

Interim report for Q1 2018

In 2018, our primary focus is to generate growth through increased sales of our own product portfolio and by developing new licensing businesses, to approach our financial targets, and contribute to saving more lives. Therefore, it is gratifying that we can already report a strong growth in sales of our own product portfolio, which more than doubled, in the first quarter. We can now put ten quarters of increasing sales (based on rolling twelve-month figures) behind us, so the trend is stable. However, overall sales and profitability did not reach the levels we reported in the first quarter of last year, and this is due to that no new licensing agreements were completed this quarter.

First quarter (January-March 2018)

- During the first quarter, BIP products at a value of SEK 7.3 (2.8) million were delivered, an increase of approx. 157%.
- Revenues amounted to SEK 33.0 (41.0) million, a decrease of approx. 20% compared to the corresponding quarter previous year, mainly explained by the fact that last year included a one-time revenue from a new license business with Smartwise Sweden AB of SEK 8.8 million.
- EBITDA amounted to SEK 1.8 (13.4) million, an EBITDA margin of 6% (33%).
- Operating profit amounted to SEK -6.9 (4.4) million.
- Net profit/loss for the quarter amounted to SEK -8.0 (4.1) million, corresponding to SEK -0.24 (0.12) per share.
- Operating cash flow for the quarter amounted to SEK -13.7 (-2.0) million, corresponding to SEK -0.41 (-0.06) per share. Increased account receivables due to higher BIP sales and outstanding license payments from Smartwise of USD 1.25 million (received at the beginning of Q2) affected working capital in the quarter.

Key events during the first quarter

- The Nomination Committee proposes Jan Ståhlberg as a new Board member and Chairman of Bactiguard Holding AB (publ)
- Region Skåne extends agreement with Bactiguard
- New partnership in Europe
- Bactiguard launches line extension to BIP CVC
- New major order from China

Key events after the end of the first quarter

- New distributor appointed in Mexico
- Bactiguard's licensing partner Smartwise enters collaboration with AstraZeneca



Comments by the CEO

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However, overall sales and profitability did not reach the levels we reported in the first quarter of last year, and this is due to that no new licensing agreements were completed this quarter. We generated an EBITDA of SEK 1.8 million, with a margin of 6 percent. Cash flow was negative, mainly due to significantly increased sales and related build-up of receivables, as well as outstanding license receivables from Smartwise of USD 1.25 million, which we received in the second quarter.

Revenues from our largest licensing partner BD (following the acquisition of C.R. Bard) amounted to SEK 22 million, which is lower than previous year due to somewhat lower deliveries of coating concentrate and currency effects. Volumes of concentrate have been stable in a longer perspective, but vary between quarters, without following a clear seasonal pattern. However, royalty payments indicate that end customer sales are stable.

The license project for orthopedic trauma implants is now approaching the final phase. When the implants are CE marked, sales in Southeast Asia will generate royalty revenues for Bactiguard. At the same time, new licensing opportunities for various types of orthopedic implants will be opened and we have met considerable interest in Bactiguards infection preventive technology in this application area.

Our licensing partner Smartwise recently entered a strategic collaboration agreement with AstraZeneca regarding, among other things, the development of advanced vascular injection catheters with Bactiguard coating for new, innovative treatment methods of cardiovascular disease and cancer. When the catheters reach the market they will generate royalties, which is estimated to be about two to three years into the future. The agreement with AstraZeneca primarily demonstrates the quality and potential of Bactiguard's technology.

Sales of our own product portfolio developed strongly, and it is particularly pleasing that growth comes from most regions. In the first quarter, China, India and the Middle East generated the largest revenues.

In India, our new distributor is up and running in most of the country. We delivered both urinary catheters and central venous catheters during the quarter and look forward to the development this year, now that all products are available in the market. The recruitment of patients to the clinical trial that began in 2016 and comprises a total of 1,000 patients, at six different hospitals, has just been completed and the results will be available in the second quarter. This multicenter study will be a valuable marketing tool in the Indian market.

The Middle East continues to develop positively and sales increased by more than 40 percent. Growth is primarily driven by the larger markets in the region, and in smaller countries like Kuwait we also see a positive development. We are still waiting for the registration of our products in Egypt to be completed, a lengthy process that is now



approaching the finals stages, and we look forward to launching in the most populous market in the Middle East.

To China, we delivered a new, big order in March, and activities are ongoing at a high level of intensity. In Europe, we continue to move our position forward and markets where we have been present for one or two years, such as Greece and Poland, are developing well. At the same time, efforts are being made to find new suitable partners in the largest European markets.

Finally, a few words about developments in Sweden, where we also see a positive trend. The procurement of urinary catheters for Stockholm County Council, launched in November last year, has contributed to increased sales. More and more hospitals and clinics are starting to use our products with good results and we see an increased interest in our central venous catheters and endotracheal tubes.

I am looking forward to the continued development in 2018, which may become a really exciting year for Bactiguard.

Christian Kinch
CEO

The interim report for Bactiguard Holding AB (publ) for the period January-March 2018 is available as a PDF at www.bactiguard.com

This information is information that Bactiguard Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below 2018-05-08, at. 08.00.

A telephone conference for investors, analysts and media will be held at 10:00 CET today, where CEO Christian Kinch and CFO Cecilia Edström will present the interim report and answer questions.

The report and a presentation for the conference call will be available at Bactiguard's website www.bactiguard.com from 8:00 CET the same day.

To participate in the conference call, please dial +46 8 566 426 97

For further information, please contact:
Cecilia Edström, CFO, mobile: +46 722 262 328

About Bactiguard

Bactiguard is a Swedish medical device company with a mission to save lives. To achieve this mission we develop and supply infection protection solutions which reduce the risk of healthcare associated infections and the use of antibiotics. This way, we save significant costs for healthcare and the society at large. The Bactiguard technology prevents bacterial adhesion and biofilm formation on medical devices. Bactiguard offers the technology through licence agreements and our BIP (Bactiguard Infection Protection) portfolio of products. Through our licence partner CR Bard, urinary catheters with



Bactiguard's coating are market leading in the USA and Japan. Bactiguard's own product portfolio of urinary catheters, endotracheal tubes and central venous catheters prevent some of the most common infections, which appear in the urinary tract, the blood stream and the respiratory tract.

Bactiguard is in a strong expansion phase in the European markets, China, India and the Middle East as well by establishing license agreements in new therapeutic areas. The company has about 60 employees around the world. Its headquarters and one of two production facilities are located in Stockholm, the other one in Malaysia. Bactiguard is listed on Nasdaq Stockholm.

Read more about how Bactiguard saves lives on www.bactiguard.com