

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 issue¹. 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.

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.

Key figures

	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full Year 2019	RTM 2020
Revenues ² , SEKm	48,2	33,0	96,3	66,9	193,9	223,3
EBITDA ³ , SEKm	10,5	5,7	24,9	12,9	61,6	73,6
EBITDA margin ³ , %	22%	17%	26%	19%	32%	33%
Operating profit ² , SEKm	-0,8	-4,8	3,1	-8,2	19,5	30,8
Net profit/loss for the period ² , SEKm	-0,3	-5,6	-11,4	-9,0	16,3	13,9
Adjusted net profit/loss for the period ³ , SEKm	-2,2	-5,6	-0,6	-9,0	16,3	24,7
Earnings per share ² , SEK	-0,01	-0,17	-0,34	-0,27	0,49	0,41
Adjusted earnings per share ³ , SEK	-0,07	-0,17	-0,02	-0,27	0,49	0,74
Operating cash flow ³ , SEKm	3,6	-0,2	0,1	-6,7	54,0	60,8
Operating cash flow per share ³ , SEK	0,11	-0,01	0,00	-0,20	1,62	1,82
Equity ratio ³ , %	57%	56%	57%	56%	60%	57%
Net debt ³ , SEKm	241,6	239,2	241,6	239,2	185,0	241,6

¹ According to IFRS the set-off issue is reported as a forward contract, which has affected net profit/loss with SEK 1,9 million in the second quarter and SEK -10,9 million in the period Jan-June 2020. The adjustment is only affecting accounting and has no effect on cash flow.

² Defined according to IFRS

³ Alternative performance measure. For definition and reconciliation, see page 18-20

First half year (January-June 2020)

- 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 issue¹. 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.

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

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 Vigilez 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.

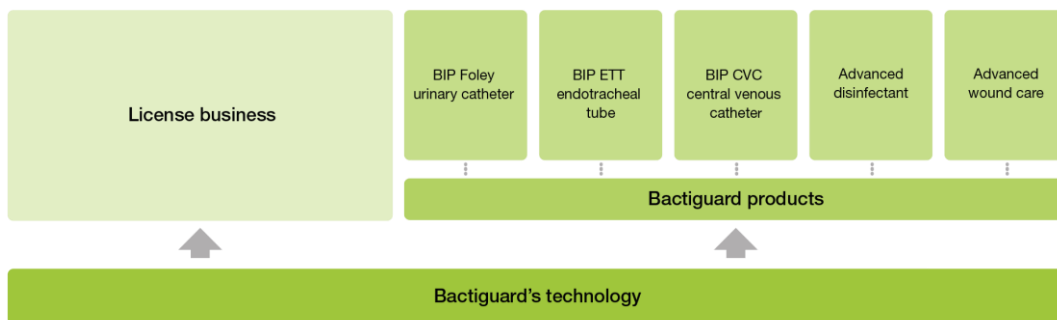
Developments for the rest of the year are difficult to predict and we may see local variations in how the pandemic develops. Having said that, we expect global healthcare to continue to open up to reduce the backlog and we prepare to meet increasing demand.

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

Business model

Bactiguard's vision and mission are to prevent healthcare associated infections, increase patient safety and save lives. The basis for our business model is a unique technology for infection prevention, which we offer to other manufacturers of medical devices through licensing agreements and through our own product portfolio of consumables for health care.



Bactiguard Infection Protection (BIP)

Bactiguard has a broad portfolio of products that protect against and prevent infections. The portfolio primarily comprises catheters and tubes for the blood stream, urinary and respiratory tracts and wound care products, including sutures, wound wash, dressings and disinfectants.

License revenues

Bactiguard licenses the technology to medical device companies throughout the world that apply the technology to their products and sell them under their own brand. In our license business we receive initial fees related to the right to use our technology for products within a specific application and geographical area.

License revenues also comprise royalties; a variable remuneration when the products reach the market and generate sales revenues. The licensee gains access to Bactiguard's process expertise, while the coating itself – a concentrate of noble metals – is a trade secret.

The term **new license revenues** includes the initial fees, while royalty is included in **license revenues**.

License partner	Application area	Territory
Becton Dickinson and Company (former C.R. Bard)	Urinary catheter (Foley)	The USA, Japan, the UK, Ireland, Canada and Australia
Smartwise Sweden AB	Advanced vascular injection catheters	Global
Well Lead Medical	Urinary catheters, ETT and CVC	China
Zimmer Biomet	Orthopaedic trauma implants	Global agreement excluding ASEAN

Developments in the second quarter

Revenues

Revenues increased by 46% to SEK 48,2 (33,0) million during the second quarter. Adjusted for currency effects the growth was 45%.

MSEK	Apr-Jun 2020	Apr-Jun 2019
License revenues	22,1	27,7
New license revenues	-	1,0
Sales of BIP products	25,4	3,2
Other revenues	0,7	1,1
Total revenues	48,2	33,0

A positive development in BIP sales, especially in Europe and the Middle East, the integration of Vigilenz and a successful launch of HYDROCYN® aqua in the Swedish market contributed to a strong revenue development. BIP sales amounted to SEK 25,4 (3,2) million in the quarter, which is in line with the fourth quarter 2019, when we generated all time high sales following large deliveries to China.

Covid-19 had the opposite effect on license revenues from BD, which decreased by 20% to SEK 22,1 (27,7) million in the quarter. Hospital utilization rates have in general been low during the pandemic and planned interventions have been postponed. Accidents have also been fewer because many communities have been shut down. This has affected BD's sales of consumables during the spring and early summer and thus also Bactiguard's license revenue. The underlying business with BD has been stable over a long period of time.

No new license revenue was generated in the second quarter, while the corresponding quarter last year included new license revenue of SEK 1.0 million from the agreement with Well Lead for China.

Financial results

EBITDA for the second quarter amounted to SEK 10.5 (5.7) million, corresponding to an EBITDA margin of 22% (17%). The integration of Vigilenz has increased revenues but also led to temporarily increased costs.

Shipping costs from Malaysia to Sweden have been high as Bactiguard established a private air bridge when the regular transport capacity was decimated as a result of the Covid-19 outbreak. The shipping costs for goods sold is included in the item "Raw material and consumables" in the income statement and the additional costs for transporting these goods during the second quarter amounted to approximately SEK 2,0 million.

Other external costs and personnel costs increased by SEK 7.2 million compared to the second quarter last year, where SEK 5,7 million is attributable to Vigilenz and the remaining part of the increase refers to consultants and clinical studies.

The Group's operating profit for the second quarter amounted to SEK -0.8 (-4.8) million. Depreciation, which does not affect cash flow, affected operating profit by SEK -11.2 (-10.5) million, whereof depreciations on Bactiguard technology amounted to SEK -6,4 (-6,0) million.

Financial items amounted to SEK -1.5 (-2.5) million. Financial costs in the quarter mainly consists of interest expenses for bank loans. According to IFRS the set-off issue, which was a partial payment for the Vigilenz acquisition, is reported as a forward contract, which has affected finance net with SEK 1,9 million in the second quarter.

Tax for the period amounted to SEK 2.0 (1.6) million during the second quarter. Reported income tax refers to changes in deferred tax attributable to the Group's intangible assets.

Developments during the first half year

Revenues

MSEK	Jan-Jun 2020	Jan-Jun 2019	Full year 2019	RTM 2020
License revenues	49,8	54,6	113,3	108,5
New license revenues	0,0	2,1	31,5	29,4
Sales of BIP products	41,6	6,3	40,2	75,5
Other revenues	4,9	3,9	8,9	9,9
Total revenues	96,3	66,9	193,9	223,3

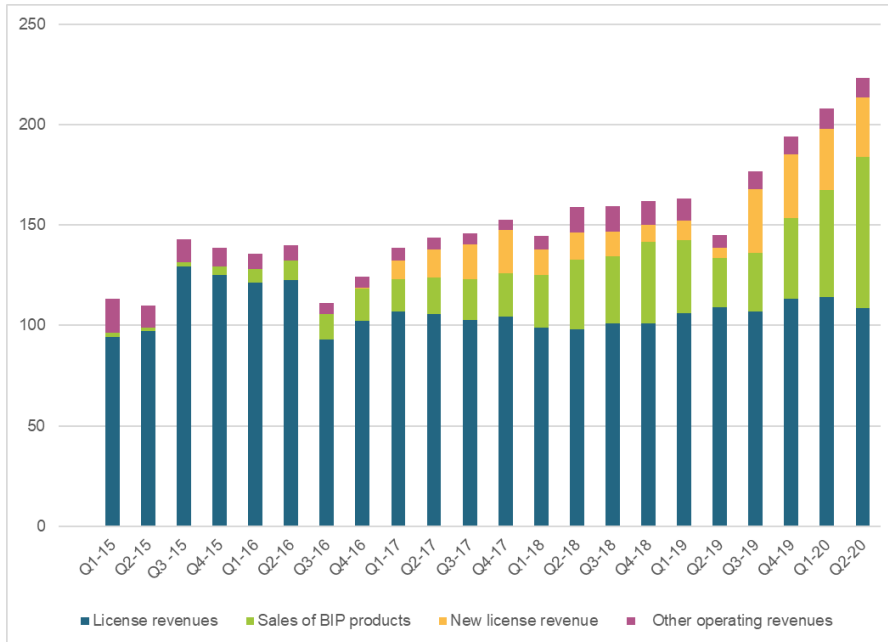
The group's revenue amounted to SEK 96,3 (66,9) million, an increase by 44%. License revenues from BD decreased with SEK 4,8 million during the period January to June, which is explained by the reduced demand during the second quarter due to the Covid-19 effects described above.

No new license revenue was generated in the first half year. In the corresponding period last year, the agreement with Well Lead in China generated new license revenue of SEK 2.1 million.

BIP sales increased to SEK 41.6 (6.3) and composed 43% of total revenues during the first half year. The growth was mainly driven by increased sales of the product portfolio that was included in the acquisition of Vigilenz. In the end of March, the product HYDROCYN aqua® was launched in the Swedish market and its scope was broadened from advanced wound care to disinfection. A flying start resulted in an order intake of more than SEK 20 million, as demand for disinfectants was extensive due to the Covid-19 outbreak. Revenues from Vigilenz are included in BIP sales from March 2020.

Other revenues amounted to SEK 4,9 (3,9) million, whereof SEK 3,6 (2,3) million is explained by increased exchange rate effects related to balance sheet items.

Revenues development, rolling twelve months



Financial results

The strong revenue increase during the first half year had a positive effect on operating profit. For the period January to June, EBITDA amounted to SEK 24.9 (12.9) million, corresponding to an EBITDA margin of 26% (19%).

The extraordinary high shipping costs, mentioned above, affected the result for the first half year with SEK -4,6 million.

Other external costs increased by SEK 6.0 million compared to corresponding period last year. Costs for travel and exhibitions have decreased due to the current situation in the world. Costs related to the acquisition of Vigilenz, clinical studies and consultant costs have increased.

Personnel costs increased by SEK 4,5 million, whereof personnel costs in Vigilenz account for SEK 4,2 million.

The Group's operating profit for the first half year amounted to SEK 3.1 (-8.2) million. Depreciation, which does not affect cash flow, affected operating profit by SEK -21.8 (-21.1) million, whereof depreciation on Bactiguard technology amounted to SEK -12,4 (-11,9) million.

Financial items amounted to SEK -18.0 (-3.6) million. According to IFRS the set-off issue, which was a partial payment of the acquisition of Vigilenz, is reported as a forward contract, which has affected the financial net by SEK -10,9 million in the second quarter.

Interest expenses for bank loans and an up-front fee for new medium-term financing, which was secured in connection with the acquisition amounted to SEK -3,6 (-2,4) million during the first half year. Forward hedging in USD has during the year affected the financial net negatively by SEK -0.6 (0.2) million. The remaining part of the financial net mainly consists of interest for financial leasing.

Tax for the period amounted to SEK 3.5 (2.7) million during the period January to June. Reported income tax refers to changes in deferred tax attributable to the Group's intangible assets.

Loss for the period January to June amounted to SEK -11,4 (-9,0) million, whereof the accounting effect related to the set-off issue accounted for SEK -10,9 million.

Operating profit, rolling twelve months



The positive trend in operating profit is an effect of revenue growth, attributable to new licensing agreements, growth in BIP sales and the acquisition of Vigilenz. The EBITDA margin was 33% for the rolling twelve-month period ending on 30 June 2020.

Cash flow and financial position

Operating cash flow (cash flow from operating activities) for the second quarter amounted to SEK 3.6 (-0.2) million as a result of incoming payments regarding accounts receivables generated during the first quarter. Investments in the production facility in Malaysia and amortization of financial leasing debt, led to a negative total cash flow of SEK -3,9 (-1,7) million.

For the period January to June, cash flow from operating activities amounted to SEK 0,1 (-6,7) million. The acquisition of Vigilenz affected cash flow from investing activities by SEK -41,5 million net. The acquisition was financed by an increase of the Group's existing credit facility by SEK 43.4 million and a conditional new share issue of 241 512 B shares (which was completed following the decision by the Annual General Meeting held on April 28).

The Group's investments in fixed assets during the first half year amounted to SEK -4,7 (-2,9) million for investments in production facilities in Penang, Malaysia and IT investments in the Group. Amortization of financial leasing debt affected cash flow from financing activities by SEK -3,1 (-4,5) million. Total cash flow for the first half year amounted to SEK -6,9 (-0,3) million.

Consolidated equity amounted to SEK 404,3 (361,5) million on June 30, 2020. Following the Annual General Meeting on April 28, a set-off issue of 241,512 Serie B shares was carried out, as

partial payment for the acquisition of Vigilenz. According to IFRS, the shares are valued at the market price as of the issue date (SEK 133/ share), which meant an increase in equity of SEK 32,1 million. At the same time, the set-off issue had an IFRS-related accounting effect on the loss of the year of SEK -10,9 million and thus the net impact on equity from the set-off issue was SEK 21,2 million for the period January to June.

Net debt amounted to SEK 241,6 (239,2) million on June 30, 2020. In connection with the acquisition of Vigilenz, the Group's existing credit facility was renegotiated. This means that the term is extended to February 2023 and the total outstanding amount on 30 June 2020 amounted to SEK 170,9 (135,0) million. In addition to this credit facility, Bactiguard has access to an overdraft facility of SEK 30 million. On June 30, 2020, it was unutilized.

On June 30, 2020, total assets in the Group amounted to SEK 707,4 (645,6) million. The largest asset items on the balance sheet are goodwill of SEK 247,6 million and the Bactiguard technology which amounted to SEK 162,4 million at the end of the period. The Bactiguard technology is depreciated by approximately SEK 25 million annually over a period of 15 years.

Note 3 contains an acquisition analysis for the acquisition of Vigilenz.

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 30 June 2020 was SEK 146 SEK, and the market capitalization amounted to SEK 4 897 million.

The share capital of Bactiguard on 30 June 2020 amounted to SEK 0,8 million divided into 29,543,885 B shares, each with one vote (29,543,885 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 30 June 2020 amounted to 33,543,885 shares and 69,543,885 votes. During the second quarter 241,512 new B shares were issued as partial payment for the acquisition of Vigilenz.

Ownership

On 30 June 2020 Bactiguard had 6,458 shareholders.

Shareholders	No of A-shares	No of B-shares	Total number	% of capital	% of shares
Christian Kinch and company	2 000 000	4 125 977	6 125 977	18,3%	34,7%
Thomas von Koch and company	2 000 000	4 125 878	6 125 878	18,3%	34,7%
Nordea Investment Funds		3 434 987	3 434 987	10,2%	4,9%
Ståhlberg, Jan		3 354 387	3 354 387	10,0%	4,8%
Fjärde AP Fonden		3 191 961	3 191 961	9,8%	4,7%
Handelsbanken Investments Funds		1 800 000	1 800 000	5,4%	2,6%
Försäkringsbolaget Avanza Pension		843 189	843 189	2,5%	1,2%
Lancelot Asset Management AB		638 000	638 000	1,9%	0,9%
Fröafall Invest AB		502 000	502 000	1,5%	0,7%
Svenska Handelsbanken AB for PB		416 150	416 150	1,2%	0,6%
Total, major shareholders	4 000 000	22 528 922	22 528 922	79,1%	89,9%
Total, others		7 014 963	7 014 963	20,9%	10,1%
Total number of shares	4 000 000	29 543 885	33 543 885	100%	100%

Human resources

The average number of employees in the group in period amounted to 136 (60), of which 82 (36) are women. At the end of the period, the number of employees was 192 (65), the increase is attributable to the acquisition of Vigilenz.

Key events during the quarter

For key events, see page 1. All press releases are available on the website www.bactiguard.se

Key events after the end of the quarter

For key events, see page 1. All press releases are available on the website www.bactiguard.se

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 stated in the annual report and no changes have taken place since the annual report for 2019 was published.

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

Since 2017, Bactiguard has a license agreement with Smartwise Sweden AB ("Smartwise"), a company owned by a group of private and institutional investors, including Bactiguard's main shareholders Christian Kinch and Thomas von Koch. During the period, no transactions with Smartwise took place, but Smartwise's parent company has leased premises from Bactiguard at market terms. In addition, no transactions with related parties occurred in the period.

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 48 and 62-63 in the Annual Report for 2019.

Financial goals

Bactiguard's goal is to create value and generate good returns for the shareholders. Bactiguards financial goals are to achieve:

- 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.

- an EBITDA margin of at least 30% at the end of the five-year period (year 2020).
- an equity ratio of at least 30%

Bactiguards long-term objective is to achieve 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. Bactiguard will continue to expand its operations by strengthening its sales and marketing organization, developing its product portfolio and entering into new licensing agreements in more therapy areas, as well as selective acquisitions.

Condensed consolidated income statement

Amounts in TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full year 2019	RTV 2020
<i>Revenues</i>						
License revenues <i>Note 1</i>	22 085	28 734	49 836	56 746	144 751	137 841
Sales of BIP products	25 413	3 154	41 609	6 297	40 236	75 548
Other revenues	712	1 149	4 871	3 903	8 942	9 910
	48 211	33 037	96 316	66 946	193 929	223 299
Change in inventory of finished goods ⁴	865	1 035	3 672	2 242	3 882	5 312
Capitalized expenses for own account ⁵	107	0	481	2 075	2 731	1 137
Raw materials and consumables	-6 151	-3 318	-13 822	-8 078	-32 062	-37 806
Other external expenses	-13 939	-9 553	-26 050	-20 094	-46 242	-52 198
Personnel costs	-17 543	-14 735	-33 683	-29 202	-58 082	-62 563
Depreciation and amortisation	-11 299	-10 521	-21 799	-21 083	-42 128	-42 843
Other operating expenses	-1 028	-731	-2 028	-973	-2 516	-3 571
	-48 988	-37 822	-93 228	-75 113	-174 418	-192 532
Operating profit/loss	-777	-4 785	3 088	-8 167	19 511	30 767
<i>Profit/loss from financial items</i>						
Financial income	2 688	216	0	1 146	151	91
Financial expenses	-6 103	-2 672	-7 133	-4 722	-9 309	-12 805
IFRS adjustment from set-off issue ⁶	1 932		-10 868			-10 868
	-1 482	-2 456	-18 001	-3 576	-9 158	-23 583
Profit before tax	-2 259	-7 242	-14 913	-11 744	10 353	7 184
Taxes for the period	1 987	1 615	3 465	2 694	5 903	6 673
Net profit/loss for the period	-272	-5 627	-11 449	-9 050	16 256	13 858
Attributable to:						
Shareholders of the parent	-272	-5 627	-11 449	-9 050	16 256	13 858
Earnings per share, SEK ⁷	-0,01	-0,17	-0,34	-0,27	0,49	0,41

4 The item has in previous reporting been included in Other revenues

5 The item has in previous reporting been included in Other external expenses and Personnel costs

6 According to the IFRS regulation, the set-off issue is technically reported as a forward contract, which affected reported net profit/loss by SEK 1,9 million in the second quarter and SEK -10,9 million for the period January-June 2020. Adjusted for this non-recurring accounting effect, the net profit/loss for the second quarter was SEK -2,2 million corresponding to SEK -0,07 per share. and for the period January-June 2020 SEK -0,6 million corresponding to SEK -0,02 per share. The set-off issue for the acquisition of Vigilenz was completed in connection with the Annual General meeting on April 28, 2020.

7 No dilution effect

Condensed consolidated statement of comprehensive income

Amounts in TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full year 2019	RTM 2020
Net profit/loss for the period	-272	-5 627	-11 449	-9 050	16 256	13 858
<i>Other comprehensive income:</i>						
<u>Items that will be reclassified to profit or loss for the year</u>						
Translation differences	-4 171	96	-3 112	-286	-406	-4 171
Other comprehensive income, after tax	-4 171	96	-3 112	-286	-406	-4 171
Total comprehensive income for the period	-4 443	-5 531	-14 560	-9 336	15 850	9 687
Attributable to:						
Shareholders of the parent	-4 443	-5 531	-14 560	-9 336	15 850	9 687
Total earnings per share	-0,13	-0,17	-0,44	-0,28	0,48	0,29
Number of shares at the end of period ('000)	33 544	33 302	33 544	33 302	33 302	33 544
Weighted average number of shares ('000)	33 423	33 302	33 423	33 302	33 302	33 423

Condensed consolidated statement of financial position

Amounts in TSEK	2020-06-30	2019-06-30	2019-12-31
ASSETS			
Non-current assets			
Goodwill	247 641	226 292	226 292
Technology	162 355	177 095	165 192
Brands	26 225	25 572	25 572
Customer relationships	10 028	8 778	8 188
Capitalised development expenditure	20 577	22 120	21 555
Patents	266	450	355
Intangible assets	467 092	460 307	447 153
Leased assets	74 999	80 954	79 266
Buildings	14 603	-	-
Improvements, leasehold	9 175	10 346	9 536
Machinery and other technical plant	8 380	4 724	4 410
Equipment, tools and installations	4 594	1 656	1 886
Property, plant and equipment	111 751	97 680	95 099
Long-term receivables	1 739	477	1 837
Financial assets	1 739	477	1 837
Total non-current assets	580 582	558 463	544 090
Current assets			
Inventory	46 622	18 899	14 351
Accounts receivable	46 286	46 974	45 414
Other current receivables <i>Note 2</i>	17 618	19 685	14 634
Cash and cash equivalents	16 305	1 586	22 878
Total current assets	126 831	87 144	97 277
TOTAL ASSETS	707 413	645 607	641 367
Equity attributable to shareholders of the parent			
Share capital	839	833	833
Other equity	403 431	360 673	385 859
Total equity	404 269	361 506	386 691
Non-current liabilities			
Deferred tax liability	14 825	16 777	13 553
Liabilities to credit institutions	179 643	139 878	-
Liabilities leasing agreements	68 573	72 470	71 760
Total non-current liabilities	263 041	229 125	85 313
Current liabilities			
Liabilities to credit institutions	776	19 400	126 900
Accounts payable	12 967	8 219	8 588
Liabilities leasing agreements	8 901	9 025	9 223
Other current liabilities <i>Note 2</i>	2 682	1 973	2 528
Accrued expenses and deferred income	14 777	16 358	22 122
Total current liabilities	40 103	54 975	169 362
Total liabilities	303 144	284 101	254 675
TOTAL EQUITY AND LIABILITIES	707 413	645 607	641 367

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
Opening balance, 1 January 2019	833	675 690	-305	-305 376	370 841
Profit/loss for the period				-9 050	-9 050
<i>Other comprehensive income:</i>					
Translation differences			-286		-286
Total comprehensive income after tax	-	-	-286	-9 050	-9 336
Transactions with shareholders					
Total transactions with shareholders	-	-	-	-	-
Closing balance, 30 June 2019	833	675 690	-591	-314 426	361 506
Opening balance, 1 January 2020	833	675 690	-711	-289 120	386 691
<i>Adjustment of equity for previous year</i>				17	17
Profit/loss for the period				-11 449	-11 449
<i>Other comprehensive income:</i>					
Set-off issue	6	32 115			32 121
Translation differences			-3 112		-3 112
Total comprehensive income after tax	-	-	-3 112	-11 449	17 561
Transactions with shareholders					
Total transactions with shareholders	-	-	-	-	-
Closing balance, 30 June 2020	839	707 805	-3 823	-300 552	404 269

Condensed consolidated statement of cash flows

Amounts in TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full year 2019	RTV 2020
Net profit/loss for the period	-272	-5 627	-11 448	-9 049	16 256	13 827
Adjustments for depreciation and amortisation and other non-cash items	10 756	9 446	31 685	17 467	36 424	50 641
Cash flow from changes in working capital	-6 902	-4 062	-20 165	-15 137	1 302	-3 695
Cash flow from operating activities	3 583	-243	72	-6 719	53 982	60 773
Acquisition of subsidiary	-2 553	-	-41 492	-	-	-41 492
Investments in non-current assets	-2 865	-282	-4 723	-2 871	-4 423	-7 834
Cash flow from investing activities	-5 418	-282	-46 215	-2 871	-4 423	-49 326
Cash flow from financing activities	-2 104	-1 197	39 259	9 278	-27 826	3 714
Cash flow for the period	-3 939	-1 722	-6 884	-312	21 733	15 161
Cash and cash equivalents at start of period	19 723	3 612	22 878	1 893	1 893	1 586
Exchange difference in cash and cash equivalents	521	-304	311	4	-748	-442
Cash and cash equivalents at end of period	16 305	1 586	16 305	1 586	22 878	16 305

Condensed parent company

Amounts in TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full year 2019
Revenues	568	1 892	1 981	3 718	5 081
Operating expenses	-2 429	-2 943	-4 877	-5 621	-8 310
Operating profit/loss	-1 861	-1 051	-2 896	-1 903	-3 229
Net financial items	-635	-328	-1 512	-729	-1 438
Profit/loss after financial items	-2 496	-1 379	-4 408	-2 632	-4 667
Tax for the period	-	-	-	-	15 255
Net profit/loss for the period	-2 496	-1 379	-4 408	-2 632	10 588

The parent company presents no separate statement of comprehensive income, since the company has no items in 2020 or 2019 recognized in other comprehensive income. Net profit/loss for the period for the parent company thereby also constitutes the comprehensive income for the period.

Amounts in TSEK	2020-06-30	2019-06-30	2019-12-31
ASSETS			
Non-current assets			
Financial assets	659 454	595 989	592 860
Deferred tax asset	15 255	-	15 255
Total non-current assets	674 709	595 989	608 114
Current assets	3 918	880	3 769
Total current assets	3 918	880	3 769
TOTAL ASSETS	678 627	596 869	611 883
EQUITY & LIABILITIES			
Total equity	484 719	454 653	467 873
Non-current liabilities			
Liabilities to credit institutions	170 941	114 700	102 500
Total non-current liabilities	170 941	114 700	102 500
Current liabilities	22 968	27 516	41 510
Total current liabilities	22 968	27 516	41 510
Total liabilities	193 908	142 216	144 010
TOTAL EQUITY AND LIABILITIES	678 627	596 869	611 883

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	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full year 2019	RTM 2020
Operating profit/loss	-777	-4 785	3 088	-8 167	19 511	30 767
Depreciation and amortisation	<u>11 299</u>	<u>10 521</u>	<u>21 799</u>	<u>21 083</u>	<u>42 128</u>	<u>42 843</u>
EBITDA	10 522	5 735	24 887	12 916	61 640	73 610

EBITDA-marginal

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	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full year 2019	RTM 2020
EBITDA	10 522	5 735	24 887	12 916	61 640	73 610
Revenue	<u>48 211</u>	<u>33 037</u>	<u>96 316</u>	<u>66 946</u>	<u>193 929</u>	<u>223 299</u>
EBITDA-marginal	22%	17%	26%	19%	32%	33%

Adjusted net profit/loss

As a partial payment of the acquisition of Vigilenz, a set-off issue was executed after the Annual General Meeting in April. According to the IFRS regulations, the set-off issue must technically be reported as a forward contract, which affects the reported net result. To simplify the comparison between the years, the key figure Adjusted net profit/loss for the period is presented, which shows the net profit/loss for the period adjusted for the non-recurring accounting effect in connection with set-off issue.

Amounts in TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full year 2019	RTM 2020
Net profit/loss	-272	-5 627	-11 449	-9 050	16 256	13 858
IFRS adjustment from set-off issue	<u>-1 932</u>	<u>0</u>	<u>10 868</u>	<u>0</u>	<u>0</u>	<u>10 868</u>
Adjusted Net profit/loss	-2 204	-5 627	-580	-9 050	16 256	24 726

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	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full year 2019
Liabilities to credit institutions	180 419	159 278	180 419	159 278	126 900
Long-term liabilities leasing	68 573	72 470	68 573	72 470	71 760
<u>Short-term liabilities leasing</u>	<u>8 901</u>	<u>9 025</u>	<u>8 901</u>	<u>9 025</u>	<u>9 223</u>
Interest-bearing liabilities	257 893	240 774	257 893	240 774	207 884
Cash and cash equivalents	<u>-16 305</u>	<u>-1 586</u>	<u>-16 305</u>	<u>-1 586</u>	<u>-22 878</u>
Net debt	241 587	239 188	241 587	239 188	185 006

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	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full year 2019
Equity	404 269	361 506	404 269	361 506	386 691
Balance sheet total	<u>707 413</u>	<u>645 607</u>	<u>707 413</u>	<u>645 607</u>	<u>641 367</u>
Equity ratio	57%	56%	57%	56%	60%

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.

Adjusted Earnings per share

Profit attributable to holders of ordinary shares in the Parent Company, adjusted for the non-recurring accounting effect in connection with the set-off issue, divided by the weighted average number of outstanding ordinary shares during the period. The key figure is presented to simplify comparisons between the years.

Amounts in TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full year 2019	RTM 2020
Adjusted Net profit/loss	-2 204	-5 627	-580	-9 050	16 256	24 726
Number of shares at the end of the period ('000)	<u>33 302</u>	<u>33 302</u>	<u>33 544</u>	<u>33 302</u>	<u>33 302</u>	<u>33 544</u>
Adjusted earnings per share	-0,07	-0,17	-0,02	-0,27	0,49	0,74

Operating cash flow

Cash flow from operating activities including 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

Total Group	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full year 2019	RTM 2020
Amounts in TSEK						
Type of product/service						
License	22 085	28 734	49 836	56 746	144 751	137 841
Sales of BIP products	25 413	3 154	41 609	6 297	40 236	75 548
Total	47 499	31 888	91 444	63 043	184 987	213 389
Time for revenue recognition						
Performance commitment is met at a certain time	47 499	30 852	91 444	60 925	182 869	213 389
Performance commitment is met during a period of time	-	1 036	0	2 118	2 118	0
Total	47 499	31 888	91 444	63 043	184 987	213 389

Note 2 Financial assets and liabilities

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 2019, note 4. Fair value of financial assets and liabilities is estimated to be substantially consistent with book values. The group holds derivative instruments for foreign exchange contracts which are recognized at fair value through profit or loss, considering the current exchange rate on the foreign exchange market and the remaining maturity of respective instruments.

Amounts in TSEK	Jan-Jun 2020		Jan-Jun 2019		Full year 2019	
	Derivatives (level 2)	Fair value	Derivatives (level 2)	Fair value	Derivatives (level 2)	Fair value
Assets						
Other current receivables	654	654	98	98	-	-
Liabilities						
Other current liabilities	-	-	-	-	248	248

Note 3 Acquisition

As of February 28, 2020, Bactiguard Holding AB acquired 100% of the share capital in Vigilenz Medical Devices and Vigilenz Medical Supplies (together Vigilenz) in Malaysia, which means these companies are included in the consolidated amounts from March 2020. The purchase consideration consisted of a cash payment of SEK 43,7 million at closing and, subject to approval by the annual general meeting of shareholders in April 28th, 2020, 241 512 new B-shares in Bactiguard. The shares have valued at fair value based on the market price at the time of acquisition (88 SEK/share). The acquisition was financed through credit facilities provided by Skandinaviska Enskilda Banken (SEB), with a maturity of three years. Bactiguard has had a license collaboration with Vigilenz since 2015. 2019 Vigilenz had a turnover of approximately MYR 18 million (approx. SEK 42 million), EBITDA of approximately MYR 2,6 million (approx. SEK 6 million) and an EBITDA-margin of 14 percent. Total number of employees is just above 100.

The acquisition boosts Bactiguard's position in infection prevention and wound care and improves innovation and product development capacity and expertise. Vigilenz also has a strong network of distributors in South East Asia. As a result of the acquisition, joint revenues are expected to grow faster than on a stand-alone basis, as the product portfolios are complementary and can be offered throughout both companies distribution networks. In a three to five years perspective, Bactiguard also expects cost synergies of SEK 5-10 million.

According to the acquisition analysis a goodwill of SEK 22,9 million arose upon acquisition, mainly attributable to synergies, future customers, future technology, market position and workforce at Vigilenz. The estimated useful lifetime for Technology is 6 years, customer relations 12 years, trademark Vigilenz 5 years. The assets and liabilities included in the acquisition in the report period 2020 is, according to the preliminary acquisition analysis as follows:

Amounts in TSEK	
Fair value of acquired net assets	Vigilenz
Technology	9 600
Trademark	700
Customer relations	2 500
Buildings	14 979
Improvements, leasehold	427
Leased assets	993
Machinery and other technical plant	3 680
Equipment, tools and installations	2 845
Total non-current assets	35 724
Inventory	16 795
Accounts receivable	5 110
Other current receivables	1 822
Cash and cash equivalents	3 920
Total current assets	27 647
TOTAL ASSETS	63 371
Deferred tax liability	4 806
Liabilities to credit institutions	11 554
Liabilities leasing agreements	559
Total non-current liabilities	16 919
Short-term liabilities to credit institutions	734
Accounts payable	923
Short-term liabilities leasing agreements	438
Other current liabilities	2 293
Total current liabilities	4 388
TOTAL ACQUIRED NET ASSETS	42 064

Allocation of purchase consideration	Vigilenz
Purchase consideration, cash	43 702
Consideration, shares	21 253
Total consideration	64 955
Fair value of acquired net assets	-42 064
Goodwill	22 891

Investing activities	Vigilenz
Purchase consideration, cash	43 702
Cash and cash equivalents in acquired subsidiaries	-3 920
Direct costs relating to acquisition	1 709
Effects of acquisitions on cash and cash equivalents	41 492

Direct costs relating to acquisition are included in the item Other external expenses in income statement.

Contribution from acquired companies 2020	Vigilenz Apr-Jun	Vigilenz Mar-Jun
Net sales	11 442	13 736
Profit after tax for the year	2 076	1 730

The table below shows sales and profit as if the acquisition of Vigilenz had taken place on 1 Januari 2020

	Vigilenz Jan-Jun
Net sales	19 717
Profit after tax for the year	1 536

Quarterly information

Amounts in TSEK	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
License revenues	24 933	27 035	27 278	26 929	27 698	25 004	33 650	27 750	22 085
New license revenues	5 209	3 108	-	1 082	1 036	29 351	-	-	-
Sales of BIP products	14 901	3 939	14 427	3 143	3 154	8 650	25 289	16 195	25 413
Other revenues	6 302	1 313	802	2 754	1 149	4 153	886	4 160	712
Total revenues	51 345	35 395	42 507	33 909	33 037	67 158	59 825	48 105	48 211
EBITDA	9 072	7 906	3 331	7 181	5 735	36 472	12 221	14 365	10 522
EBITDA margin	18%	22%	8%	21%	17%	54%	20%	30%	22%
EBIT	123	-167	-5 113	-3 382	-4 785	25 908	1 739	3 865	-777
Net profit/loss for the period	-903	-526	-5 527	-3 423	-5 627	23 716	1 560	-11 176	-272
Adjusted net profit/loss for the period SEKm	-	-	-	-	-	-	-	-	-2 204
Earnings per share, SEK	-0,03	-0,02	-0,17	-0,10	-0,17	0,71	0,05	-0,34	-0,01
Adjusted earnings per share, SEK	-	-	-	-	-	-	-	-	-0,07
Operating cash flow	10 575	5 364	-2 723	-6 476	-243	23 850	36 850	-3 511	3 583
Operating cash flow per SEK	0,32	0,16	-0,08	-0,19	-0,01	0,72	1,11	-0,11	0,11
Net debt	156 222	151 942	155 787	238 158	239 188	217 217	185 006	241 523	241 587
Total shares (pcs)	33 302 373	33 302 373	33 302 373	33 302 373	33 302 373	33 302 373	33 302 373	33 302 373	33 543 885

Forthcoming disclosures of information

5 November 2020	Interim report 1 July - 30 Sept 2020
4 February 2021	Year-end report 2020

Contacts

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Signatories of 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, 13 August 2020

Christian Kinch	Jan Ståhlberg
Chairman	Board Member

Thomas von Koch	Anna Martling
Board Member	Board Member

Cecilia Edström
CEO and Board Member

This interim report is unaudited.

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 in 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 save lives 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 persons set out above 2020-08-13, at. 07.30.