

Press release

Stockholm, 15 July 2021

Interim report for Q2 2021

Major progress in the licensing business and several new partnerships for wound care

Second quarter (April-June 2021)

- Revenues amounted to SEK 46.0 (48.2) million, a decrease of 5%. Adjusted for currencies revenues increased 5%.
- EBITDA amounted to SEK 1.8 (10.5) million with an EBITDA margin of 4% (22%).
- Operating profit amounted to SEK -10.0 (-0.8) million.
- Net loss for the period amounted to SEK -12.0 (-0.3) million. Earnings per share amounted to SEK -0.36 (-0.01).
- Cash flow from operating activities amounted to SEK 5.5 (3.6) million, corresponding to SEK 0.16 (0.11) per share.

First half year (January-June 2021)

- Revenues amounted to SEK 87.8 (96.3) million, a decrease of 9%. Adjusted for currencies the decrease was 4%.
- EBITDA amounted to SEK 3.7 (24.9) million, with an EBITDA margin of 4% (26%).
- Operating profit amounted to SEK -19.7 (3.1) million.
- Net loss for the period amounted to SEK -22.6 (-11.4) million. Earnings per share amounted to SEK -0.68 (-0.34).
- Cash flow from operating activities amounted to SEK 4.6 (0.1) million, corresponding to SEK 0.14 (0.00) per share.

Key events during the second quarter

- Zimmer Biomet's trauma implants with Bactiguard's infection prevention technology were launched in select EMEA markets and Bactiguard received a first milestone payment of USD 1 million.
- Bactiguard and schülke entered partnership for wound care in Germany.
- Agreement signed with Apotek Hjärtat for wound care in Sweden.
- The wound care range will be introduced in Spain in collaboration with Farmaban.
- The portfolio is broadened to include wound care for pets in collaboration with Musti Group.

COVID-19 effects

- During the second quarter, we saw a continued stabilization of license revenues from BD as healthcare in the US recovered faster than the rest of the world. The roll-out of vaccines and fewer new infected will gradually have a positive effect on the return to a more normal situation for healthcare. At the same time, the global health care backlog continues to increase and must be managed. In that perspective, we see a great need for infection prevention, which is positive for both the license and BIP businesses. However, near-term developments are still difficult to assess.



CEO comments the second quarter

Major progress in the licensing business and several new partnerships for wound care

We made major progress in the licensing business during the quarter. In June, Zimmer Biomet launched in Europe orthopaedic trauma implants coated with Bactiguard's technology for infection prevention, less than two years after the strategic partnership was established. This is the result of an excellent cooperation and bodes well for the future.

Sales of BIP products are still affected by the pandemic, which is reflected in revenues and profitability. At the same time, we see a strong interest in Bactiguard's portfolio of products for infection prevention. This has led to exciting new partnerships for wound care in Germany, Spain and Sweden. We have also made a strategic expansion of the product portfolio to include infection prevention for animals, a segment with significant market potential. These partnerships and business development provide us with a solid foundation for generating profitable growth.

Zimmer Biomet launches in Europe

The collaboration with Zimmer Biomet is developing very positively and we have now passed a significant milestone. In May 2020, we made the strategic decision to prioritize launch in Europe ahead of the US by taking advantage of Bactiguard's existing CE mark for orthopaedic trauma implants. I am very happy and proud of our joint development team and that we less than two years after signing the license agreement, have initiated the launch in Europe of an entire 'family' of orthopaedic trauma implants.

The launch of Zimmer® Natural Nail® (ZNN) Bactiguard implants initially takes place in select markets in Europe and MEA. At the same time, clinical studies are being initiated in several countries to gather additional evidence that ZNN Bactiguard implants reduce postoperative infections. Clinical studies are important to further verify that our technology leads to better patient outcomes and quality of life.

Following the launch in Europe, the process of registering the products in the US is now intensified. At the same time, the first milestone in the licensing agreement has generated a payment of 1 million USD. The agreement includes another 1 million USD milestone related to the regulatory process in the US. The European launch is a significant achievement and as the implants now reach patients, we will see increasing license revenues. As with all launches, we expect that it will take some time before sales accelerate, but I am convinced that the partnership with Zimmer Biomet has the potential to grow our licensing business significantly.

New collaborations and development of the wound care range

Just over a year ago, we acquired Malaysian Vigilenz with an attractive portfolio of wound care products for infection prevention. In connection with the pandemic outbreak, we quickly developed products for disinfection based on the effective and non-alcoholic wound care solution Hydrocyn and we are now expanding the business further.

We have recently initiated several new and significant partnerships. In Sweden, we have established partnerships with leading pharmacy chains, most recently with Apotek Hjärtat. We have also entered a partnership with schülke, a leading global manufacturer and distributor of infection prevention and hygiene solutions, targeting German hospitals. In Spain, we have partnered with Farmaban, which has significant expertise in wound care and a clear intention to



grow. These are two large and important European markets with the potential to generate significant growth for our wound care portfolio.

We are at the same time expanding our business by launching infection prevention and wound care for animals, a market segment with strong growth. We are taking the first step together with Musti Group, the leading chain for pet products in the Nordic region, with more than 300 stores and online sales.

All launches will take place after the summer and I am looking forward to following the progress.

BIP-sales continue to be affected by the pandemic

Healthcare is still under strong pressure in major parts of the world because of the pandemic. Sales of BIP products have not developed at the pace we expect due to reduced regular health services and postponed elective surgeries.

The US has recovered faster than Europe, which is now gradually opening up. The Middle East, India and parts of Asia continue to be hit hard by recurring lock-downs. Malaysia has been in lock-down for two months, and we have had to reorganize the business. Despite this, we have managed to maintain production and timely delivering of implants to Zimmer Biomet ahead of the launch in Europe.

We assess that it will take one or a few quarters before health care, from a global perspective, can revert to more normal activities.

Profitable growth

The pandemic has brought challenges, but it has also clearly highlighted the need of infection prevention. This opens up new opportunities for Bactiguard – both in terms of new license application and further development of the BIP business. A prerequisite for creating profitable growth is to invest in the sales organization and marketing activities, both for the license and BIP businesses. After just one quarter, we see initial positive effects from investing in the Nordic sales organization and are stepping up investments in more markets. This initially impacts profitability, but we want to be in a good position to move forward when healthcare services are opening up again.

Although we already have strong clinical evidence, we continue to invest in new studies to further prove that the Bactiguard technology is effective and safe. Clinical evidence is also of strategic importance to meet the new regulatory requirements imposed on manufacturers of medical devices. We started the certification early to meet the new European regulation MDR ('Medical Device Regulation') and have expanded with MDSAP ('Medical Device Single Audit Program') certification for Brazil and Canada.

We have successful licensing partnerships with leading global companies and exciting dialogues underway for new applications. We are therefore strengthening our licensing team with a few team members. I am confident in our opportunities of establishing new exciting license partnerships and our target to sign one or two new agreements per year remains unchanged.

Infection prevention will be a key component in the future healthcare and is one of the most important global sustainability issues. Our objective is clear - to establish Bactiguard as the standard of care for infection prevention and thereby save lives, improve patient safety and reduce health care costs - both through increased sales of our own portfolio and through successful licensing partnerships.

Cecilia Edström, CEO



Bactiguard®

The interim report for Bactiguard Holding AB (publ) for the period April-June 2021 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 2021-07-15, at 08.00.

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Presentation of Q2

An audiocast for investors, analysts and media will be held at **11:00 CET today**, where CEO Cecilia Edström and CFO Gabriella Björknert Caracciolo 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

To participate in the webcast, please use this link:

<https://tv.streamfabriken.com/bactiguard-q2-2021>

To participate only by conference call, dial:

SE: +46856642692, UK: +44 443333009032, 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 infections and the use of antibiotics. This way, we save significant costs for healthcare and the society at large.

The Bactiguard technology is based on a thin noble metal alloy coating that 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. Urinary catheters with Bactiguard's coating are market leaders in the USA and Japan through our licensing partner BD. Bactiguard's product portfolio also includes a non-alcoholic product line for wound care and disinfection. It effectively kills viruses, bacteria and fungi while being biocompatible, pH neutral and tissue friendly. The active ingredient hypochlorous acid is the same substance as the body's immune cells use in their defence against infectious organisms.

Bactiguard is in a strong expansion phase in the markets in Europe, China, India and the Middle East through our own product portfolio and by establishing licensing deals in new therapy areas. 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 Bactiguard www.bactiguard.com

