary tract.</li></ul>	<ul style="list-style-type: none"><li>BIP ETT is the company's endotracheal tube, which uses the Bactiguard coating intended to reduce the risk of patients contracting ventilator-associated pneumonia.</li></ul>	<ul style="list-style-type: none"><li>BIP CVC is the company's central venous catheter, which uses the Bactiguard coating to reduce the risk of patients contracting catheter-associated blood infections.</li></ul>

## Revenue distribution

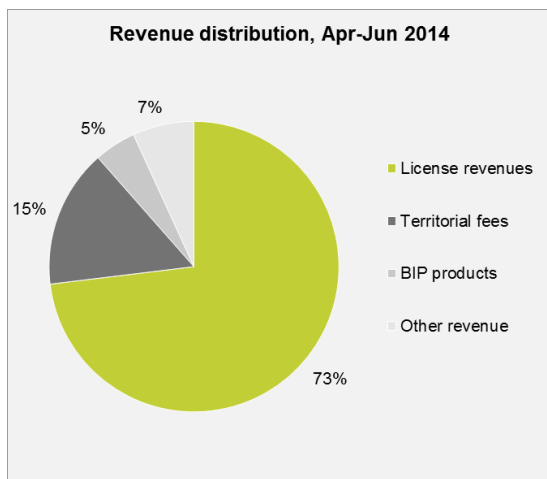
Consolidated revenues for the second quarter amounted to SEK 31.2 (22.1) million, which is an increase of approximately 41% compared to the same quarter last year. The bulk of revenues (73%) came from license revenues. The licensing agreement with Bard provides a stable flow over the years, and the positive difference in license revenues in the second quarter compared with the same period last year is largely related to an acceleration of orders from Bard and a stronger dollar.

Territorial fees accounted for 15% of revenues during the quarter, and the increase compared to the second quarter of last year was the result of an increase in new exclusive distribution agreements. During the quarter, we signed distributor agreements relating to seven countries in Southern Africa, including South Africa.

Sales of BIP products amounted to 5% of revenues in the second quarter, with a large proportion related to revenue from an initial order for Foley catheters for Zambia. The majority of the other product shipments during the quarter have resulted from product deliveries to distributors against market contribution, and therefore did not generate income.

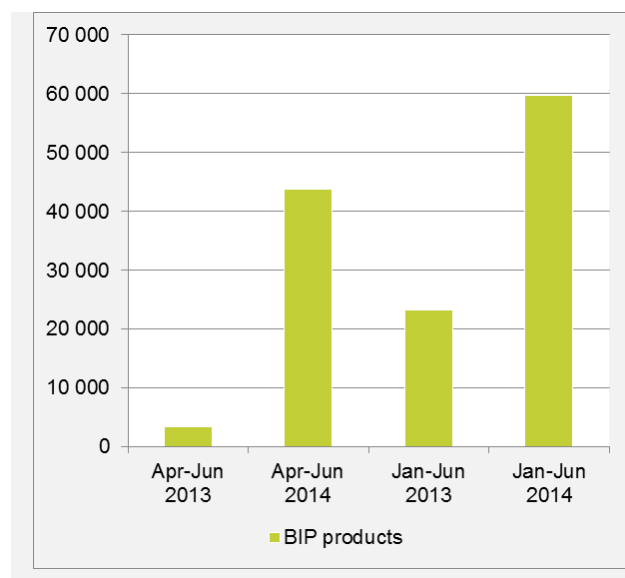
Other revenues during the quarter are largely attributable to exchange rate differences.

Consolidated revenues for the period January to June 2014 amounted to SEK 65.7 (50.6) million, an increase of 30% compared to the same period last year. The bulk of the revenue, 69% (81%), was attributable to license revenues.



	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
<b>License revenues</b>	73%	87%	69%	81%	63%
<b>Territorial fees</b>	15%	11%	25%	9%	5%
<b>BIP products</b>	5%	1%	2%	8%	28%
<b>Other revenue</b>	7%	1%	4%	2%	3%

## Product deliveries



During the second quarter of 2014, a total of approximately 44,000 BIP products were delivered, compared to 3,000 in the corresponding period of 2013. The full year deliveries in 2013 amounted to just over 190,000 BIP products.

During the first half of 2014, deliveries increased by approximately 157% compared with the first half of 2013.

During the second quarter, product delivering to Zambia, Brazil and Chile started.

## Financial results

EBITDA for the second quarter amounted to SEK 2.2 (3.8) million. The change compared with the corresponding period last year is largely influenced by the costs of the IPO. Total transaction costs (for the IPO and new issue) amounted to approximately SEK 26 million, of which approximately SEK 3 million relates to IPO expenses, charged to profit during the period, and the remainder is issue expenses, which have been charged to equity. Adjusted for costs related to the IPO, EBITDA amounted to SEK 5.2 million.

Consolidated operating profit for the second quarter of 2014 amounted to SEK -5.2 (-3.0) million. The decrease in operating profit compared with the same period last year can mainly be attributed to an increase in other external expenses, primarily due to higher costs for market contribution as a result of new distribution agreements, and non-recurring expenses related to the IPO on NASDAQ OMX Stockholm.

Financial items for the quarter amounted to SEK -40.1 (-12.4) million. The effects of market valuation of the bond are recognised as financial items in the income statement. During the second quarter of 2014, the market valuation of the bond affected financial items by SEK -15.2 (-) million. Interest expense related to the bond amounted to SEK 11.3 (12.4) million in the second quarter. Financial items also include the transaction with Noonday, recognised as an expense of SEK 14 million.

Consolidated profit after tax for the second quarter amounted to SEK -44.1 (-13.8) million, with the change in the market valuation of the bond between the two periods being the main reason for the change in earnings.

Net profit for the first half amounted to SEK -63.7 (-17.2) million.

## Cash flow

Operating cash flow (cash flow from operating activities after investments and changes in working capital) for the second quarter amounted to SEK -8.3 (-5.8) million. Cash flow from changes in working capital made a positive contribution but was reduced by a negative contribution from cash flow from operating activities, which in turn were affected by the costs of the IPO, which are non-recurring. Adjusted operating profit gives an operating cash flow for the period of SEK -5.3 million.

Total cash flow for the second quarter was strongly positive at SEK 212.5 (-2.2) million, as a result of cash flows from financing activities and the new share issues conducted during the quarter. The private placement with M2 Asset Management AB raised SEK 20 million and the new issue in connection with the listing on NASDAQ OMX Stockholm raised approximately SEK 240 million gross before listing and issue costs.

Operating cash flow for the period January to June 2014 amounted to SEK 9.4 (-9.6) million.

## Investments

Investments in property, plant and equipment during the quarter amounted to SEK 1.1 (1.4) million, mainly related to the new production facility in Botkyrka. Investment in intangible assets amounted to SEK 0.7 (0.8) million for the period. No investments were made in financial non-current assets during the period (-).

## Financial position

The consolidated equity ratio was 58 per cent on 30 June 2014 (20 per cent at 31 December 2013) and equity amounted to SEK 549.4 million at 30 June 2014, which was an increase of SEK 408.5 million compared with 31 December 2013. The positive change in equity is attributable to the new issues conducted during the second quarter, which together raised SEK 472.2 million. Issue costs that were charged to equity during the period amounted to SEK 22.5 million.

After completion of the set-off issue in connection with the listing of the company's shares on NASDAQ OMX Stockholm, when holders of bonds with a total nominal value of SEK 222.5 million chose to offset bonds against shares, the nominal amount of the outstanding bond is now SEK 227.5 million. The bond matures on 12 December 2016 and has an annual coupon of 11 per cent, payable in December each year. The bond is valued at market value and on 30 June 2014 was valued at SEK 229.2 million (price 100.75).

Net debt has been reduced from SEK 479.5 million at 31 December 2013 to SEK 22.5 million at 30 June 2014.

The total assets of the group at 30 June 2014 amounted to SEK 944.6 million (717.2 million at 31 December 2013). The largest asset item in the balance sheet is technology related to Bactiguard's product portfolio, which at 30 June amounted to SEK 296.1 million (308.0 million at 31 December 2013).

Accounts receivable amounted to SEK 94.2 million at 30 June 2014, which is an increase of SEK 0.1 million since 31 December 2013. The net effect can be explained by new exclusive distributor agreements, with subsequent territorial fees, and payments on existing accounts receivable.

## Other disclosures

### Key events after the end of the quarter

#### *Bactiguard strengthens its sales organisation*

Bactiguard is expanding its business with focus on Europe, the Middle East, Asia, South America and Southern Africa. The recruitment of Erik Düring as Regional Sales Director for Europe is an important step in the strengthening of the sales and marketing organisation that supports the company's distributors and addresses those markets in which Bactiguard has direct sales. Erik Düring has a broad background in the medtech industry, including both product development and sales.

### Diversification of ownership and IPO

In June it was announced that the board of directors and the shareholders of Bactiguard Holding AB ("Bactiguard") had decided to diversify the ownership and to list the company's shares on NASDAQ OMX Stockholm.

The offer was directed to the public in Sweden and to institutional investors in Sweden and internationally. The offer price was set at SEK 38 per share. The offer included a total of 10,922,244 B shares, where of 6,305,573 newly issued B shares and 4,616,671 existing B shares, related to the set-off issue to bondholders. In order to cover over-allotments, there was also an over-allotment option to sell an additional 1,638,336 existing B shares. The total value of the offer, including the over-allotment option, amounted to approximately SEK 477 million, of which approximately SEK 240 million was raised by the company in cash before transaction costs. The listing also completed the set-off issue to bond holders in the company. In total, bonds corresponding to a nominal SEK 222.5 million were offset to B shares.

### The share and share capital

Trade in the Bactiguard share on NASDAQ OMX Stockholm Mid Cap started on 19 June under the ticker symbol "BACTI". The last price paid for the listed B share on 30 June 2014 was SEK 34, and the market capitalization amounted to SEK 1,132 million.

The share capital of Bactiguard at 30 June 2014 amounted to SEK 0.8 million divided into 29,302,373 B shares, each with one vote (29,302,373 votes) and 4,000,000 A shares, each with ten votes (40,000,000 votes). The total number of shares and votes in Bactiguard at 30 June 2014 amounted to 33,302,373 shares and 69,302,373 votes.

### Ownership

At 31 July 2014, Bactiguard had 2,533 shareholders. The company's two main shareholders, Bactiguard B.V. and KK Invest AB, each hold the same number of shares as before the diversification of ownership and listing.

Shareholders	No. of A shares	No. of B shares	Total number	% of capital	% of votes
BACTIGUARD B.V.	2 000 000	7 999 989	9 999 989	30,0%	40,4%
KK INVEST AB	2 000 000	7 999 989	9 999 989	30,0%	40,4%
HANDELSBANKEN FONDER AB RE JPMEL		1 350 680	1 350 680	4,1%	1,9%
SWEDBANK ROBUR FONDER		1 061 000	1 061 000	3,2%	1,5%
ROBUR FÖRSÄKRING		893 500	893 500	2,7%	1,3%
STÅHLBERG, JAN		582 544	582 544	1,7%	0,8%
M2 ASSET MANAGEMENT AB		516 000	516 000	1,5%	0,7%
SARGAS EQUITY AB		364 090	364 090	1,1%	0,5%
LÄNSFÖRSÄKRINGAR FONDFÖRVALTNING AB		335 000	335 000	1,0%	0,5%
BANQUE ÖHMAN S.A.		258 848	258 848	0,8%	0,4%
<b>Total, major shareholders</b>	<b>4 000 000</b>	<b>21 361 640</b>	<b>25 361 640</b>	<b>76,2%</b>	<b>88,5%</b>
Total, others	0	7 940 733	7 940 733	23,8%	11,5%
<b>Total number of shares</b>	<b>4 000 000</b>	<b>29 302 373</b>	<b>33 302 373</b>	<b>100%</b>	<b>100%</b>

## Human resources

The average number of employees in the group in the period January to June 2014 amounted to 56 (49), of which 30 (27) women.

## Accounting and valuation principles

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The interim report has been prepared in accordance with IAS 34 Interim Reporting and the Annual Accounts Act. The parent company financial statements have been prepared in accordance with the Annual Accounts Act and the Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The accounting and valuation principles are unchanged from those applied in the Annual Report 2013. New standards effective from 1 January 2014 have had no material impact on the group.

## Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may derive revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which there is discrete financial information. The company's reporting of operating segments is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function that assesses the operating segment performance and decides how to allocate resources. The company has determined that the group executive management constitutes the chief operating decision maker.

The company is considered in its entirety to operate within one business segment.

## Related-party transactions

Transactions between the company and its subsidiaries, which are related parties to the company, have been eliminated on consolidation.

Services and other transactions between companies within the group are charged according to commercial principles. Board members Christian Kinch and Thomas von Koch have entered into guarantee commitments for Bactiguard AB's commitments to Samhall AB.

In April 2014, a private placement of shares was conducted with M2 Asset Management AB, a company wholly owned by the husband of board member Mia Arnhult, in which Mia Arnhult is the CEO.

Other than as described above, neither Bactiguard nor its subsidiaries have granted loans, guarantees or sureties to, or for the benefit of, any directors or senior executives of the group. None of these persons has any direct or indirect participation in any other business transaction with any entity of the group which is, or was, unusual in its nature or with regard to its terms.

Compensation to the former CEO of the company, now executive chairman and main shareholder in Bactiguard, is on market terms.

## Parent company

Revenues consist of invoiced intercompany expenses (management fees). During the interim period the parent company received interest on its receivables from group companies. The company's expenses relate, *inter alia*, to the interest on the bond. No investments were made during the period.

## Risk factors

Companies within the group are exposed to various types of risk through their activities. The group's goal is to create an overall risk management programme that focuses on minimising potential adverse effects on the company's financial results. The risks relating to the company, the industry and the market are primarily: macroeconomic risks, regulatory risks, technological risks, customer risks, risks with partners, expansion risks, risks associated with dependence upon key individuals and financial risks. A description of these risks can be found on page 33 of the Annual Report 2013, and on page 14 of the prospectus prepared for the application for listing of the company's shares on NASDAQ OMX Stockholm.



## **Financial targets**

Bactiguard's goal is to create value and provide a good return for shareholders. One financial target is to grow by at least 30 per cent on average per year over the next five years. Further, to achieve an EBITDA margin of at least 30 per cent on an annual basis, with the aim of reaching 40 per cent. Bactiguard will continue to grow the business by strengthening its sales and marketing organisation, developing products that complement the existing BIP portfolio and by entering into more licensing agreements. Bactiguard also aims to sign two to three new licensing agreements over the next five years.

Another financial target is to have an equity ratio of 30-50%, and a long-term objective is for a dividend of 30-50% of profit after tax. The company is in an expansion phase and will therefore prioritise growth over dividends in the coming years.

## Condensed consolidated income statement

Amounts in SEkk	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
<i>Revenues</i>					
License revenues	22 828	19 329	45 352	40 917	82 719
Territorial fees	4 814	2 530	16 401	4 539	7 178
BIP products	1 455	171	1 525	3 925	36 836
Other revenue	2 140	112	2 460	1 251	4 366
	31 237	22 142	65 738	50 632	131 099
<i>Raw materials and consumables</i>					
Raw materials and consumables	-1 591	-1 381	-3 196	-3 057	-10 290
Other external expenses	-15 183	-8 965	-27 283	-17 658	-41 262
Personnel costs	-11 543	-9 955	-22 315	-19 679	-39 206
Depreciation and amortisation	-7 422	-6 850	-14 851	-13 674	-28 838
Other operating expenses	-733	1 981	-921	-117	-344
	-36 472	-25 170	-68 566	-54 185	-119 940
<b>Operating profit</b>	<b>-5 235</b>	<b>-3 028</b>	<b>-2 828</b>	<b>-3 553</b>	<b>11 159</b>
<i>Financial items</i>					
Financial income	910	88	940	11 399	33 754
Financial expenses	-41 020	-12 513	-64 215	-25 017	-50 686
	-40 110	-12 425	-63 275	-13 618	-16 932
<b>Profit before tax</b>	<b>-45 345</b>	<b>-15 453</b>	<b>-66 103</b>	<b>-17 171</b>	<b>-5 773</b>
Tax for the period	1 262	1 630	2 431	-19	2 365
<b>Net profit/loss for the period</b>	<b>-44 083</b>	<b>-13 823</b>	<b>-63 672</b>	<b>-17 190</b>	<b>-3 408</b>
<b>Attributable to:</b>					
Shareholders of the parent	-44 083	-13 823	-63 672	-17 190	-3 408
Earnings per share, SEK*	-2,04	-0,69	-3,06	-0,86	-0,17

## Condensed consolidated statement of comprehensive income

Amounts in SEkk	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Net profit/loss for the period	-44 083	-13 823	-63 672	-17 190	-3 408
<i>Other comprehensive income:</i>					
<u>Items that will not be reclassified to profit or loss for the year</u>	-	-	-	-	-
<u>Items that will be reclassified to profit or loss for the year</u>					
Translation differences	-363	-120	-159	-216	-185
Other comprehensive income, after tax	-363	-120	-159	-216	-185
Total comprehensive income for the period	-44 446	-13 943	-63 831	-17 406	-3 593
<b>Attributable to:</b>					
Shareholders of the parent	-44 446	-13 943	-63 831	-17 406	-3 593
Total earnings per share, SEK*	-2,06	-0,70	-3,07	-0,87	-0,18
Number of shares at the end of period ('000)	33 302	20 000	33 302	20 000	20 000
Weighted average number of shares ('000)	21 573	20 000	20 791	20 000	20 000
* no dilution effect					

## Condensed consolidated statement of financial position

Amounts in SEk	2014-06-30	2013-06-30	2013-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	226 292	226 292	226 292
Technology	296 128	319 935	308 032
Brands	25 572	25 572	25 572
Customer relationships	14 678	15 858	15 268
Capitalised development expenditure	7 784	5 267	6 636
Patents	1 470	1 177	1 366
<b>Intangible assets</b>	<b>571 924</b>	<b>594 101</b>	<b>583 166</b>
Improvements, leasehold	12 207	10 700	10 877
Machinery and other technical plant	6 293	7 880	6 489
Equipment, tools and installations	1 934	2 282	2 135
<b>Property, plant and equipment</b>	<b>20 434</b>	<b>20 862</b>	<b>19 501</b>
Accounts receivable	11 107	4 598	-
Investments in associates	1 293	1 322	1 293
<b>Financial assets</b>	<b>12 400</b>	<b>5 920</b>	<b>1 293</b>
<b>Total non-current assets</b>	<b>604 758</b>	<b>620 883</b>	<b>603 960</b>
<b>Current assets</b>			
Inventory	6 524	5 182	3 590
Accounts receivable	83 169	64 185	94 137
Other current receivables	15 093	10 201	10 126
Cash and cash equivalents	235 062	6 941	5 417
<b>Total current assets</b>	<b>339 848</b>	<b>86 509</b>	<b>113 270</b>
<b>TOTAL ASSETS</b>	<b>944 606</b>	<b>707 392</b>	<b>717 230</b>
<b>Equity attributable to shareholders of the parent</b>			
Share capital	833	500	500
Other equity	548 633	126 694	140 453
<b>Total equity</b>	<b>549 466</b>	<b>127 194</b>	<b>140 953</b>
<b>Non-current liabilities</b>			
Bonds	229 206	450 000	427 500
Deferred tax liability	41 947	46 784	44 398
	<b>271 153</b>	<b>496 784</b>	<b>471 898</b>
<b>Current liabilities</b>			
Bank overdrafts	28 337	14 376	57 461
Accounts payable	16 774	3 892	7 397
Other current liabilities	3 451	8 960	9 187
Accrued expenses and deferred income	75 425	56 186	30 334
	<b>123 987</b>	<b>83 414</b>	<b>104 379</b>
<b>Total liabilities</b>	<b>395 140</b>	<b>580 198</b>	<b>576 277</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>944 606</b>	<b>707 392</b>	<b>717 230</b>

## Condensed consolidated statement of changes in equity

Amounts in SEKk	Equity attributable to shareholders of the parent				
	Share capital	Other capital contributions	Translation reserve	Retained earnings including net profit for the period	Total equity
<b>Opening balance, 1 January 2013</b>	500	202 673	46	-58 620	144 600
Profit/loss for the period	-	-	-	-17 190	-17 190
<i>Other comprehensive income:</i>	-	-	-	-	-
Translation differences	-	-	-216	-	-216
<b>Total comprehensive income after tax</b>	<b>0</b>	<b>0</b>	<b>-216</b>	<b>-17 190</b>	<b>-17 406</b>
<b>Transactions with shareholders</b>					
Repurchase of options	-	-	-	-	-
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Closing balance, 30 June 2013</b>	<b>500</b>	<b>202 673</b>	<b>-170</b>	<b>-75 810</b>	<b>127 194</b>
<b>Opening balance, 1 January 2014</b>	500	202 673	-139	-62 082	140 953
Profit/loss for the period	-	-	-	-63 672	-63 672
<i>Other comprehensive income:</i>	-	-	-	-	-
Translation differences	-	-	-159	-	-159
<b>Total comprehensive income after tax</b>	<b>0</b>	<b>0</b>	<b>-159</b>	<b>-63 672</b>	<b>-63 831</b>
<b>Transactions with shareholders</b>					
Share issue	333	471 908	-	-	472 240
Repurchase of options	-	-	-	104	104
<b>Total transactions with shareholders</b>	<b>333</b>	<b>471 908</b>	<b>0</b>	<b>104</b>	<b>472 344</b>
<b>Closing balance, 30 June 2014</b>	<b>833</b>	<b>674 581</b>	<b>-298</b>	<b>-125 650</b>	<b>549 466</b>

## Condensed consolidated statement of cash flows

Amounts in SEKK	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
<b>Cash flow from operating activities</b>					
Net profit/loss for the period	-44 082	-13 823	-63 672	-17 190	-3 407
Accrued interest expense	6 256	9 625	12 513	24 750	2 750
Adjustments for depreciation and amortisation and other non-cash items	27 676	7 845	48 855	2 101	-9 709
	-10 150	3 647	-2 305	9 661	-10 366
<b>Cash flow from changes in working capital</b>					
Increase/decrease inventory	-1 875	-1 187	-2 836	-1 008	549
Increase/decrease accounts receivable	-9 026	-6 892	-158	-10 489	-35 840
Increase/decrease other current receivables	-5 623	-1 504	-5 198	-842	-539
Increase/decrease accounts payable	9 100	-656	9 369	-2 252	1 204
Increase/decrease other current liabilities	11 013	2 962	14 582	1 110	-79
	3 589	-7 277	15 759	-13 481	-34 705
<b>Cash flow from investing activities</b>					
Investments in intangible assets	-688	-826	-1 692	-1 612	-3 345
Investments in property, plant and equipment	-1 062	-1 364	-2 344	-4 164	-5 736
Investments in associates	-	-	-	-	-
	-1 750	-2 190	-4 036	-5 776	-9 081
<b>Operating cash flow</b>	-8 311	-5 820	9 418	-9 596	-54 152
<b>Cash flow from financing activities</b>					
Share issue	472 240	-	472 240	-	-
Amortisation of debt	-222 500	-	-222 500	-	-
Borrowings/loans granted/overdrafts	-28 937	3 670	-29 124	8 883	51 968
Repurchase of options	-	-	104	-	-55
	220 803	3 670	220 720	8 883	51 913
<b>Cash flow for the period</b>	<b>212 492</b>	<b>-2 150</b>	<b>230 138</b>	<b>-713</b>	<b>-2 239</b>
<b>Cash and cash equivalents at start of period</b>	<b>23 205</b>	<b>9 091</b>	<b>5 417</b>	<b>7 657</b>	<b>7 657</b>
Exchange difference in cash and cash equivalents	-635	-	-493	-3	-1
<b>Cash and cash equivalents at end of period</b>	<b>235 062</b>	<b>6 941</b>	<b>235 062</b>	<b>6 941</b>	<b>5 417</b>

## Condensed parent company income statement

Amounts in SEkk	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Revenues	3 115	2 604	5 920	4 799	9 323
Operating expenses	-6 885	-3 192	-10 144	-5 940	-11 408
<b>Operating profit/loss</b>	-3 770	-588	-4 224	-1 141	-2 085
Net financial items	-24 566	-11 395	-36 298	-22 744	-45 614
<b>Profit/loss after financial items</b>	-28 336	-11 983	-40 522	-23 885	-47 699
Tax for the period	-	-	-	-	-
<b>Net profit/loss for the period</b>	-28 336	-11 983	-40 522	-23 885	-47 699

## Condensed parent company statement of comprehensive income

The parent company has no items in 2014 or 2013 recognised in other comprehensive income. The period's statements for the parent company therefore present no separate statement of comprehensive income.

## Condensed parent company balance sheet

Amounts in SEkk	2014-06-30	2013-06-30	2013-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets	571 574	582 492	564 574
<b>Total non-current assets</b>	<b>571 574</b>	<b>582 492</b>	<b>564 574</b>
<b>Current assets</b>			
Receivables from group companies	2 314	19 725	-
Prepayments and accrued income	1 441	1 192	1 156
Other current receivables	1 231	-	266
Cash and cash equivalents	228 240	1 002	1 521
<b>Total current assets</b>	<b>233 226</b>	<b>21 919</b>	<b>2 943</b>
<b>TOTAL ASSETS</b>	<b>804 800</b>	<b>604 411</b>	<b>567 517</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Total equity</b>	<b>540 456</b>	<b>132 554</b>	<b>108 739</b>
<b>Non-current liabilities</b>	<b>221 751</b>	<b>441 912</b>	<b>443 082</b>
Liabilities to group companies	-	-	9 196
Other liabilities	42 593	29 945	6 500
<b>Current liabilities</b>	<b>42 593</b>	<b>29 945</b>	<b>15 696</b>
<b>Total liabilities</b>	<b>264 344</b>	<b>471 857</b>	<b>458 778</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>804 800</b>	<b>604 411</b>	<b>567 517</b>

## Forthcoming disclosures of information

14 November 2014	Interim report, 1 Jan – 30 Sep 2014
February 2015	Year-end report 2014

## Contacts

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For additional information about Bactiguard's business, please visit the company's website:

[www.bactiguard.se](http://www.bactiguard.se)

## Signatories to the report

The board of directors and the CEO certify that the interim report, to the best of their knowledge, provides a fair overview of the parent company's and the group's operations, financial position and results and describes the material risks and uncertainties faced by the parent company and the companies included in the group.

Stockholm, 15 August 2014

Christian Kinch

Chairman

Thomas von Koch

Board Member

Ulf Mattsson

Board Member

Mia Arnhult

Board Member

Johan Rugfelt

Chief Executive Officer

This interim report has not been reviewed by the company's independent auditor.

Bactiguard is required to disclose the information in this report under the provisions of the Securities Market Act (SFS 2007:528). The information was submitted for publication on 15 August 2014 at 08.00 CET.