

Bactiguard Holding AB's Interim Report Q2 2023

Strategy of bolstering Licensing and US go-to-market stays firm

Second Quarter 2023 (April-June)

- Total revenues amounted to SEK 51.2 (59.9) million, a decrease of 15 %. Net sales amounted to SEK 44.2 (51.8) million. Adjusted for the currency effect, net sales decreased by 19 %.
- Operating loss amounted to SEK 67.8 (14.8) million, an increase of SEK 53.0 million, SEK 42 million of the EBITDA loss correspond to a necessary adjustment pertaining mainly to a write-down of inventory, a reservation of receivables and related projects, and an accrual for costs related to restructuring. For further information see page 5.
- EBITDA amounted to SEK -55.7 (-3.8) million.
- Net loss for the period amounted to SEK 64.5 (13.7) million.
- Loss per share, before and after dilution, amounted to SEK 1.84 (0.39).
- Cash flow from operating activities amounted to SEK -19.7 (-1.9) million, corresponding to SEK -0.56 (-0.05) per share.

First half year 2023 (January-June)

- Total revenues amounted to SEK 112.4 (115.1) million, a decrease of 2 %. Net sales amounted to SEK 99.8 (103.6) million. Adjusted for the currency effect, net sales decreased by 10 %.
- Operating loss amounted to SEK 86.5 (31.4) million, an increase of SEK 55.1 million, SEK 42 million of the operating loss correspond to a provision for stock, receivables, and project related items among others.
- EBITDA amounted to SEK -62.3 (-7.8) million, SEK 42 million of the operating loss correspond to the provision.
- Net loss for the period amounted to SEK 86.6 (30.2) million.
- Loss per share, before and after dilution, amounted to SEK 2.47 (0.86).
- Cash flow from operating activities amounted to SEK -27.4 (-13.8) million, corresponding to SEK -0.78 (-0.39) per share.

Key events during the quarter

- Thomas von Koch appointed interim CEO.
- Mikael Sander appointed Global Head of BPP, joined mgt team.
- Zimmer Biomet received regulatory approval in Japan for ZNN Bactiguard trauma nails.
- Bactiguard launches a clinical study to compare efficacy of Bactiguard coated central venous catheters with non-coated.
- Richard Kuntz, former CMO, Scientific Officer and member of the Executive Committee at Medtronic PLC joined the Board of Directors.
- On July 7, Bactiguard announced that EBITDA for Q2 and the full year 2023 would be negatively impacted due to a one-time provision of SEK 42 MSEK.

Key events after the end of the quarter

- Anders Göransson, Global Head of Licensing, will leave Bactiguard.



CEO statement

Strategy of bolstering Licensing and US go-to-market stays firm

Revenues for the second quarter 2023 came in at SEK 51 million, a decrease of 15 percent compared to Q2 2022. EBITDA for the quarter amounted to SEK -56 million (Q2 2022: SEK -4 million) which included the one-time adjustment of SEK 42 million as communicated on July 7, 2023. Costs remain in line with the previous quarter but are 10 percent higher than Q2 2022.

Licensing and BPP making slow but steady progress

Since assuming the role as CEO, I have delved into every possible detail of what potentially could negatively influence our business. Following the one-time EBITDA adjustment, we have now made a necessary reset and can focus fully on our growth strategy and efforts in Licensing and the US.

Turning to the figures, revenues from Licensing amounted to SEK 25 million, around 30 percent below Q2 2022. Beckton Dickinson (BD) revenues were lower than last quarter due to their in-house stock adjustments. We expect revenues from BD to be substantially lower in Q3 and the adjustments are anticipated to be finalized by Q4 2023 and then revert to pre-covid levels. The development project with Zimmer Biomet on their broader orthopaedics portfolio made progress in Q2 with preliminary indications for the categorization of the coated products with US regulators. The various FDA processes are intense, yet timing remains uncertain, and we will gain more concrete insights during the fall. As previously reported, the trauma nail ZNN Bactiguard from our initial license partnership with Zimmer Biomet received its regulatory approval in Japan. As reported in Q1, the initial phase of the Dentsply Sirona development project is taking longer but both tests and dialogue are making progress.

On the Licensing organizational side, Anders Göransson, Global Head of Licensing, has decided to leave Bactiguard. Anders played an instrumental role in defining our strategy and we separate ways on good terms. In addition to recruiting senior resources externally, we are allocating more resources internally with the overall ambition to build a world-class Licensing team.

BPP revenues (include BIP medical devices, Wound Care products and Sutures) amounted to SEK 19 million, an increase of 25 percent. Even though we are still somewhat affected by supply issues within Wound Care and Sutures, the investments made over the last year in the sales organization are paying off. May and June were strong months for BPP, and our efforts are focused on increasing profitability.

In April, we launched a study where Bactiguard's coated central venous catheters will be compared with non-coated standard catheters. The purpose of the study is to gain further clinical evidence that the coated catheters efficiently prevent both infections and thrombosis. In addition, Bactiguard Wound Care raised the bar during the quarter with a specific section in specialist publication Wounds International, and presence at EWMA in Milan, Europe's leading wound care conference.

The global threat of AMR gaining attention

The severity of the threat that antimicrobial multi-resistance, AMR, poses against the world gained further attention during the first half of 2023. Sweden's Presidency of the Council of the European Union (EU) had AMR as a key focus area which led to a set of recommendations on how to curb it. One of the targets was to reduce human consumption of antibiotics by 20 percent by 2030 across the EU. In the US, a somewhat different approach is applied to AMR and healthcare-associated infections – healthcare givers are penalized if a patient contracts an infection whilst in care, and this compels a proactive search for ways to prevent infections. US data shows that most healthcare-associated infections originate from medical devices such as catheters for the blood stream or urinary tract and ventilators. Infections also occur in surgical sites. In addition, prevention is acknowledged by the WHO as a main driver in the global battle against AMR.



Outlook

Putting all this into a Bactiguard perspective, one infection less means one less cure of antibiotics. Our offering covers all areas where healthcare-associated infections appear – Bactiguard's unique infection prevention technology and solutions are more relevant, and more needed, than ever.

Looking ahead, we will put our core strengths at the center of our transformation which revolve around our unique technology and expertise in developing secure applications for a wide range of medical devices. I am far from happy with the figures presented today but the vast opportunities in our strategic therapeutic areas remain and we have promising conversations with both current and new potential license partners. This is where the greatest potential for Bactiguard lies!

To conclude, Bactiguard is a long-term investment opportunity in which you can be part of shaping the future of healthcare and a healthier world.

Thomas von Koch, interim CEO

Bactiguard Holding AB's (publ) Interim Report Q2 2023 is available at www.bactiguard.com

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Presentation of Bactiguard Holding AB's Interim Report Q2 2023

An audiocast for investors, analysts and media will be held at **11:00 CEST today, July 18, 2023**. Interim CEO Thomas von Koch will present the report and, together with CFO Carin Jakobson, answer questions.

To participate in the audiocast, please use this link:

www.bactiguard.com/report/q2-2023/

About Bactiguard

Bactiguard is a global medtech company with a purpose to prevent infections. We provide safe, cost-effective, and easy-to-use infection prevention technology and solutions across five therapeutic areas – orthopedics, urology, intravascular/critical care, dental, and wound care.

Bactiguard's unique technology is based on a thin noble metal coating that prevents bacterial adhesion and biofilm formation on medical devices. Bactiguard's solutions are biocompatible and make a positive impact by decreasing patient suffering, saving lives and healthcare resources, and fighting antimicrobial resistance, one of the most serious threats to global health and modern medicine.

Bactiguard operates through license partnerships with leading global medtech companies, such as BD and Zimmer Biomet, differentiating their medical devices with our technology, and through the Bactiguard Product Portfolio (BPP). BPP includes coated medical devices such as catheters and trauma implants, and wound care products and sutures.

Bactiguard is headquartered in Stockholm, has production in Sweden and Malaysia, and around 210 employees. Listed on Nasdaq Stockholm, the company reported revenues of 253.5 MSEK in 2022.

Read more about Bactiguard www.bactiguard.com

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