

## Interim report for Bactiguard Holding AB (publ)

Corporate registration number 556822-1187

### A stable beginning of the year

#### First quarter (January-March 2019)

- Revenues amounted to SEK 35.1 (33.0) million, an increase mainly driven by higher license revenues.
- BIP sales amounted to SEK 3.1 (7.3) million. No deliveries were made to China and India this quarter, while first quarter of 2018 contained major deliveries to both these markets. Sales in other regions grew in the quarter.
- EBITDA<sup>1</sup> amounted to SEK 7.2 (1.8) million, with an EBITDA margin<sup>1</sup> of 20% (6%).
- Operating profit amounted to SEK -3.4 (-6.9) million.
- Net profit/loss amounted to SEK -3.4 (-8.0) million, or SEK -0.10 (-0.24) per share.
- Operating cash flow<sup>1</sup> for the quarter amounted to SEK -9.1 (-13.7) million, or SEK -0.27 (-0.41) per share. A payment of SEK 11.5 million related to a one-off compensation for early termination of the agreement with the former distributor in China in 2018 affected cash flow, but not earnings and profit, in the quarter.

#### Key events during the first quarter

- Bactiguard focuses operations in MEA and transfers accounts receivable in Iraq

#### Key events after the end of the quarter

- The Nomination Committee proposes Professor Anna Martling and Thomas von Koch as new Board members
- New Senior Vice President Operations

Key figures <sup>1,2</sup>	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Revenues <sup>3</sup> , SEKm	35,1	33,0	163,2
EBITDA, SEKm	7,2	1,8	22,2
EBITDA margin, %	20%	6%	14%
Operating profit, SEKm	-3,4	-6,9	-12,0
Net profit/loss for the period <sup>3</sup> , SEKm	-3,4	-8,0	-14,9
Earnings per share <sup>3</sup> , SEK	-0,10	-0,24	-0,45
Operating cash flow, SEKm	-9,1	-13,7	-4,9
Operating cash flow per share, SEK	-0,27	-0,41	-0,15
Equity ratio <sup>1</sup> , %	56%	61%	63%
Net debt <sup>1</sup> , SEKm	238,2	166,0	155,8

<sup>1</sup> Definition and reconciliation of performance measures see page 14-15

<sup>2</sup> Including effects of new accounting principle regarding Leasing, IFRS 16, from January 2019. Comparison figures has not been recalculated. See tables on page 17 for performance measures excluding the effects of IFRS 16.

<sup>3</sup> Defined according to IFRS

# Comments by the CEO

## A stable beginning of the year

The beginning of 2019 was stable. Revenues increased somewhat, while the EBITDA result and margin greatly improved. 2018 was an exciting and eventful year for Bactiguard when we reached several important milestones, so we have high expectations for 2019.

**BIP sales** were lower this quarter but bear in mind that we made major deliveries to China and India in early 2018. This year, no deliveries have yet been made to these markets. In China, this is due to large deliveries just before the end of last year and in India our distributor is waiting for a renewed import license.

Sales and marketing activities in the Chinese market are proceeding at a high intensity. Well Lead has strengthened its team of Bactiguard sales representatives and identified regional distributors and retailers to improve market coverage. In connection with the annual urology congress in Europe (EAU), we had the opportunity to establish closer contact with many Chinese doctors and key opinion leaders. We will continue to develop that network in close dialogue with Well Lead and their Advisory Board.

The ties between Sweden and India are strong and this year the 10th anniversary of the national cooperation in health and medical care is celebrated. "Sweden India Year of Health 2019" began with a delegation trip led by the Minister of Health and Social Affairs Lena Hallengren. A tangible outcome of the trip is a collaboration between Bactiguard and the All India Institute of Medical Sciences (AIIMS) in Jodhpur, where all products in Bactiguard's portfolio will be evaluated. The purpose is to broaden the use of infection preventive products in regular care, both in Jodhpur and at other AIIMS hospitals. In parallel, a series of training activities are organized in infection prevention. The large clinical trial that has been ongoing for a couple of years is completed. When the study is published, it will become a valuable sales tool that can contribute to wider use.

In Europe, we established partnership with Medioplast for the Nordic and Benelux countries in 2018. Their sales representatives are now active in these markets. At the same time, we have recently recruited a sales manager for Germany to strengthen our own organization and assist our partner Asid Bonz in the sales and marketing activities. Several of the smaller European markets are developing well and we see steadily increasing sales to end customers. One example is the homecare segment in Poland, where we reached all-time-high in March.

The Middle East is well on the way back and several of the major markets are increasing their sales to the end customer. Last year was an interim year and this year we expect growth across the region.

**License revenues** from Becton, Dickinson & Company (BD) were higher than the year before. Volumes tend to vary between quarters without following any clear seasonal pattern. The process of registering our entire portfolio of products in China, together with Well Lead, is making good progress and we received new license revenues of just over SEK 1 million in the quarter.

The EBITDA result and margin were significantly higher than last year. This development was primarily driven by higher license revenues, with high margins, but also by new accounting principles for leasing (IFRS 16). If we disregard the accounting-related effects, the EBITDA margin was 13%, which is more than a doubling from the previous year.

Increasing sales of our own product portfolio in China, India, Europe and the Middle East is high on our agenda. We do this in cooperation between our distributors and our own regional sales organization. The focus is on broadening the use of our products in the markets where we are already present and establishing presence in a few additional large European markets.

Developing new license deals is just as prioritized. Over the past two years, we have signed two new license agreements - one for advanced vascular injection catheters and one for our entire product portfolio in China. With the new CE mark for orthopedic trauma implants that was announced in December 2018 and a clinical trial in patients soon to be completed, I feel quite certain that the next license deal will cover this application area. At the same time, there are many more interesting areas linked to our own product portfolio which prevent infections in the urinary tract, airways and blood stream. An application area that we have yet to explore, where infections are common, and our technology would add value, is wound care. There is no shortage of ideas and initiatives, but we must focus our efforts.

In conclusion, I would like to mention the management changes we are now implementing. In her role as CFO, Cecilia Edström is an important partner to me in the management team, with responsibility for strategy and business development. Jonas Östregård has been given increased responsibility as Senior Vice President Sales & Marketing and recently we recruited Daniel Lund, with broad experience in supply chain management, to the role of Senior Vice President Operations. At the same time, we have initiated the recruitment of a Chief Medical and Technology Officer who will contribute to the development of the medical strategy and competence of the company. We make these changes to build for the future and take Bactiguard to the next level. 2019 has all the prerequisites to become a new exciting and eventful year for the company.

Christian Kinch, CEO

## Key events during the first quarter

### Bactiguard focuses operations in MEA

Bactiguard focuses operations in the Middle East and transfers its distribution in Iraq to a European distributor that, at the same time, takes over accounts receivable at a book value of SEK 17.1 million. The proceeds amount to SEK 12.8 million and, therefore, a write-down of accounts receivable corresponding to the balance of SEK 4.3 million was made in the accounts for 2018. The positive cash flow will be generated when the proceeds are paid in the first half of 2019.

## Key events after the end of the quarter

### The Nomination Committee proposes Professor Anna Martling and Thomas von Koch as new Board members

The Nomination Committee of Bactiguard Holding AB (publ) (Bactiguard) proposes to the Annual General Meeting 2019, Professor Anna Martling and Thomas von Koch as new Board members.

Anna Martling is Professor of Surgery and Dean of Campus North at Karolinska Institutet and at the same time Senior Consultant Surgeon in cancer at the Karolinska University Hospital in Stockholm. Anna Martling has a PhD from Karolinska Institutet and broad experience of both clinical work and research, especially in cancer diseases. Anna Martling's research has received multiple awards, among others from the Royal Academy of Sciences and the Swedish Surgical Society. Since 2019, Anna Martling is a member of the Faculty Board at Karolinska Institutet.

Thomas von Koch is one of two founders and principal owners of Bactiguard and was chairman of the Board in the period 2005 to early 2014. In connection with his appointment as CEO of EQT Partners AB (EQT), Thomas von Koch resigned his assignment on the board of Bactiguard in March 2014. At the end of 2018, he stepped down from the CEO role in EQT and thus freed more room for other assignments.

Thomas von Koch has a Master of Science in Business Administration from the Stockholm School of Economics and has solid experience of board work, investments, structural transactions and strategic alliances in several different industries.

At the end of the first quarter, Anna Martling had a holding of 823 B shares in Bactiguard. Thomas von Koch had a holding of 2,000,000 A shares and 4,125,878 B-shares in Bactiguard (directly and via companies), corresponding to 18.4 percent of the capital and 34.8 percent of the votes in the company.

The Nomination Committee proposes re-election of the Board members Mia Arnhult, Christian Kinch and Jan Ståhlberg, also to be re-elected as Chairman of the Board. Marie Wickman-Chantereau and Svante Östblom have both declined re-election.

### New Senior Vice President Operations

Daniel Lund with many years' experience in quality, production and supply chain management from the pharmaceutical industry, including AstraZeneca and Pfizer, has been recruited to a new role as Senior Vice President Operations. At the same time, Jonas Östregård assumes responsibility for Marketing as Senior Vice President Sales & Marketing. Both Daniel and Jonas are members of the management team and report to the CEO.



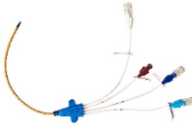
# Consolidated revenues and earnings

## Revenues

Bactiguard has two revenue streams, sales of BIP products and license revenues.

### Sales of BIP products

Bactiguard's BIP (Bactiguard Infection Protection) product portfolio currently includes sales of the BIP Foley, BIP ETT and BIP CVC products.

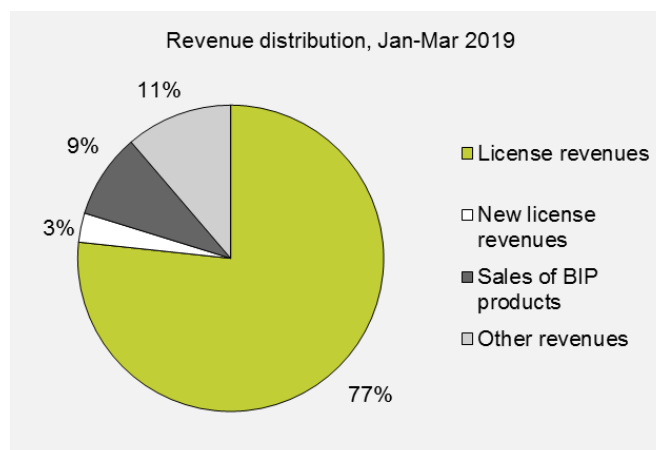
BIP Foley Catheter	BIP ETT	BIP CVC
 <p>BIP Foley Catheter is the company's urinary catheter, which uses the Bactiguard coating to reduce the risk of patients contracting catheter-associated infections of the urinary tract.</p>	 <p>BIP ETT is the company's endotracheal tube, which uses the Bactiguard coating to reduce the risk of patients contracting ventilator-associated pneumonia.</p>	 <p>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.</p>

### License revenues

License revenues are attributable to sales of products under license, which currently includes the Group's licensing agreement with Becton Dickinson and Company ("BD", formerly C.R. Bard) regarding Foley catheters for the USA, Japan, the UK, Ireland, Canada and Australia, a license agreement with Vigilenz Medical Devices for orthopaedic trauma implants, covering the ASEAN region, a global license agreement with Smartwise Sweden AB (Smartwise) for advanced vascular injection catheters as well as a license agreement with Well Lead Medical ("Well Lead") for the Chinese market covering all products in Bactiguard's portfolio, all with the Bactiguard technology for infection prevention.

### Other revenue

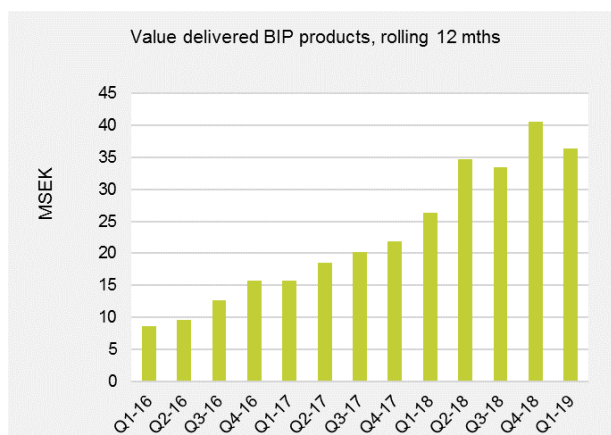
Other revenue mainly comprises foreign exchange differences and other operating income.



### Developments during the first quarter

Consolidated revenues for the first quarter amounted to SEK 35.1 (33.0) million. The increase in revenues refers mainly to recurring license revenues from BD of SEK 26.9 (22.0), an increase by 23%. These revenues vary between quarters without following any clear seasonal pattern. A new license revenue of approximately SEK 1 million from the agreement with Well Lead in China also contributed positively to revenues in the quarter.

Sales of BIP products amounted to SEK 3.1 (7.3) million and were significantly lower in the first quarter than the corresponding period last year, when major deliveries to China and India were made. In China, this is an effect of the major deliveries that were made just before the end of last year and in India our distributor is waiting for a renewed import license. Growth in the Middle East, Europe and Latin America was positive and partly offset the loss of revenues from China and India. We see a positive trend in recurring sales to existing markets and distributors. The development in BIP sales during a rolling 12-month period decreased somewhat in the first quarter, but over a longer time horizon the trend has been steadily rising.



## Financial results

EBITDA for the first quarter amounted to SEK 7.2 (1.8) million, corresponding to an EBITDA margin of 20% (6%). The positive trend in earnings was driven by growth in license revenues with high margins. In addition to this, a higher amount of capitalized development expenditures affected the result positively. Bactiguard runs several development projects with the aim of strengthening the company's product offering and during the first quarter development expenditures of SEK 2.1 (1.1) million were capitalized.

As a consequence of applying new accounting principles for leasing in accordance with IFRS 16, EBITDA increased by SEK 2.5 million in the quarter. Adjusted for this effect, EBITDA was SEK 4.7 million and the EBITDA margin was 13% (6%).

Consolidated operating profit for the first quarter 2019 amounted to SEK -3.4 (-6.9) million. Depreciations, which do not have any impact on cash flow, affected operating profit by SEK -10.6 (-8.7) million, whereof depreciations on the Bactiguard technology of SEK -6.0 (-6.0) million and depreciations of leased assets SEK -2.5 (-0.4) million. The increase in depreciations of leased assets is also an effect of applying IFRS 16.

Financial net amounted to SEK -1.1 (-2.3) million and primarily relates to interest expense on interest bearing debt SEK -1.1 (-1.1) million. The financial net was also affected by interest costs related to applying IFRS 16, but these costs were offset by positive exchange rate effects.

## Cash flow

Total cash flow for the quarter amounted to SEK 1.4 (-5.7) million. Cash flow from operating activities contributed positively but was negatively affected by cash flow from changes in working capital of SEK -11.1 (-13.0) million. When the agreement with the former distributor in China was terminated in 2018, Bactiguard committed to pay a compensation for investments made in marketing and the product approval process. This compensation of SEK 11.5 million affected costs in 2018, but payment was made in the first quarter of 2019 and had a major impact on working capital and cash flow in this quarter.

In connection with the transfer of the distribution in Iraq to a European distributor, accounts receivable at a value of SEK 17.1 million were also transferred. The proceeds of just above SEK 12 million will generate cash flow during the second quarter 2019.

Cash flow from investing activities amounted to SEK -2.6 (-1.4) million, of which the largest part is related to capitalized development expenditures.

The effect of applying IFRS 16 "Leasing" means that the operating cash flow was positively affected by a higher EBITDA, with a corresponding negative effect on cash flow from financing activities due to amortization of leasing liabilities of SEK -2.2 (-0.4) million.

## Financial position

The consolidated equity on 31 March 2019 amounted to SEK 367,0 (377,8) million. Net debt amounted to SEK 238.2 (166,0) million as of 31 March 2019. Applying IFRS 16 "Leasing" from January 2019 led to a significant increase in net debt, as a result of increased leasing liabilities. These leasing liabilities are interest-bearing and amounted to SEK 83.7 million on 31 March 2019, to be compared with 13.6 MSEK on 31 March 2018. Above the leasing liabilities, the group has a bank loan of SEK 142.5 million, with a maturity of three years until December 2020. Out of a granted overdraft facility of SEK 30 million, SEK 16.6 (8.4) million was utilized as of 31 March 2019.

On 31 March 2019, the total assets of the Group amounted to SEK 656.0 (620.4) million. The largest asset items on the balance sheet are goodwill of SEK 226.3 million and the Bactiguard technology which amounted to SEK 183.0 million at the end of the quarter. The Bactiguard technology is depreciated by approximately SEK 24 million annually over a period of 15 years.

## Other disclosures

### The share and share capital

Trade in the Bactiguard share takes place at Nasdaq Stockholm under the ticker symbol "BACTI". The last price paid for the listed B share on 31 March 2019 was SEK 36.20, and the market capitalization amounted to SEK 1 206 million.

The share capital of Bactiguard on 31 March 2019 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 on 31 March 2019 amounted to 33,302,373 shares and 69,302,373 votes.

### Ownership

On 31 March 2019 Bactiguard had 2,594 shareholders. Fjärde AP Fonden increased its shareholding during the first quarter and is now the third (formerly fifth) largest shareholder in the company.

Shareholders	No. of A shares	No. of B shares	Total number	% of capital	% of votes
CHRISTIAN KINCH AND COMPANY	2 000 000	4 125 977	6 125 977	18,4%	34,8%
THOMAS VON KOCH AND COMPANY	2 000 000	4 125 878	6 125 878	18,4%	34,8%
FJÄRDE AP FONDEN		3 248 354	3 248 354	9,8%	4,7%
NORDEA INVESTMENT FUNDS		3 158 095	3 158 095	9,5%	4,6%
STÅHLBERG, JAN		2 956 831	2 956 831	8,9%	4,3%
HANDELSBANKEN INVESTMENT FUNDS		1 585 000	1 585 000	4,8%	2,3%
FÖRSÄKRINGSBOLAGET, AVANZA PENSION		1 474 440	1 474 440	4,4%	2,1%
LANCELOT ASSET MANAGEMENT AB		664 347	664 347	2,0%	1,0%
SWEDBANK FÖRSÅKRING		509 912	509 912	1,5%	0,7%
FRÖAFALL INVEST AB		502 000	502 000	1,5%	0,7%
<b>Total, major shareholders</b>	<b>4 000 000</b>	<b>22 350 834</b>	<b>26 350 834</b>	<b>79,1%</b>	<b>90,0%</b>
Total, others		6 951 539	6 951 539	20,9%	10,0%
<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 first quarter amounted to 62 (67), of which 37 (40) are 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. Disclosures in accordance with IAS 34 Interim Reporting are submitted both in notes and elsewhere in the interim report. The parent company's 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 2018, in addition to what is explained below.

As of January 1, 2019, the Group applies IFRS 16 Leases. In 2018 Bactiguard compiled and analysed the Group's leases and service agreements to determine which must be classified as leases in accordance with IFRS 16. As a result, 12 operating leases were identified for offices, company cars and office equipment, which will be reclassified as financial leases in accordance with IFRS 16. Above all, it is a lease agreement for the company's headquarters and production facility in Botkyrka that generates a significant effect on the company's earnings and financial position. Bactiguard has a financial leasing agreement for a production plant, which used to be recognised in accordance with IAS 17 Leases, but which will be reclassified in accordance with IFRS 16 at the amounts that were reported on the day immediately before the application of this new standard.

The Group applied the forward-looking method for transitioning to this new standard, which means that the comparison figures have not been recalculated and that the value of the asset with the right of use is equal to the leasing debt at the transition date. When establishing the right of use and lease liability for current agreements, the most important judgements are whether an agreement is, or contains a leasing agreement, establishing the leasing periods and discount rates. Leases with a term less than 12 months are classified as short-term agreements, and leases where the underlying asset has a replacement value less than TSEK 45 are classified as low-value agreements. None of these types of agreement are included in the rights of use or lease liabilities that have been recognised. The right of use period has been established based on how the termination and extension clauses are expected to be used, considering the company's strategic plans, and historic information about how the extension options have previously been used. If it is not reasonably certain that there will be an extension, the extension will not be included in the calculation of the lease liability. The company's marginal loan rate at the transition date is used as the discount rate. This has been established per country based on the ten-year government bond rate, the company's credit risk and the currency risk.

At the transition date tangible assets increased with SEK 74 million and interest-bearing liabilities increased by SEK 73 million. The Equity of the group as of January 1, 2019 was not affected by the transition to IFRS 16. A bridge showing the balance sheet changes as of January 1, 2019 and the effect on relevant key figures in the quarter can be found after the financial reports.

## 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 separate 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.

Since 2017, Bactiguard has a license agreement with Smartwise Sweden AB, a company owned by a group of private investors, including Bactiguard's CEO and main shareholder Christian Kinch and main shareholder Thomas von Koch.

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 managers of the Group. None of these persons have 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.

## **Parent company**

Revenues consist of invoiced intercompany expenses (management fees). During the period, the parent company received interest on its receivables from group companies. No investments were made during the period.

## **Risk factors**

Companies within the Group are exposed to various types of risk through their activities. The company continually engages in a process of identifying all risks that may arise and assessing how each of these risks shall be managed. The Group is working to create an overall risk management program that focuses on minimizing potential adverse effects on the company's financial results. The company is primarily exposed to market related risks, operational risks and financial risks. A description of these risks can be found on page 29 and 51-52 in the Annual Report for 2018.

## **Financial targets**

Bactiguard's goal is to create value and generate good returns for the shareholders. One financial target is to have an average growth of 20 % per year over a five-year period, with 2015 as the base year, and adjusted revenues of SEK 118.5 million as the starting point. Another target is to achieve an EBITDA margin of at least 30 % at the end of the five-year period (year 2020). Bactiguard will continue to expand the business by strengthening the sales- and marketing organization, developing new products to the existing BIP portfolio and by entering new license agreements in new therapeutic areas. Other financial targets are to have an equity ratio of at least 30 % and a long-term objective of a dividend of 30-50 % of profit after tax, taking into consideration the company's financial position. The company is in an expansion phase and will therefore in the coming years, prioritize growth over dividends. The Board has not proposed no dividend for the 2019 annual general meeting.



## Condensed consolidated income statement

Amounts in TSEK	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
<i>Revenues</i>			
License revenues	28 011	21 974	109 536
Sales of BIP products	3 143	7 294	40 561
Other revenues	3 962	3 691	13 063
	35 116	32 959	163 160
Raw materials and consumables	-4 760	-5 559	-25 717
Other external expenses	-9 397	-11 701	-56 429
Personnel costs	-13 536	-12 996	-53 838
Depreciation and amortisation	-10 563	-8 728	-34 194
Other operating expenses	-243	-858	-5 022
	-38 498	-39 842	-175 201
<b>Operating profit/loss</b>	<b>-3 382</b>	<b>-6 883</b>	<b>-12 040</b>
<i>Profit/loss from financial items</i>			
Financial income	931	1 238	3 698
Financial expenses	-2 050	-3 542	-12 353
	-1 120	-2 305	-8 654
<b>Profit before tax</b>	<b>-4 502</b>	<b>-9 187</b>	<b>-20 695</b>
Taxes for the period	1 079	1 212	5 764
<b>Net profit/loss for the period</b>	<b>-3 423</b>	<b>-7 975</b>	<b>-14 931</b>
<b>Attributable to:</b>			
Shareholders of the parent	-3 423	-7 975	-14 931
Earnings per share, SEK*	-0,10	-0,24	-0,45

## Condensed consolidated statement of comprehensive income

Amounts in TSEK	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Net profit/loss for the period	-3 423	-7 975	-14 931
<i>Other comprehensive income:</i>			
<u>Items that will be reclassified to profit or loss for the year</u>			
Translation differences	-382	-446	-421
Other comprehensive income, after tax	-382	-446	-421
Total comprehensive income for the period	-3 804	-8 421	-15 352
<b>Attributable to:</b>			
Shareholders of the parent	-3 804	-8 421	-15 352
Total earnings per share, SEK*	-0,11	-0,25	-0,46
Number of shares at the end of period ('000)	33 302	33 302	33 302
Weighted average number of shares ('000)	33 302	33 302	33 302

\* no dilution effect

## Condensed consolidated statement of financial position

Amounts in TSEK	2019-03-31	2018-03-31	2018-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	226 292	226 292	226 292
Technology	183 047	206 853	188 998
Brands	25 572	25 572	25 572
Customer relationships	9 073	10 253	9 368
Capitalised development expenditure	22 836	19 303	21 494
Patents	354	604	414
<b>Intangible assets</b>	<b>467 173</b>	<b>488 877</b>	<b>472 137</b>
Improvements, leasehold	10 736	12 255	10 896
Leased assets	83 487	13 209	11 931
Machinery and other technical plant	4 979	5 803	4 830
Equipment, tools and installations	1 913	2 875	2 133
<b>Property, plant and equipment</b>	<b>101 114</b>	<b>34 143</b>	<b>29 790</b>
Long-term receivables	477	18 291	477
<b>Financial assets</b>	<b>477</b>	<b>18 291</b>	<b>477</b>
<b>Total non-current assets</b>	<b>568 764</b>	<b>541 310</b>	<b>502 405</b>
<b>Current assets</b>			
Inventory	16 598	11 978	14 266
Accounts receivable	47 603	43 677	54 492
Other current receivables <i>Note 2</i>	19 461	17 368	14 421
Cash and cash equivalents	3 612	6 022	1 893
<b>Total current assets</b>	<b>87 274</b>	<b>79 045</b>	<b>85 072</b>
<b>TOTAL ASSETS</b>	<b>656 038</b>	<b>620 355</b>	<b>587 477</b>
<b>Equity attributable to shareholders of the parent</b>			
Share capital	833	833	833
Other equity	366 204	376 920	369 989
<b>Total equity</b>	<b>367 037</b>	<b>377 753</b>	<b>370 821</b>
<b>Non-current liabilities</b>			
Advance payments from customers	-	18 291	-
Deferred tax liability	18 391	24 030	19 471
Liabilities to credit institutions	143 676	150 921	130 805
Liabilities leasing agreements	74 738	12 098	10 938
<b>Total non-current liabilities</b>	<b>236 806</b>	<b>205 340</b>	<b>161 214</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	14 400	7 500	14 400
Accounts payable	11 197	5 531	7 051
Liabilities leasing agreements	8 956	1 484	1 538
Other current liabilities <i>Note 2</i>	1 927	5 815	14 183
Accrued expenses and deferred income	15 714	16 932	18 271
<b>Total current liabilities</b>	<b>52 195</b>	<b>37 262</b>	<b>55 442</b>
<b>Total liabilities</b>	<b>289 001</b>	<b>242 602</b>	<b>216 655</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>656 038</b>	<b>620 355</b>	<b>587 477</b>

## Condensed consolidated statement of changes in equity

Amounts in TSEK	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 2018</b>	833	675 690	116	-290 465	386 173
Profit/loss for the period	-	-	-	-7 975	-7 975
<i>Other comprehensive income:</i>					
Translation differences	-	-	-446	-	-446
<b>Total comprehensive income after tax</b>	<b>0</b>	<b>0</b>	<b>-446</b>	<b>-7 975</b>	<b>-8 421</b>
<b>Transactions with shareholders</b>					
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Closing balance, 31 March 2018</b>	<b>833</b>	<b>675 690</b>	<b>-330</b>	<b>-298 440</b>	<b>377 753</b>
<b>Opening balance, 1 January 2019</b>	833	675 690	-305	-305 376	370 841
Profit/loss for the period	-	-	-	-3 423	-3 423
<i>Other comprehensive income:</i>					
Translation differences	-	-	-382	-	-382
<b>Total comprehensive income after tax</b>	<b>0</b>	<b>0</b>	<b>-382</b>	<b>-3 423</b>	<b>-3 804</b>
<b>Transactions with shareholders</b>					
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Closing balance, 31 March 2019</b>	<b>833</b>	<b>675 690</b>	<b>-687</b>	<b>-308 799</b>	<b>367 037</b>

## Condensed consolidated statement of cash flows

Amounts in TSEK	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
<b>Cash flow from operating activities</b>			
Net profit/loss for the period	-3 423	-7 975	-14 931
Adjustments for depreciation and amortisation and other non-cash items	8 021	8 621	32 487
	4 599	646	17 556
<b>Cash flow from changes in working capital</b>			
Increase/decrease inventory	-2 118	1 849	-427
Increase/decrease accounts receivable	7 382	-5 981	-1 162
Increase/decrease other current receivables	-5 714	-4 198	-2 884
Increase/decrease accounts payable	4 145	697	2 213
Increase/decrease other current liabilities	-14 770	-5 363	-14 431
	-11 075	-12 996	-16 691
<b>Cash flow from investing activities</b>			
Investments in intangible assets	-2 075	-1 272	-5 020
Investments in property, plant and equipment	-514	-104	-725
	-2 589	-1 376	-5 745
<b>Operating cash flow</b>	<b>-9 065</b>	<b>-13 727</b>	<b>-4 880</b>
<b>Cash flow from financing activities</b>			
Amortisation of financial lease	-2 246	-360	-1 466
Change in bank overdraft	12 722	8 421	3 905
Amortisation of loan	-	-	-7 500
	10 475	8 061	-5 061
<b>Cash flow for the period</b>	<b>1 410</b>	<b>-5 665</b>	<b>-9 941</b>
<b>Cash and cash equivalents at start of period</b>	<b>1 893</b>	<b>11 550</b>	<b>11 550</b>
Exchange difference in cash and cash equivalents	308	137	285
<b>Cash and cash equivalents at end of period</b>	<b>3 612</b>	<b>6 022</b>	<b>1 893</b>

## Condensed parent company income statement

Amounts in TSEK	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Revenues	1 826	1 664	6 967
	1 826	1 664	6 967
Operating expenses	-2 678	-2 533	-10 440
	-2 678	-2 533	-10 440
<b>Operating profit/loss</b>	-852	-869	-3 474
Net financial items	-401	-497	-2 049
<b>Profit/loss after financial items</b>	-1 253	-1 367	-5 523
Tax for the period	-	-	-
<b>Net profit/loss for the period</b>	-1 253	-1 367	-5 523

The parent company presents no separate statement of comprehensive income, since the company has no items in 2019 or 2018 recognized in other comprehensive income. Net profit/loss for the period for the parent company thereby also constitutes the comprehensive income for the period.

## Condensed parent company balance sheet

Amounts in TSEK	2019-03-31	2018-03-31	2018-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets	604 989	621 489	607 489
<b>Total non-current assets</b>	<b>604 989</b>	<b>621 489</b>	<b>607 489</b>
Current assets	1 292	2 836	994
<b>Total current assets</b>	<b>1 292</b>	<b>2 836</b>	<b>994</b>
<b>TOTAL ASSETS</b>	<b>606 281</b>	<b>624 325</b>	<b>608 484</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Total equity</b>	<b>456 032</b>	<b>461 442</b>	<b>457 286</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	127 050	142 500	126 900
<b>Total non-current liabilities</b>	<b>127 050</b>	<b>142 500</b>	<b>126 900</b>
Current liabilities	23 199	20 383	24 298
<b>Total current liabilities</b>	<b>23 199</b>	<b>20 383</b>	<b>24 298</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>606 281</b>	<b>624 325</b>	<b>608 484</b>

## Performance Measures

The company presents certain performance measures in the interim report that are not defined in accordance with IFRS (so-called alternative key ratios according to ESMA guidelines). The Company believes that these measures provide useful supplementary information to investors and the company's management as they allow for the evaluation of the company's performance. Since not all companies calculate the measures in the same way, these are not always comparable to measures used by other companies. These performance measures should therefore not be considered a substitute for measures as defined under IFRS.

Definitions and tables below describe how the performance measures are calculated. The measures are alternative in accordance with ESMA's guidelines unless otherwise stated.

### EBITDA

Shows the company's earnings capacity from ongoing operations irrespective of capital structure and tax situation. The key figure is used to facilitate comparisons with other companies in the same industry. The company considers this key figure to be the most relevant performance measure of the business because the company has a large asset item in Technology, which generates large depreciation while the value is considered to be significant for the company even after the technology has been fully depreciated. Bactiguard's patented and unique technology can be applied to a wide range of products, both in the BIP portfolio and through license deals.

The company defines EBITDA as operating profit/loss excluding depreciation and amortization of tangible and intangible assets.

Amounts in TSEK	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Operating profit/loss	-3 382	-6 883	-12 040
Depreciation and amortisation	<u>10 563</u>	<u>8 728</u>	<u>34 194</u>
<b>EBITDA</b>	<b>7 181</b>	<b>1 845</b>	<b>22 154</b>

### EBITDA-margin

Shows the company's earnings capacity from ongoing operations, irrespective of capital structure and tax situation, in relation to revenues. The key figure is used to facilitate analysis of the company's result in comparison with comparable companies.

Amounts in TSEK	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
EBITDA	7 181	1 845	22 154
Revenue	<u>35 116</u>	<u>32 959</u>	<u>163 160</u>
<b>EBITDA-margin</b>	<b>20%</b>	<b>6%</b>	<b>14%</b>

### Net debt

Net debt is a measure used to describe the group's indebtedness and its ability to repay its debt with cash generated from the group's operating activities if the debts matured today. The company considers this key figure interesting for creditors who want to understand the group's debt situation.

The company defines net debt as interest-bearing liabilities less cash and cash equivalents at the end of the period.

Amounts in TSEK	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Liabilities to credit institutions	158 076	158 421	145 205
Long-term liabilities leasing	74 738	12 098	10 938
<u>Short-term liabilities leasing</u>	<u>8 956</u>	<u>1 484</u>	<u>1 538</u>
Interest-bearing liabilities	241 770	172 003	157 681
Cash and cash equivalents	<u>-3 612</u>	<u>-6 022</u>	<u>-1 893</u>
<b>Net debt</b>	<b>238 158</b>	<b>165 982</b>	<b>155 787</b>

### Equity ratio

Equity ratio is a measure that the company considers important for creditors who want to understand the company's long-term ability to pay. The company defines equity ratio as equity and untaxed reserves (less deferred tax), in relation to the balance sheet total.

Amounts in TSEK	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Equity	367 037	377 753	370 821
Balance sheet total	<u>656 038</u>	<u>620 355</u>	<u>587 477</u>
<b>Equity ratio</b>	<b>56%</b>	<b>61%</b>	<b>63%</b>

### Earnings per share

Profit attributable to holders of ordinary shares in the Parent Company divided by the weighted average number of outstanding ordinary shares during the period, in accordance with IFRS.

### Operating cash flow

Cash flow from operating activities after investments and changes in working capital. Direct reconciliation against financial report possible. Operating cash flow per share is operating cash flow in relation to the weighted average number of outstanding ordinary shares during the period. Key ratios regarding operating cash flow are presented as they are used by analysts and other stakeholders to evaluate the company.

### Profit/loss from financial items

Financial income minus financial expenses. Direct reconciliation against financial report possible.

## Note 1 Revenue distribution

Amounts in TSEK	Total Group	Total Group	Total Group
	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
<b>Type of product/service</b>			
License	28 011	21 974	109 536
<u>BIP-products</u>	<u>3 143</u>	<u>7 294</u>	<u>40 561</u>
<b>Total</b>	<b>31 156</b>	<b>29 269</b>	<b>150 097</b>
<b>Time for revenue recognition</b>			
Performance commitment is met at a certain time	30 073	29 269	141 781
<u>Performance commitment is met during a period of time</u>	<u>1 082</u>	<u>0</u>	<u>8 317</u>
<b>Total</b>	<b>31 156</b>	<b>29 269</b>	<b>150 097</b>

## Note 2 Financial assets and liabilities measured at fair value

The table below shows the breakdown of financial assets and financial liabilities recognized at fair value in the consolidated balance sheet.

Distribution of how fair value is determined is based on three levels;

Level 1: according to prices quoted on an active market for the same instrument.

Level 2: based on directly or indirectly observable market data not included in level 1.

Level 3: based on input data that is not observable on the market.

For description of how real values have been calculated, see annual report 2018, note 4. Fair value of financial assets and liabilities is estimated to be substantially consistent with book values. As per 31 March 2019 the group had no outstanding foreign exchange contracts.

Amounts in TSEK	Jan-Mar 2019		Jan-Mar 2018		Full year 2018	
	Derivatives (level 2)	Fair value	Derivatives (level 2)	Fair value	Derivatives (level 2)	Fair value
<b>Assets</b>						
Other current receivables	0	0	0	0	0	20
<b>Liabilities</b>						
Other current liabilities	-	-	1 846	1 846	-	-



## Bridge transition to IFRS 16

Amounts in TSEK	Closing Balance 31 December 2018	Conversion to IFRS 16	Adjusted balance 1 January 2019
<b>ASSETS</b>			
<b>Intangible assets</b>	<b>472 137</b>	<b>0</b>	<b>472 137</b>
	0	0	0
Improvements, leasehold	10 896	0	10 896
Machinery and other technical plant	16 761	-11 931	4 830
Leased assets	0	86 019	86 019
Equipment, tools and installations	2 133	0	2 133
<b>Property, plant and equipment</b>	<b>29 790</b>	<b>74 088</b>	<b>103 879</b>
<b>Financial assets</b>	<b>477</b>	<b>0</b>	<b>477</b>
<b>Total non-current assets</b>	<b>502 405</b>	<b>74 088</b>	<b>576 493</b>
<b>Current assets</b>	<b>85 072</b>	<b>-674</b>	<b>84 398</b>
<b>TOTAL ASSETS</b>	<b>587 477</b>	<b>73 415</b>	<b>660 891</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>370 821</b>	<b>0</b>	<b>370 821</b>
<b>Non-current liabilities</b>			
Deferred tax liability	19 471		19 471
Liabilities to credit institutions	130 805		130 805
Other long-term liabilities	10 938	-10 938	0
Liabilities leasing agreements		77 003	77 003
<b>Total non-current liabilities</b>	<b>161 214</b>	<b>66 065</b>	<b>227 278</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	14 400		14 400
Accounts payable	7 051		7 051
Liabilities leasing agreements		8 888	8 888
Other current liabilities	15 721	-1 538	14 183
Accrued expenses and deferred income	18 271		18 271
<b>Total current liabilities</b>	<b>55 442</b>	<b>7 350</b>	<b>62 792</b>
<b>Total liabilities</b>	<b>216 655</b>	<b>73 415</b>	<b>290 070</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>587 477</b>	<b>73 415</b>	<b>660 891</b>

Because of applying IFRS 16 "Leasing" as of January 1, 2019, some of Bactiguard's key figures are affected. Key ratios adjusted for effect from IFRS 16 "Leasing" are presented below.

<b>EBITDA and EBITDA-margin</b>			<b>Operating cash flow</b>		
Amounts in TSEK	Jan-Mar 2019	Jan-Mar 2018	Amounts in TSEK	Jan-Mar 2019	Jan-Mar 2018
EBITDA	7 181	1 845	Operating cash flow	-9 065	-13 727
<u>Adjustment IFRS 16 Leasing</u>	<u>-2 452</u>	-	<u>Adjustment IFRS 16 Leasing</u>	<u>-2 106</u>	-
<b>EBITDA excluding effect from IFRS 16</b>	<b>4 729</b>	<b>1 845</b>	<b>Operating cash flow excluding effect from IFRS 16</b>	<b>-11 171</b>	<b>-13 727</b>
<b>EBITDA-margin excluding effect from IFRS 16</b>	<b>13%</b>	<b>6%</b>			
<b>Operating profit</b>			<b>Net debt</b>		
Amounts in TSEK	Jan-Mar 2019	Jan-Mar 2018	Amounts in TSEK	Jan-Mar 2019	Jan-Mar 2018
Operating profit	-3 382	-6 883	Net debt	238 158	165 982
<u>Adjustment IFRS 16 Leasing</u>	<u>-346</u>	-	<u>Adjustment IFRS 16 Leasing</u>	<u>-71 596</u>	-
<b>Operating profit excluding effect from IFRS 16</b>	<b>-3 728</b>	<b>-6 883</b>	<b>Net debt excluding effect from IFRS 16</b>	<b>166 562</b>	<b>165 982</b>
<b>Net profit/loss for the period</b>			<b>Equity ratio</b>		
Amounts in TSEK	Jan-Mar 2019	Jan-Mar 2018	Amounts in TSEK	Jan-Mar 2019	Jan-Mar 2018
Net profit/loss for the period	-3 423	-7 975	Equity ratio	56%	61%
<u>Adjustment IFRS 16 Leasing</u>	<u>287</u>	-	<u>Adjustment IFRS 16 Leasing</u>	<u>7%</u>	<u>0</u>
<b>Net profit/loss for the period excluding effect from IFRS 16</b>	<b>-3 135</b>	<b>-7 975</b>	<b>Equity ratio excluding effect from IFRS 16</b>	<b>63%</b>	<b>61%</b>

## Forthcoming disclosures of information

15 May 2019	Annual General Meeting
8 August 2019	Interim report, 1 Apr – 30 Jun 2019
7 November 2019	Interim report, 1 Jul – 30 Sep 2019

## Annual General Meeting

The Annual General Meeting of Bactiguard Holding AB (publ) will be held at 2 pm on Wednesday, 15 May 2019 at the company's headquarters in Botkyrka.

## Contacts

For additional information, please contact:

Christian Kinch, CEO: +46 8 440 58 80

Cecilia Edström, CFO: +46 72 226 23 28

## 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, 9 May 2019

Jan Ståhlberg

Chairman

Mia Arnhult

Board member

Svante Östblom

Board member

Marie Wickman-Chantereau

Board member

Christian Kinch

CEO and Board member

This interim report is unaudited.

Bactiguard is a Swedish medtech 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 coating prevents healthcare associated infections through reducing bacterial adhesion and formation on medical devices. Bactiguard-coated urinary catheters are market leading in the US and Japan through our license partner BD and the company has also its own product portfolio consisting of urinary catheters, endotracheal tubes and central venous catheters. Bactiguard is in a strong expansion phase focused on the European markets, Middle East, Asia and Latin America. The company has about 70 employees worldwide. Its headquarters and production facility is in Stockholm. Bactiguard is listed on Nasdaq Stockholm. Read more about Bactiguard at [www.bactiguard.com](http://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 persons set out above 2019-05-09, at. 08.00.