

Interim report for Q2 2020

Strong growth and earnings development in quarter affected by COVID-19

Second quarter (April-June 2020)

- Revenues amounted to SEK 48,2 (33,0) million and increased by 46% (adjusted for currency 45%).
- EBITDA amounted to SEK 10,5 (5,7) million with an EBITDA-margin of 22% (17%).
- Operating profit amounted to SEK -0,8 (-4,8) million.
- Net profit/loss amounted to SEK -0,3 (-5,6) million, whereof SEK 1,9 million refers to an IFRS related adjustment from the set-off issue. Earnings per share amounted to SEK -0,01 (-0,17) per share.
- Operating cash flow for the quarter amounted to SEK 3,6 (-0,2) million or SEK 0,11 (-0,01) per share.

First half year (January-June 2019)

- Revenues amounted to SEK 96,3 (66,9) million and increased by 44% (adjusted for currency 41%).
- EBITDA amounted to SEK 24,9 (12,9) million with an EBITDA-margin of 26% (19%).
- Operating profit amounted to SEK 3,1 (-8,2) million.
- Net profit/loss amounted to SEK -11,4 (-9,0) million, whereof SEK -10,9 million refers to an IFRS related adjustment from the set-off issue. Earnings per share amounted to SEK -0,34 (-0,27) per share.
- Operating cash flow for the quarter amounted to SEK 0,1 (-6,7) million or SEK 0,00 (-0,20) per share.

Key events during the second quarter

- Study shows that Hydrocyn® aqua kills the coronavirus that causes COVID-19 and a collaboration was initiated with online pharmacy Apotea in Sweden.
- The BIP portfolio was extended by urinary catheters for continuous temperature monitoring.
- The AGM resolved on a new issue of shares as part of the purchase consideration for Vigilenz, the number of shares and votes in the company thereby increased.
- Christian Kinch was elected new Chairman of the Board.
- Gabriella Björknert Caracciolo was recruited to the role as CFO and starts her position in August 2020.

COVID-19 effects

- BIP sales were positively affected by increased need of infection prevention and high demand for disinfectants. License revenues from BD and sales of some BIP products were negatively affected by reduced general hospital admissions and postponed elective procedures in most markets. A gradual opening and increase in admissions started at the end of Q2, for instance in the US.



Key events after the end of the quarter

- Interim approval of ETT in Canada
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Comments by the CEO

Strong growth and earnings development in a quarter affected by COVID-19

During the spring and summer, COVID-19 has affected global developments and put an already strained healthcare system under extreme pressure, resulting in an accelerating backlog. The pandemic and the increased need for infection prevention have created new opportunities for Bactiguard and contributed to strong sales growth. At the same time, it has led to challenges for us, our customers and licensing partners. In that perspective, I am pleased that revenues increased by 45 percent and EBITDA almost doubled in the quarter, with an EBITDA margin of 22 percent.

Broader BIP portfolio drives growth

The integration of Vigilenz and the launch of Hydrocyn® aqua (Hydrocyn) as part of our Bactiguard Infection Protection (BIP) portfolio for infection prevention, contributed greatly to a strong development of BIP sales. Revenues of just above SEK 25 million are at par with the final quarter of 2019, when we generated all time high revenues following large deliveries to China. This shows that our dependence on individual markets is decreasing and that we have a broader BIP portfolio that generates recurring income.

The response we received at the launch of Hydrocyn on the Swedish market overwhelmed us. The fact that the product is alcohol-free and tissue-friendly, and at the same time effectively kills bacteria, fungi and the new coronavirus that causes Covid-19 strengthens us in the belief that Hydrocyn is a product for the future. We have therefore started production in Sweden and developed a long-term sales strategy, both for the Swedish and other markets.

With a BIP portfolio that in addition to products for the urinary tract, blood stream and airways now also includes advanced disinfection and wound care, our ambition is to make these products available to many more. We therefore see it as a natural next step in our development to establish our own distribution channel and take a more active role in establishing collaborations with pharmacies, healthcare providers, other important societal functions and companies in the Nordic market. We have also started launching Hydrocyn in a few markets outside the Nordics, for instance in the Middle East, and will accelerate the expansion during the second half of the year.

The need for intensive care for seriously ill Covid-19 patients and their susceptibility to infection has increased interest in Bactiguard's products. Our endotracheal tubes (ETT) are now used at the Karolinska University Hospital in Stockholm and Sahlgrenska University Hospital in Gothenburg for patients in need of mechanical ventilation. Covid-19 has also opened a fast track to the Canadian market through an interim product approval of our ETTs and we are investigating similar opportunities in other countries.

At the same time, we and our distributors have faced major challenges. Many countries and regions have been more or less shut down. Planned interventions and non-urgent care needs have been postponed and created long backlogs. Contacts with healthcare have been limited as physical meetings have been restricted, which has made it more difficult to approach new customers and drive sales actively. As more and more countries and hospitals now open up, we see good opportunities to advance our positions.



License business

Revenues from Becton, Dickinson & Company (BD) were lower than in the second quarter of 2019, which is largely Covid-19 related. At the beginning of the pandemic, many hospitals bought large stocks to meet increased care needs. Although the need for intensive care has been high, general hospital utilization has been low and planned interventions have been postponed. This has led to decreased sales of BD's consumables during the second quarter and thus also lower license revenues for Bactiguard.

Healthcare in the United States has now begun to reopen, and we expect revenues to gradually return to normal levels, although there may be temporary setbacks if the viral infection increases again.

Our collaboration with Zimmer Biomet continues with high intensity. Global demand for elective knee, hip and shoulder surgery has been severely affected by Covid-19 as a result of postponed operations. During the summer months, the number of procedures has increased and a gradual return to a more normal level of activity has begun. At the same time, new opportunities have opened up within the scope of our cooperation. The European regulatory framework (MDR), which was to enter into force in May this year, has been postponed a year due to Covid-19. This means that we can use the CE mark for orthopaedic trauma implants we already have, to reach the European market earlier than expected.

The need for infection protection is increasing

The acquisition and integration of Vigilenz is strategically important and has strengthened us as a company. It has broadened our market coverage and product portfolio to include wound care products and disinfectants. Our dependence on individual markets is gradually decreasing and we have a broader portfolio that generates recurring income to create stability. Thus, we have created better conditions for accelerating our growth.

We continue to invest in clinical studies and completed several in the spring, which are now about to be published. It strengthens and broadens the clinical evidence we already have and covers more markets and areas of application.

The interest in Bactiguard's Technology for infection protection is steadily increasing and we have interesting projects underway. We will take advantage of business opportunities and see good possibilities for developing new license agreements in various application areas where our technology adds value. The strategy of establishing at least one new license agreement per year remains unchanged.

The company management was strengthened by Gabriella Björknert Caracciolo as CFO and I warmly welcome her. Having the right person in the right place will be crucial when we build for the future. Therefore, we will continue to invest in developing our sales and marketing organization.

COVID-19 affects us all. Public finances and healthcare systems are under pressure and we are pushing an accelerating healthcare backlog ahead of us. This will lead to tough prioritization of resources. At the same time, the trend to provide more home care is increasing. In that perspective, infection prevention is more important than ever. Bactiguard's technology and products can help reduce the risks of serious complications and thus shorten hospitalization time and improve capacity, which eases the pressure on healthcare.

Developments for the rest of the year are difficult to predict and we may see local variations in how the pandemic develops. Having said that, we expect global healthcare to continue to open up to reduce the backlog and we prepare to meet increasing demand.



We cannot influence the pandemic, but we can contribute our knowledge and technology to reduce the consequences. The need for infection prevention has opened up new opportunities for Bactiguard and or technology that will persist long after the pandemic has subsided.

Cecilia Edström, CEO

The interim report for Bactiguard Holding AB (publ) for the period April-June 2020 is now 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 and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below 2020-08-13, at 07.30.

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A webcast for investors, analysts and media will be held at 10:00 CET today, where CEO Cecilia Edström will present the interim report and answer questions. Bactiguard's new CFO Gabriella Björknert Caracciolo will also participate.

The report and a presentation for the webcast will be available at Bactiguard's website www.bactiguard.com

To participate in the webcast, please use this link:

<https://tv.streamfabriken.com/bactiguard-q2-2020>

To participate only by conference call, dial:

SE: +46850558366, UK: +443333009266, US: +18332498407

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