

Bactiguard Holding AB's interim report second quarter 2024

License revenues and EBITDA stabilizing

Second quarter 2024 (April – June)

- Total revenue amounted to SEK 60.9 (51.2) million, an increase of SEK 9.7 million corresponding to 18.9%.
- Net sales amounted to SEK 57.4 (44.2) million, an increase of SEK 13.2 million corresponding to 29.8%. Adjusted for currency effects of SEK 0.2 million, net sales increased by 30.1%.
- Operating loss amounted to SEK 10.8 (67.8) million.*
- EBITDA amounted to SEK 1.2 (-55.7) million.*
- Net loss for the period amounted to SEK 14.3 (64.5) million.*
- Loss per share, before and after dilution, amounted to SEK 0.41 (1.84).
- Cash flow from operating activities amounted to SEK 16.8 (-19.7) million corresponding to SEK 0.48 (-0.56) per share.

First half-year 2024 (January – June)

- Total revenue amounted to SEK 119.7 (112.4) million, an increase of SEK 7.3 million corresponding to 6.5%.
- Net sales amounted to SEK 111.3 (99.8) million, an increase of SEK 11.4 million corresponding to 11.5%. Adjusted for currency effects of SEK 0.5 million, net sales increased by 11.0%.
- Operating loss amounted to SEK 23.7 (86.5) million.*
- EBITDA amounted to SEK -0.3 (-62.3) million.*
- Net loss for the period amounted to SEK 24.2 (86.6) million.*
- Loss per share, before and after dilution, amounted to SEK 0.69 (2.47).
- Cash flow from operating activities amounted to SEK -2.2 (-27.4) million corresponding to SEK -0.06 (-0.78) per share.

* The difference is mainly pertained to the SEK 42 million provision for inventory, accounts receivables, and project related items, made in the second quarter 2023.

CEO statement

Total revenue for Q2 amounted to SEK 60.9 million (Q2 2023: SEK 51.2 million), including net sales of SEK 57.4 million (Q2 2023: SEK 44.2 million), and EBITDA amounted to SEK 1.2 million (Q2 2023: SEK -55.7 million), both underpinned by stability in the license business. Costs remained under control with a total OPEX of SEK -47.8 million for Q2 (Q2 2023: SEK -81.7 million). The anticipated cost savings of SEK 25 million related to the strategic shift announced late 2023 is on track to be delivered on a full-year basis.

Embarking on the path to profitability

Revenues from the license business were stable in the second quarter and amounted to SEK 37.8 million (Q2 2023: SEK 24.8 million) driven by the Becton Dickinson & Company (BD) and Zimmer Biomet partnerships. The BD partnership revenues for Q2 were SEK 27.6 million (Q2 2023: SEK 18.5 million). Since Q2 2023 was a period when BD adjusted their internal stock levels, the Q2 2024 comparison shows a stronger increase than the underlying run-rate. Nevertheless, the positive trajectory, which started in Q4 2023, continued. The Zimmer Biomet partnership revenues came in at SEK 10.2 million for Q2 2024 (Q2 2023: SEK 5.0 million). These revenues consist of stable exclusivity revenues related to the orthopedics agreement as well as license revenues, including minimum royalties, related to the trauma agreement.

The Wound Management portfolio delivered revenues of SEK 14.7 million (Q2 2023: SEK 11.2 million) and we continued the path of profitable growth during the quarter. Revenues from the BIP portfolio amounted to SEK 4.8 million (Q2 2023: SEK 8.1 million), as we continue to sell-out remaining inventory following the decision to discontinue our own product portfolio.

Q2 2024 total operating expenses (OPEX) amounted to SEK -47.8 million (Q2 2023: SEK -81.7 million), mainly driven by operating discipline and continued cost benefits following the strategic shift. With a positive EBITDA for the second quarter of SEK 1.2 million, we have embarked on our path towards profitability.

Total cash flow for the quarter amounted to SEK 9.5 million (Q2 2023: SEK -22.4 million).

Bactiguard coated medical devices expand into new markets

The market activities with Zimmer Biomet continued across Europe and a highlight in Q2 was the introduction of the ZNN Bactiguard trauma implant at the Annual Meeting of the Japanese Society for Fracture Repair in Sendai, Japan. This follows the regulatory approval by the Japanese PMDA (Pharmaceutical and Medical Devices Agency) in 2023. Together with the Zimmer Biomet APAC commercial teams, Bactiguard was on site, introducing our infection prevention technology to leading orthopedists and key opinion leaders within the medical community in Japan. While we do not anticipate significant revenue contributions from the Japanese market already in 2024, the long-term potential is promising due to the substantial interest in infection prevention and the positive feedback from clinicians.

The collaboration with BD, including the transition process of Bactiguard-coated Foleys in additional markets, continued to progress. As an example, we organized training sessions for BD's sales and marketing teams across Europe and the Middle East to share our knowledge on explaining the benefits of Bactiguard's technology to healthcare systems and medical professionals in these markets. In December 2023, we announced that we signed an interim agreement to license additional markets and that a long-term agreement was expected to be signed during the first half of 2024. However, Bactiguard and BD have jointly agreed to focus on the transition while our existing agreements remain in full force.

In May, we featured our wound healing product line Hydrocyn aqua in London at EWMA, the leading European wound care conference. On the opening day, we hosted a session on the latest advancements of infection prevention within wound care. The interest in Hydrocyn aqua, which is part of the Wound Management portfolio, is increasing the more clinicians understand its mode of action and how it both promotes healing and the quality of life for patients with severe wounds.

Outlook – further strengthen knowledge and specialist organization

In July, we strengthened the organization with Nathaniel Bachrach as interim Head of R&D and member of the Executive Management team. Nathaniel is a product development executive with more than 25 years of experience in innovating, developing and launching advanced medical products for global commercialization. He has a PhD in mechanical engineering/biomechanics and brings a wealth of experience from our industry as well as from the scientific field. He is based in New Jersey, US, and will divide his time between driving our R&D strategy and new business development.

Looking ahead, we keep our focus on enhancing the business with our current license partners, and simultaneously, increasing interactions and early-stage testing of our infection prevention technology with leading MedTech players across our strategic therapeutic areas.

Christine Lind, CEO

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About Bactiguard

Bactiguard is a global MedTech company developing safe and biocompatible technology to prevent medical device related infections. The company's unique technology is based on an ultra-thin noble metal coating that prevents bacterial adhesion and biofilm formation on medical devices. Bactiguard's infection prevention technology and solutions decrease patient suffering, save lives, and unburden healthcare resources while also fighting against antimicrobial resistance, one of the most serious threats to global health and modern medicine.

Bactiguard operates through license partnerships with leading global MedTech companies that apply the technology to their medical devices and sell them under their own brand or co-branded with Bactiguard. The company also has a portfolio of wound management products.

Bactiguard is headquartered in Stockholm and listed on Nasdaq Stockholm.

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