

## Interim report for Q1 2020

### Strong growth and profitability driven by increased need for infection prevention

The development of the Covid-19 pandemic has painfully highlighted the urgent need for infection prevention. This has led to an increased interest in Bactiguard and generated strong sales from mid-March. Total revenues increased by more than 40 percent in the quarter and EBITDA doubled, generating an EBITDA margin of 30 percent and a positive net result.

### First quarter (January-March 2020)

- Revenues amounted to SEK 48,1 (33,9) million and increased by 42% (adjusted for currency 36%).
- EBITDA amounted to SEK 14,4 (7,2) million with an EBITDA-margin of 30% (21%).
- Operating profit amounted to SEK 3,9 (-3,4) million.
- Net profit/loss amounted to SEK 1,6 (-3,4) million, or SEK 0,05 (-0,10) per share.
- Operating cash flow for the quarter amounted to SEK -3,5 (-6,5) million or SEK -0,11 (-0,19) per share.

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### Key events during the first quarter

- The Malaysian company Vigilenz was acquired and Bactiguard's increased and extended its financing.
- In early February, Christian Kinch left his position as CEO and Cecilia Edström was appointed new CEO.
- Bactiguard launched HYDROCYN aqua® in Sweden and secured customer orders of just over SEK 20 million.
- Bactiguard decided to start manufacturing of advanced disinfectants in Sweden.
- Bactiguard and Svenskt Industriflyg established an air bridge for protective medical equipment.
- Bactiguard's sales and earnings were positively affected by Covid-19. The spread of the pandemic has not had any significant negative effects or caused interruptions to the business, and the interest in infection prevention has increased.

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

- Urinary catheters for continuous temperature monitoring and infection control were launched in April.
- The AGM resolved on a new issue of shares as part of the purchase consideration for Vigilenz and Christian Kinch was elected new Chairman of the Board.
- Gabriella Björknert Caracciolo was recruited to the role as CFO and will assume her position in August 2020.

## Comments by the CEO

### Strong growth and profitability driven by increased need for infection prevention

To say the least, the first quarter has been eventful and challenging. In conjunction with assuming the role as CEO of Bactiguard, we completed our first ever acquisition and the timing could not



have been better. The development of the Covid-19 pandemic has painfully highlighted the urgent need for infection prevention. This has led to an increased interest in Bactiguard and generated strong sales from mid-March.

Total revenues increased by more than 40 percent in the quarter and EBITDA doubled, generating an EBITDA margin of 30 percent and a positive net result.

### License business

Revenues from Becton, Dickinson & Company (BD) were higher than during the first quarter of 2019. This is due to both somewhat higher volumes and a favorable dollar exchange rate. Demand for different medical devices now varies greatly as a result of Covid-19. Companies that provide infection prevention, consumables and intensive care equipment are experiencing a significantly higher demand, whereas companies that focus on surgical, orthopedic and capital-intensive products and equipment experience a much tougher situation.

The licensing business with Zimmer Biomet, one of the world's leading orthopedic companies, is developing according to plan and the focus is currently on the regulatory process. New license revenue will be generated as we reach certain milestones in the collaboration and when the products reach the market.

We are convinced that the strength of the Bactiguard technology for various types of medical applications, both for short-term and long-term use, will pave the way for new licensing deals.

### Bactiguard Infection Protection (BIP)

Following the acquisition of Vigilenz, Bactiguard has a much broader product portfolio, with catheters and tubes for the blood stream, urinary and respiratory tract, and wound care. We focus on areas where infections are frequent and lead to complications for both patients and healthcare providers. A broader portfolio makes us more attractive as supplier to healthcare providers and as a partner for our distributors since we can offer a more complete range for infection prevention.

Given the large volumes we delivered during the second half of 2019, we expected a much slower start to 2020, but that was not the case.

### Launch of HYDROCYN aqua®

In mid-March, we launched HYDROCYN aqua® on the Swedish market. The product has previously primarily been sold as an advanced wound care solution. At launch, the scope was expanded to disinfection. HYDROCYN aqua® has many advantages. It is pH neutral, water-based and the active substance is a natural part of the human immune system. Unlike alcohol and chlorhexidine, it is therefore not toxic or harmful to the body, nor is it flammable.



In just a few days, we secured orders of approximately SEK 20 million, which corresponds to roughly half the annual sales of our own products for both Bactiguard and Vigilenz in 2019. This is very encouraging, and we see great potential to expand sales in both the Swedish and other European markets. Initially, we handled the supply of goods from Malaysia via a private air bridge that was quickly established when regular transport capacity disappeared almost overnight as a result of Covid-19. This is not a long-term sustainable solution, which is why we quickly decided to start production also in Sweden to be closer to our end customers in the European market. In this perspective, we feel that the decision we took more than five years ago, to move production home to Sweden and establish a plant at our headquarters south of Stockholm was right.

#### **Launch of new catheter for intensive care**

The product portfolio has also recently been expanded with a urinary catheter that combines integrated temperature monitoring with infection prevention. Within intensive care in particular, continuous temperature measurement is critical to monitor patients' health. The fact that we can now offer both monitoring and infection prevention in the same product is a great advantage for intensive care patients where the risk of infections is very high, and complications can be a matter of life and death.

#### **Increased need for infection prevention**

Sales of Bactiguard's original product portfolio were at par with the corresponding quarter of last year. From mid-March and during April, we saw increased interest and higher demand for our products, both in Sweden and in other markets. Bactiguard's endotracheal tube is now used, for example, for anesthetized Covid-19 patients at the Karolinska University Hospital. The lockdowns that several countries have applied for a couple of months creates challenges for both us and our distributors. Contacts with healthcare providers are limited as physical visits are not possible in many markets, but as we develop new communication channels and the extent of the restrictions diminishes, we see good opportunities to strengthen our position.

#### **My first 100 days as CEO**

When I sum up the first hundred days as CEO, I realize that the level of activity has been very high. I can also proudly say that we have helped to limit the consequences of the Corona pandemic by contributing with our knowledge and offering products for infection prevention. We have collaborated with the Swedish government, authorities, other companies and healthcare. A couple of our employees have actively contributed to the care and testing of Covid-19 patients. This has given us insights of how patients are affected by this virus that does not follow any previously known patterns and how Bactiguard's products can help reduce the risk of serious complications. Healthcare has mobilized in a fantastic way and we have gained unique experiences and established new networks that will be important in the longer term.

The acquisition of Vigilenz is strategically important. In a shorter perspective, it has broadened our product portfolio and contributed to a positive sales development. In the longer term, we have improved our capacity to develop new products and license applications.

The pace in the management team and the company is high, and we are building for the future, while we are in the middle of a global crisis. Therefore, I am very pleased that we have recruited Gabriella Björknert Caracciolo to the role of CFO. Gabriella has a broad experience in finance, IT and business development from the financial sector and I am convinced that she has a lot to contribute to the management team and to the process of taking Bactiguard to the next level.

The need for infection prevention is now increasing worldwide and Bactiguard offers a unique technology that is effective, safe and reduces the risk of healthcare associated infections. We are confident in our opportunities to develop the business and we also see great potential in new applications and thus reaching new market segments.



Covid-19 has affected us all - both as individuals and companies. At the same time, it has opened up new opportunities for Bactiguard which will remain after the pandemic has subsided. I would therefore like to take this opportunity to thank our colleagues for your efforts that contribute to increasing patient safety and saving lives, every day.

Cecilia Edström, CEO

*The interim report for Bactiguard Holding AB (publ) for the period January-March 2020 is now available as a PDF 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 person set out below 2020-05-13, at 08.00.*

A webcast for investors, analysts and media will be held at 10:00 CET today, where CEO Cecilia Edström and acting CFO Lina Arverud will present the interim report and answer questions.

The report and a presentation for the webcast will be available at Bactiguard's website [www.bactiguard.com](http://www.bactiguard.com).

**To participate in the webcast, please use this link:**

<https://event.on24.com/wcc/r/2266251/5AF82FEF4183590B19A6D30FC570901F>

Questions may be submitted by dialing **+46 8 505 583 74**, during the webcast. If you don't wish to ask questions by telephone you only need to participate through the link above.

**For further information, please contact:**

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#### **About Bactiguard**

Bactiguard is a Swedish medical device company with a mission to save lives. To achieve this mission, we develop and supply infection prevention 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 license agreements and our BIP (Bactiguard Infection Protection) portfolio of products. Through our license partner BD, 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 by establishing license agreements in new therapeutic areas. Recently, Bactiguard completed the acquisition of Malaysian Vigilenz, a manufacturer and supplier of medical devices and consumables, primarily within wound care and infection prevention.

Following the acquisition, Bactiguard has about 180 employees around the world. Its headquarters and one of three production facilities are located in Stockholm, the other two in Malaysia.

Bactiguard is listed on Nasdaq Stockholm.

Read more about how Bactiguard saves lives at [www.bactiguard.com](http://www.bactiguard.com)