

Interim report for Q2 2017

Bactiguard saves lives by preventing healthcare associated infections. With the development in the second quarter, sales of our own product portfolio have now increased for seven consecutive quarters, based on rolling twelve-month figures. This means that more patients have access to effective and safe infection prevention. The value of delivered products increased by approx. 76 %, due to higher volumes and improved product mix. Higher license revenues contribute considerably to the increase in total revenue compared with previous year. With continued cost control, EBITDA also improved and we reached an EBITDA margin of 11 %. Marketwise, the biggest breakthrough in the quarter was the tender we won in Stockholm. New partnerships were also established for Brazil, Italy and South Africa.

Second quarter (April-June 2017)

- During the second quarter, BIP products at a value of SEK 6.5 (3.7) million were delivered.
- Revenues amounted to SEK 36.5 (33.8) million, an increase of approx. 8 % compared to the corresponding quarter previous year.
- EBITDA amounted to SEK 3.8 (2.4) million, an increase of approx. 61 % compared to the corresponding quarter previous year. EBITDA margin of 11 % (7 %).
- Operating profit amounted to SEK -4.8 (-5.9) million.
- Net profit/loss for the quarter amounted to SEK -6.0 (-7.7) million, corresponding to SEK -0.18 (-0.23) per share.
- Operating cash flow for the quarter amounted to SEK 1.8 (-2.2) million, corresponding to SEK 0.05 (-0.07) per share.

First half year (January-June 2017)

- During the first half year, BIP products at a value of SEK 9.3 (6.6) million were delivered.
- Revenues for the period amounted to SEK 77.5 (59.8) million, an increase of approx. 30 % compared to the corresponding period previous year.
- EBITDA for the period amounted to SEK 17.2 (0.8) million, an EBITDA margin of 22 % (1 %).
- Operating profit amounted to SEK -0.4 (-15.8) million.
- Net profit/loss for the period amounted to SEK -1.9 (-18.9) million corresponding to SEK -0.06 (-0.57) per share.
- Operating cash flow for the period amounted to SEK -0.2 (-0.5) million corresponding to SEK 0 (-0.01) per share.

Key events during the second quarter

- Bactiguard won tenders for Stockholm, Region Skåne and the county of Kalmar
- New partnerships were established for Brazil, Italy and South Africa
- A third order for China of 100,000 catheters was delivered



Comments by the CEO

Bactiguard's mission is to save lives by preventing healthcare associated infections, which affect a large proportion of all hospitalized patients. Therefore, it is encouraging that sales of our own product portfolio have now increased for seven consecutive quarters, based on rolling twelve-month figures. The value of delivered products increased by approximately 76 % compared with the corresponding quarter of last year, due to higher volumes and improved product mix. This means that we are still well on our way towards doubling revenues generated by our own product portfolio for the full year. This also means that more patients have access to effective and safe infection prevention.

Higher license revenues contribute considerably to the increase in total revenue for the second quarter of 2017 compared with the corresponding quarter of 2016. The largest licensing business with C.R Bard is stable, although volumes may vary somewhat between quarters. This license flow is dependent on the US dollar and with the continued uncertain development of the exchange rate, we have chosen to secure part of the license flow since June. The new license business with Smartwise is moving ahead and we have now received USD 1.5 million of a total of 2.5 in revenue for this year. In parallel, we have a high level of activity in developing new license businesses.

With continued focus on cost control in combination with increased revenue, EBITDA improved compared with the corresponding period last year. For the six-month period, the improvement in EBITDA was particularly strong as a result of the revenue from the license agreement with Smartwise.

Marketwise, the biggest breakthrough in the quarter was the tender we won in Sweden for the Stockholm County Council (SLL). The agreement enables both primary and secondary care to purchase our infection preventive urinary catheters. That Sweden's largest county council chooses Bactiguard is an important quality stamp and has been noted both here and abroad. Our infection prevention technology is gaining wider and wider acceptance and at the end of the quarter it became official that Region Skåne follows SLL's example in a tender process for urinary catheters. The focus in healthcare on antibiotic resistance makes us very well positioned.

We have also had high level of activity in other markets and we established new partnerships in no less than three countries, Italy, Brazil and South Africa during the quarter. In Italy, together with Gada Italia Srl, a leading distributor of medical devices. Since 2016, we have increased our European presence significantly by entering Austria, Germany, Poland and Switzerland and we are now relaunching in Italy, with focus on intensive care.

In Brazil, we have switched distributor to Biodina, a company focused on intensive care that successfully has introduced new, advanced products in the single largest market in South America. Finally, at the end of June, we established a partnership with Surgical Innovations in South Africa, the market that has the most developed and advanced medical services in Africa.

In China, the need and interest in Bactiguard's infection prevention solutions are high and we delivered on a new order in June. Sales and marketing activities for major hospitals are well under way in many provinces. In India, focus, in parallel with market efforts towards hospitals, has been aimed at expanding the distributor network with more regional distributors and we have come a long way.



In Europe, the expanded market coverage contributes to a positive development of sales. The Middle East is now seriously back on track and sales are already in line with the full year 2016, which was a weak year. We are represented in all major markets in the region and have received orders from all during the quarter, which contributes to a robust development.

During the summer months, a lot of time has been spent preparing activities for the autumn. We have also actively participated in the public debate in Sweden, at Almedalen and Båstad. Both the Swedish and international public debate highlight a great concern about what the spread of multiresistant bacteria can lead to. One example is the risk of not being able to treat sepsis, which affects 40,000 people in Sweden each year and where as many as 20 percent of them die. We collaborate with the Sepsis Foundation in Sweden and the Global Sepsis Alliance internationally to raise awareness of this serious condition which, despite its vastness, still suffers from relatively low awareness. By preventing more infections using our products and increasing awareness of sepsis, we can save more lives.

Christian Kinch

CEO

The interim report for Bactiguard Holding AB (publ) for the period April-June 2017 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 2017-08-10, 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 Fredrik Järsten 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, please dial +46 8 566 426 99

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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 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