

Interim report second quarter 2021

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

Second quarter 2021 (April-June)

- 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 2021 (January-June)

- 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.

Key figures

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full Year 2020	RTM 2021
Revenues ² , SEKm	46.0	48.2	87.8	96.3	186.0	177.5
EBITDA ³ , SEKm	1.8	10.5	3.7	24.9	26.7	5.5
EBITDA margin ³ , %	4%	22%	4%	26%	14%	3%
Operating profit ² , SEKm	-10.0	-0.8	-19.7	3.1	-17.6	-40.4
Net profit/loss for the period ² , SEKm	-12.0	-0.3	-22.6	-11.4	-38.4	-49.5
Adjusted net profit/loss for the period ^{1,3} , SEKm	-12.0	-2.2	-22.6	-0.6	-27.5	-49.5
Earnings per share ² , SEK	-0.36	-0.01	-0.67	-0.34	-1.14	-1.48
Adjusted earnings per share ^{1,3} , SEK	-0.36	-0.07	-0.67	-0.02	-0.82	-1.48
Operating cash flow ² , SEKm	5.5	3.6	4.6	0.1	0.7	5.2
Operating cash flow per share ³ , SEK	0.16	0.11	0.14	0.00	0.02	0.16
Equity ratio ³ , %	53%	57%	53%	57%	55%	53%
Net debt ³ , SEKm	254.3	241.6	254.3	241.6	254.1	254.3

¹ The part of the purchase price for the acquisition of Vigilenz that consisted of shares is considered, for accounting purposes, as a financial instrument and the forward effect is thus reported as a financial item in the income statement and has affected net profit/loss for the second quarter 2020 with SEK 1.9 million and full year 2020 with SEK -10.9 million. 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 pages 18-19

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 partnerships and further expansion of the wound care portfolio

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 still 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

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.

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.

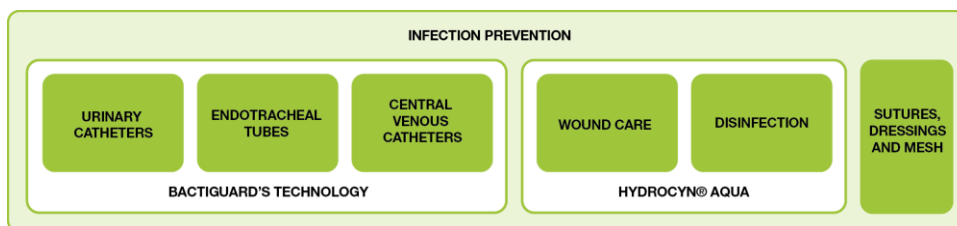
License revenues also comprise royalties; a variable remuneration when the products reach the market and generate sales revenues. The licensee gains access to Bactiguard's process expertise, while the coating itself – a concentrate of noble metals – is a trade secret.

The concept of new licensing revenues includes initial licence fees and remuneration linked to milestones, while royalties are included in licence revenues.

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

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.



Development in the second quarter

Revenue

MSEK	Q2 2021	Q1 2020
License revenues	23,0	22,1
New license revenues	8,5	-
Sales of BIP products	13,3	25,4
Other revenues	1,2	0,7
Total revenues	46,0	48,2

Revenues in the quarter amounted to SEK 46.0 (48.2) million, a decrease of 5%. Adjusted for currency effects, organic growth was 5%.

License revenues from BD were at par with the same period last year, but lower than the first quarter 2021, and amounted to SEK 22.2 (22.0) million. Volumes have gradually stabilized since the pandemic outbreak in the spring 2020, but revenues from BD were negatively affected by currency effects of SEK 3.8 million compared to the second quarter last year. Adjusted for currency effects, organic growth was 18%.

New license revenues amounted to SEK 8.5 million in the quarter and relate to the first milestone in the license agreement with Zimmer Biomet, linked to the European launch of Zimmer Biomet's orthopedic trauma implants with Bactiguard's technology. No new license revenue was generated in the second quarter 2020.

BIP sales in the second quarter amounted to SEK 13.3 (25.4) million and accounted for 29% of total revenue. Sales continued to be negatively affected by cancelled elective procedures because of the pandemic. However, sales of catheters and wound care products are developing positively. The investment in our own sales force in the Nordic region is already starting to show results with increased sales in the quarter.

The comparison with the same period 2020 is affected by the fact that the second quarter 2020 benefited from a strong demand for disinfection in connection with the outbreak of the pandemic.

Malaysia has been affected by the pandemic, with several weeks of lockdown in the second quarter 2021. We have reorganized the business and adjusted to the restrictions, maintained production and managed timely delivering of implants to Zimmer Biomet ahead of the launch in Europe.

Result

EBITDA in the quarter amounted to SEK 1.8 (10.5) million and the EBITDA margin was 4% (22%).

Costs for raw materials and consumables were significantly higher in the second quarter than in the same quarter last year, despite lower sales of BIP products. This is mainly an effect of write-downs for obsolete inventories. The inventory level before the pandemic was adjusted to a higher sales level than the actual outcome during the pandemic. Higher shipping and purchasing costs for raw materials driven by lower global transport capacity and currency changes have also had a negative effect on the item Raw materials and consumables.

Other external costs decreased by SEK 2.2 million compared to the second quarter 2020. During the second quarter 2021, costs for clinical studies were significantly lower, as were the costs for

consultants. Consultants and temporary employees have been replaced by own staff and personnel costs increased by SEK 4.2 million compared to the second quarter 2020. The increase is attributable to the integration of Vigilenz and the establishment of a direct sales organization in the Nordic region.

Other operating expenses consist of balance sheet-related currency effects that affected the result by SEK -1.0 (-1.0) million.

Operating profit amounted to SEK -10.0 (-0.8) million. Depreciation, which does not affect cash flow, impacted operating profit by SEK -11.8 (-11.3) million, whereof depreciation on the Bactiguard technology amounted to SEK -6.4 (-6.4) million.

Financial items amounted to SEK -3.1 (-1.5) million. Financial expenses mainly consist of interest expenses for bank loans and currency effects. The second quarter 2020 was affected by the fact that the part of the purchase price for the acquisition of Vigilenz that consisted of shares was considered a financial instrument and the forward effect was reported as a financial item in the income statement, which affected net financial items by SEK 1.9 million.

Tax for the period amounted to SEK 1.1 (2.0) million. Income tax in foreign subsidiaries amounted to SEK -0.1 (0) million of the tax, which is calculated based on a tax rate of 24%. SEK 1.2 (2.0) million refers to changes in deferred tax attributable to the Group's intangible assets and leasing agreements, which is calculated at the Swedish tax rate of 20.6%. Deferred tax is not fully comparable between the years due to changes in tax rates.

The net loss for the second quarter 2021 amounted to SEK -12.0 (-0.3) million.

Development in the first half year

Revenues

MSEK	Jan-Jun 2021	Jan-Jun 2020	Full year 2020	RTM 2021
License revenues	49,4	49,8	102,9	102,5
New license revenues	8,5	-	0,6	9,1
Sales of BIP products	26,2	41,6	68,9	53,5
Other revenues	3,6	4,9	13,7	12,5
Total revenues	87,8	96,3	186,0	177,5

Revenues in the first half year amounted to SEK 87.8 (96.3) million, which is a decrease of 9%. Adjusted for currencies the decrease was 4%.

License revenues amounted to SEK 49.4 (49.8) million. Revenues from BD decreased by SEK 2.3 million during the six-month period. Volumes and royalties have increased compared with the same period last year, but BD revenues were negatively affected by currency effects of SEK 6.9 million.

At the beginning of April, the production of Bactiguard-coated trauma implants started in Penang, Malaysia on behalf of Zimmer Biomet and generated license revenue. Bactiguard receives license revenues from Zimmer Biomet as production increases and when the trauma implants reach the end customer, Bactiguard will also receive royalties. For the first half of the year, license revenues from Zimmer Biomet amounted to SEK 1.9 (0) million.

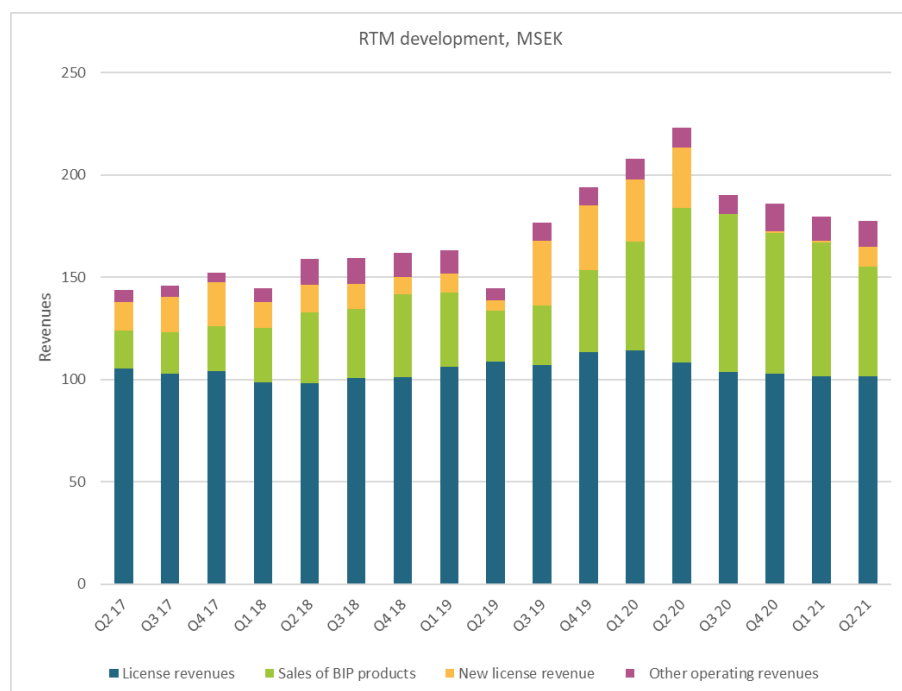
In the second quarter, the first milestone in the license agreement with Zimmer Biomet was passed following the launch in Europe, which generated new license revenues of SEK 8.5 million. In the first half year 2020, no new license revenues were generated.

BIP sales amounted to SEK 26.2 (41.6) million and accounted for 30% of total revenues during the first half year. The comparison with the same period 2020 is affected by the strong demand

for disinfection during the pandemic outbreak. Revenues from Vigilenz are included in the BIP - portfolio as of March 2020.

Other income amounted to SEK 3.6 (4.9) million, of which SEK 1.0 (3.4) million relates to balance sheet-related currency effects.

Revenues development, rolling twelve months



The chart shows how revenues in each type of revenue stream have developed over a rolling 12-month period per quarter.

Financial results

EBITDA for the period January to June amounted to SEK 3.7 (24.9) million, corresponding to an EBITDA margin of 4% (26%).

Costs for raw materials and supplies increased during the first half year, partly due to the above-mentioned inventory write-downs.

Other external costs decreased somewhat during the first half year compared to the same period last year, which is explained by lower costs for clinical studies and consultants.

Personnel costs increased by SEK 8.2 million compared with the previous year. The increase is mainly due to the integration of Vigilenz and the establishment of a direct sales organization in the Nordic region.

Operating profit for the first half year amounted to SEK -19.7 (3.1) million. Depreciation, which does not affect cash flow, impacted operating profit by SEK -23.4 (-21.8) million, whereof depreciations on the Bactiguard technology amounted to SEK -12.7 (-12.4) million.

Financial items amounted to SEK -4.4 (-18.0) million. The part of the purchase price for the acquisition of Vigilenz 2020 that consisted of shares is considered a financial instrument and the forward effect was reported as a financial item in the income statement. This affected net financial items during the first half of 2020 by SEK -10.9 million.

Tax for the period amounted to SEK 1.6 (3.5) million. Income tax in foreign subsidiaries amounted to SEK -0.5 (0) million of the tax, which is calculated based on a tax rate of 24%, while SEK 2.1 (3.5) million refers to changes in deferred tax attributable to the Group's

intangible assets and leasing agreements, which is calculated at the Swedish tax rate of 20.6%. Deferred tax is not fully comparable between the years due to changes in tax rates.

The result for the period January to June amounted to SEK -22.6 (-11.4) million.

Operating profit, rolling twelve months



The diagram shows how the result has developed during a rolling twelve-month period per quarter.

The positive development of the EBITDA result in 2019 and the beginning of 2020 is an effect of good revenue growth, attributable to new licensing agreements, growth in BIP-sales and the acquisition of Vigilenz. Since the third quarter of 2020, both license revenues and sales of BIP products have been negatively affected by reduced regular healthcare and postponed operations as a result of the pandemic, which had an impact on earnings development. The rolling twelve-month EBITDA margin was 3% (33%) for the period July 2020 to June 2021.

Cash flow

Cash flow from operating activities was SEK 5.5 (3.6) million during the second quarter. Working capital increased because of increased accounts receivables at the end of the period. Investments amounted to SEK -2.0 (-2.9) million in the quarter and consisted of SEK -1.4 million in tangible fixed assets, primarily related to investments in the production facility in Penang, Malaysia, to increase capacity, and SEK -0.5 million in intangible assets, which refers to capitalized development expenses.

Amortization of leasing debt affected cash flow from financing activities with SEK -2.4 (-1.9) million. The total cash flow for the quarter was positive and amounted to SEK 1.6 (-3.9) million.

For the period January to June, cash flow from operating activities amounted to SEK 4.6 (0.1) million and investments to SEK -5.7 (-4.7) million. The investments were partly financed by utilizing the credit facility, which had a positive impact of SEK 5.4 million in the cash flow for the quarter, and total cash flow for the first half year amounted to -0.1 (-6.9).

Financial position

Consolidated equity amounted to SEK 351.4 (404.3) million on 30 June 2021 and the net debt amounted to SEK 254.3 (241.6) million.

In connection with the acquisition of Vigilenz, the Group's existing credit facility provided by SEB was renegotiated and the term extended to February 2023. The total outstanding amount on 30 June 2021 was SEK 170.9 (170.9) million. The loan agreement includes a mandatory annual payment of an amount corresponding to 50% of free cash flow (cash flow before financing, deducted by interest and amortization of leasing debt), but not exceeding SEK 35 million (a so-called cash sweep). As a consequence of the effects of the pandemic, the terms of the loan agreement with SEB were renegotiated in January 2021. The terms have been renegotiated with regard to covenants and available overdraft facilities, which now amount to SEK 45 (30) million, other terms are unchanged. On 30 June 2021 SEK 14.3 (-) million of the overdraft facility was utilized.

On 30 June 2021 total assets amounted to SEK 666.8 (707.4) million. The largest asset items on the balance sheet are goodwill of SEK 245.7 million and the Bactiguard technology which amounted to SEK 136.9 million. The Bactiguard technology is depreciated by approximately SEK 25 million annually over a period of 15 years.

Other information

The share and share capital

Trade in the Bactiguard share takes place at Nasdaq Stockholm with the ticker "BACTI". The closing price for the listed B share was 176 SEK on 30th of June 2021, and the market capitalization amounted to SEK 5 904 million. The share price development during 2020 meant that Bactiguard, as of January 1, 2021 was moved from the Nasdaq Small Cap to the Nasdaq Mid Cap segment.

The share capital of Bactiguard on 30 June 2021 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 2021 amounted to 33,543,885 shares and 69,543,885 votes.

Ownership

On 30 June 2021 Bactiguard had 4,128 shareholders.

Shareholders	No of A-shares	No of B-shares	Total number	% of capital	% of shares
Christian Kinch with company and family	2 000 000	4 125 977	6 125 977	18.3%	34.7%
Thomas von Koch with company	2 000 000	4 125 878	6 125 878	18.3%	34.7%
Nordea Investment Funds		3 419 987	3 419 987	10.2%	4.9%
Jan Ståhlberg		3 354 387	3 354 387	10.0%	4.8%
Fjärde AP Fonden		3 325 781	3 325 781	9.9%	4.8%
Handelsbanken Fonder		1 836 004	1 836 004	5.5%	2.6%
Försäkringsbolaget Avanza Pension		1 064 438	1 064 438	3.2%	1.5%
State Street Bank and Trust Co		944 446	944 446	2.8%	1.4%
UBS AG London Branch		898 207	898 207	2.7%	1.3%
Lancelot Asset Management AB		625 000	625 000	1.9%	0.9%
Total, major shareholders	4,000,000	23,720,105	27,720,105	82.6%	91.6%
Total, others		5,823,780	5,823,780	17.4%	8.4%
Total number of shares	4,000,000	29,543,885	33,543,885	100%	100%

Employees

The average number of employees in the group in the quarter amounted to 191 (136), of which 129 (82) are women. The increase is attributable to the acquisition of Vigilenz 1 March 2020.

Key events during the quarter

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

Key events after the end of the quarter

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

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. As of January 2021, one change in accounting principles has been implemented. The outcome of currency forwards is, from 2021, reported as other income and other operating expenses, respectively. Previously, this outcome was reported under financial items. In other respects, no changes in accounting principles have taken place since the annual report for 2020 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, Thomas von Koch, and the members of the board Anna Martling and Jan Ståhlberg. During the period, no transactions with Smartwise took place, but Smartwise's sister 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 48-49 and 62-63 in the Annual Report for 2020.

Covid-19

In addition to already identified risks, the impact of the ongoing pandemic is analysed regularly. Bactiguard as a company follows each country's recommendations from the equivalent to the Swedish Public Health Agency and takes action accordingly.

During the past year, the pandemic has affected Bactiguard in several ways. The need for infection prevention increased and thus created new opportunities for Bactiguard, which also had a positive effect on revenues at the beginning of the pandemic. During the third quarter

2020, there was a clear negative impact on our operations related to reduced regular healthcare and postponed interventions.

During 2021 we have seen a continued stabilization of license revenues from BD as healthcare in the US recovered faster than in the rest of the world. Sales of BIP products is still affected by reduced general healthcare due to Covid-19. The acquisition of Vigilez 2020 has strengthened Bactiguard and improved cash flow.

There is now a major global healthcare backlog that needs to be managed. The roll-out of vaccines will have a positive effect for healthcare and society at large. We will gradually return to a more normal situation, and we see great need for infection prevention. However, near-term developments are still difficult to assess.

Although the pandemic has affected Bactiguard negatively in the short term, we see a bright future. The need for care remains and we are pushing an accelerating backlog ahead of us that must be addressed. In addition, we have extended our product portfolio and invested in production- and development capacity. We work closely with our licensing partners and see that our technology in the future will generate great value in the form of new license agreements and thus increased cash flow. Based on the above, we believe that the technology has a value far exceeding the book value and therefore see no need for impairment regarding the Group's intangible assets and deferred tax.

Financial targets

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

- an average growth of 20% per year over a five-year period, with 2020 as the base year;
- an EBITDA margin of at least 30% at the end of the five-year period (year 2025);
- 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 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020	RTM 2021
<i>Revenues</i>						
License revenues	31 554	22 085	57 973	49 836	103 463	111 601
Sales of BIP products	13 251	25 413	26 215	41 609	68 852	53 458
Other revenues	1 213	712	3 612	4 871	13 711	12 452
	46 017	48 211	87 800	96 316	186 026	177 510
Change in inventory of finished goods	477	865	1 010	3 672	4 700	2 038
Capitalized expenses for own account	534	107	2 099	481	3 959	5 577
Raw materials and consumables	-10 781	-6 151	-19 168	-13 822	-43 853	-49 199
Other external expenses	-11 684	-13 939	-24 222	-26 050	-49 330	-47 502
Personnel costs	-21 732	-17 543	-41 904	-33 683	-67 188	-75 410
Depreciation and amortisation	-11 824	-11 299	-23 437	-21 799	-44 293	-45 931
Other operating expenses	-999	-1 028	-1 873	-2 028	-7 659	-7 505
	-56 008	-48 988	-107 495	-93 228	-203 664	-217 932
Operating profit/loss	-9 991	-777	-19 696	3 088	-17 638	-40 422
<i>Profit/loss from financial items</i>						
Financial income	1 759	2 688	3 872	0	2 240	6 112
Financial income	-4 851	-6 103	-8 308	-7 133	-15 667	-16 842
Result from change in derivative ⁴		1 932		-10 868	-10 868	0
	-3 093	-1 482	-4 436	-18 001	-24 295	-10 730
Profit before tax	-13 083	-2 259	-24 132	-14 914	-41 933	-51 152
Taxes for the period	1 052	1 987	1 556	3 465	3 545	1 636
Net profit/loss for the period	-12 031	-272	-22 576	-11 449	-38 388	-49 516
Attributable to:						
Shareholders of the parent	-12 031	-272	-22 576	-11 449	-38 388	-49 516
Earnings per share, SEK ⁵	-0,36	-0,01	-0,68	-0,34	-1,14	-1,48

4 The part of the purchase price for the acquisition of Vigilenz that consisted of shares is considered, for accounting purposes, as a financial instrument and the forward effect is thus reported as a financial item in the income statement. This affected the net profit/loss for the second quarter 2020 with SEK 1,9 million and full year 2020 with SEK -10,9 million. The adjustment is only affecting accounting and has no effect on cash flow.

5 No dilution effect

Condensed consolidated statement of comprehensive income

Condensed statement of comprehensive income	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full year	RTM
	2021	2020	2021	2020	2020	2021
Net profit/loss for the period	-12 031	-272	-22 576	-11 449	-38 388	-49 516
<i>Other comprehensive income:</i>						
<u>Items that will be reclassified to profit or loss for the year</u>						
Translation differences	-1 467	1 059	603	-3 112	-7 091	-3 376
Other comprehensive income, after tax	-1 467	1 059	603	-3 112	-7 091	-3 376
Total comprehensive income for the period	-13 498	787	-21 973	-14 561	-45 479	-52 892
Attributable to:						
Shareholders of the parent	-13 498	787	-21 973	-14 561	-45 479	-52 892
Total earnings per share	-0,40	0,02	-0,66	-0,44	-1,36	-1,58
Number of shares at the end of period ('000)	33 544	33 302	33 302	33 302	33 544	33 544
Weighted average number of shares ('000)	33 544	33 302	33 302	33 302	33 544	33 544

Condensed consolidated statement of financial position

Amounts in TSEK	2021-06-30	2020-06-30	2020-12-31
ASSETS			
Non-current assets			
Goodwill	245 726	247 641	245 411
Technology	136 948	162 355	149 652
Brands	26 085	26 225	26 155
Customer relationships	8 640	10 028	9 334
Capitalised development expenditure	22 096	20 577	22 324
Patents	1 109	266	1 117
Intangible assets	440 605	467 092	453 994
Leased assets	68 171	74 999	73 029
Buildings	13 518	14 603	13 509
Improvements, leasehold	7 748	9 175	8 370
Machinery and other technical plant	9 792	8 380	7 981
Equipment, tools and installations	5 627	4 594	5 283
Property, plant and equipment	104 857	111 751	108 173
Long-term receivables	1 685	1 739	1 708
Financial assets	1 685	1 739	1 708
Total non-current assets	547 147	580 582	563 875
Current assets			
Inventory	32 693	46 622	34 161
Accounts receivable	59 335	46 286	49 642
Other current receivables <i>Note 2</i>	16 958	17 618	17 657
Cash and cash equivalents	10 664	16 305	9 886
Total current assets	119 650	126 831	111 346
TOTAL ASSETS	666 797	707 413	675 221
Equity attributable to shareholders of the parent			
Share capital	839	839	839
Other equity	350 538	403 431	372 511
Total equity	351 376	404 269	373 349
Non-current liabilities			
Deferred tax liability	9 999	14 825	11 980
Liabilities to credit institutions	193 616	179 643	188 016
Liabilities leasing agreements	61 965	68 573	66 263
Total non-current liabilities	265 581	263 041	266 259
Current liabilities			
Liabilities to credit institutions	-	776	-
Accounts payable	18 139	12 967	8 801
Liabilities leasing agreements	9 422	8 901	9 746
Other current liabilities <i>Note 2</i>	5 214	2 682	3 991
Accrued expenses and deferred income	17 064	14 777	13 076
Total current liabilities	49 839	40 103	35 614
Total liabilities	315 420	303 144	301 872
TOTAL EQUITY AND LIABILITIES	666 796	707 413	675 221

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 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>					
Translation differences			-3 112		-3 112
Total comprehensive income after tax	-	-	-3 112	-11 449	-14 560
Transactions with shareholders					
Share issue	6	32 115	-	-	32 121
Total transactions with shareholders	6	32 115	-	-	32 121
Closing balance, 30 June 2020	839	707 805	-3 823	-300 569	404 269
Opening balance, 1 January 2021	839	707 805	-7 802	-327 492	373 349
Profit/loss for the period				-22 576	-22 576
<i>Other comprehensive income:</i>					
Translation differences			603		603
Total comprehensive income after tax	-	-	603	-22 576	-21 973
Transactions with shareholders					
Total transactions with shareholders	-	-	-	-	-
Closing balance, 30 June 2021	839	707 805	-7 199	-350 068	351 376

Condensed consolidated statement of cash flows

Amounts in TSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020	RTM 2021
Net profit/loss for the period	-12 031	-272	-22 576	-11 448	-38 388	-49 516
Adjustments for depreciation and amortisation and other non-cash items	12 674	10 756	24 770	31 685	52 629	45 714
Cash flow from changes in working capital	4 842	-6 901	2 398	-20 165	-13 539	9 024
Cash flow from operating activities	5 485	3 583	4 592	72	702	5 222
Acquisition of subsidiary	-	-2 553	0	-41 492	-41 663	-171
Investments in non-current assets	-1 968	-2 865	-5 658	-4 723	-15 350	-16 285
Cash flow from investing activities	-1 968	-5 418	-5 658	-46 215	-57 013	-16 456
Debt incurred	-	155		43 596	43 441	-155
Amortisation of lease	-2 414	-1 902	-4 297	-3 188	-5 498	-6 607
Amortisation of loan	-138	-652	-277	-652	-1 376	-1 001
Change in bank overdraft	189	128	5 444		8 856	14 300
	167	167	335	-1 187		1 522
Other financing activities	261	0	-197	690	781	-106
Cash flow from financing activities	-1 935	-2 104	1 008	39 259	46 204	7 953
Cash flow for the period	1 582	-3 939	-58	-6 884	-10 107	-3 281
Cash and cash equivalents at start of period	9 380	19 723	9 886	22 878	22 878	16 305
Exchange difference in cash and cash equivalents	-298	521	836	311	-2 886	-2 360
Cash and cash equivalents at end of period	10 664	16 305	10 664	16 305	9 886	10 664

Condensed parent company

Amounts in TSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
Revenues	0	568	0	1 981	2 315
Operating expenses	-1 521	-2 429	-2 896	-4 877	-7 578
Operating profit/loss	-1 521	-1 861	-2 896	-2 896	-5 263
Net financial items	-622	-635	-1 227	-1 512	-13 636
Profit/loss after financial items	-2 143	-2 496	-4 123	-4 408	-18 899
Tax for the period	-	-	-	-	-
Net profit/loss for the period	-2 143	-2 496	-4 123	-4 408	-18 899

The parent company presents no separate statement of comprehensive income since the company has no items in 2021 or 2020 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	2021-06-30	2020-06-30	2020-12-31
ASSETS			
Non-current assets			
Financial assets	659 408	659 454	659 431
Deferred tax asset	15 255	15 255	15 255
Total non-current assets	674 663	674 709	674 686
Current assets	1 306	3 918	880
Total current assets	1 306	3 918	880
TOTAL ASSETS	675 969	678 627	675 566
EQUITY & LIABILITIES			
Total equity	476 972	484 719	481 095
Non-current liabilities			
Liabilities to credit institutions	169 824	170 940	169 489
Total non-current liabilities	169 824	170 940	169 489
Current liabilities	29 173	22 968	24 982
Total current liabilities	29 173	22 968	24 982
Total liabilities	198 997	193 908	194 471
TOTAL EQUITY AND LIABILITIES	675 969	678 627	675 566

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 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020	RTM 2021
Operating profit/loss	-9 991	-777	-19 696	3 088	-17 638	-40 422
Depreciation and amortisation	<u>11 824</u>	<u>11 299</u>	<u>23 437</u>	<u>21 799</u>	<u>44 293</u>	<u>45 931</u>
EBITDA	1 832	10 522	3 741	24 887	26 655	5 509

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 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020	RTM 2021
EBITDA	1 832	10 522	3 741	24 887	26 655	5 509
Revenue	<u>46 017</u>	<u>48 211</u>	<u>87 800</u>	<u>96 316</u>	<u>186 026</u>	<u>177 510</u>
EBITDA-margin	4%	22%	4%	26%	14%	3%

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 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020	RTM 2021
Net profit	-12 031	-272	-22 576	-11 449	-38 388	-49 516
IFRS adjustment from set-off issue	<u>0</u>	<u>-1 932</u>	<u>0</u>	<u>10 868</u>	<u>10 868</u>	<u>0</u>
Adjusted Net profit/loss	-12 031	-2 204	-22 576	-581	-27 520	-49 516

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 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
Liabilities to credit institutions	193 616	180 419	193 616	180 419	188 016
Long-term liabilities leasing	61 965	68 573	61 965	68 573	66 263
Short-term liabilities leasing	9 422	8 901	9 422	8 901	9 746
Interest-bearing liabilities	265 004	257 893	265 004	257 893	264 024
Cash and cash equivalents	-10 664	-16 305	-10 664	-16 305	-9 886
Net debt	254 340	241 587	254 340	241 587	254 138

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 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
Equity	351 376	404 269	351 376	404 269	373 349
Balance sheet total	666 797	707 413	666 797	707 413	675 221
Equity ratio	53%	57%	53%	57%	55%

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 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020	RTM 2021
Adjusted Net profit/loss	-12 031	-2 204	-22 576	-581	-27 520	-49 516
Number of shares at the end of the period ('000)	33 544	33 544	33 544	33 302	33 544	33 544
Adjusted earnings per share	-0,36	-0,07	-0,67	-0,02	-0,82	-1,48

Profit/loss from financial items

Financial income minus financial expenses. Direct reconciliation against financial report possible.

Note 1 Revenue distribution

Total Group	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020	RTM 2021
Amounts in TSEK						
Type of product/service						
License	31 554	22 085	57 973	49 836	103 463	111 601
<u>Sales of BIP products</u>	<u>13 251</u>	<u>25 413</u>	<u>26 215</u>	<u>41 609</u>	<u>68 852</u>	<u>53 458</u>
Total	44 805	47 499	84 188	91 444	172 315	165 058
Time for revenue recognition						
Performance commitment is met at a certain time	44 805	47 499	84 188	91 444	172 315	165 058
<u>Performance commitment is met during a period of time</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	44 805	47 499	84 188	91 444	172 315	165 058

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 2020, 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.

Financial assets and liabilities measured at fair value

Amounts in TSEK	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
	Derivatives (level 2)	Derivatives (level 2)	Derivatives (level 2)
Assets			
Other current receivables	-	654	1 988
Liabilities			
Other current liabilities	532	-	-

Quarterly information

Amounts in TSEK	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	RTM
License revenues	27 698	25 004	33 650	27 750	22 085	20 249	32 786	26 419	23 021	102 476
New license revenues	1 036	29 351	-	-	-	-	592	-	8 533	9 125
Sales of BIP products	3 154	8 650	25 289	16 195	25 413	10 365	16 878	12 964	13 251	53 458
Other revenues	1 149	4 153	886	4 160	712	3 536	5 304	2 399	1 213	12 452
Total revenues	33 037	67 158	59 825	48 105	48 211	34 150	55 561	41 783	46 017	177 510
EBITDA	5 735	36 472	12 221	14 365	10 522	-3 103	4 871	1 908	1 833	5 509
EBITDA margin	17%	54%	20%	30%	22%	-9%	9%	5%	4%	3%
EBIT	-4 785	25 908	1 739	3 865	-777	-14 291	-6 435	-9 705	-9 991	-40 422
Net profit/loss for the period	-5 627	23 716	1 560	-11 176	-272	-16 114	-10 826	-10 545	-12 031	-49 516
Adjusted net profit/loss for the period				1 624	-2 204	-16 114	-10 826	-10 545	-12 031	-49 516
Earnings per share, SEK	-0,17	0,71	0,05	-0,34	-0,01	-0,48	-0,32	-0,31	-0,36	-1,48
Adjusted earnings per share, SEK				0,05	-0,07	-0,48	-0,32	-0,31	-0,36	-1,48
Operating cash flow	-243	23 850	36 850	-3 511	3 583	-3 301	3 931	-893	5 485	5 222
Operating cash flow per share, SEK	-0,01	0,72	1,11	-0,11	0,11	-0,10	0,12	-0,03	0,16	0,16
Net debt	239 188	217 217	185 006	241 523	241 587	250 109	254 138	258 275	254 340	254 340
Total shares (pcs)	33 302 373	33 302 373	33 302 373	33 302 373	33 543 885	33 543 885	33 543 885	33 543 885	33 543 885	33 543 885

Forthcoming disclosures of information

28 October 2021

Interim report 1 July - 30 September 2021

Contacts

For additional information, please contact:

Cecilia Edström, CEO: +46 8 440 58 80

Gabriella Björknert Caracciolo, CFO and Deputy CEO: +46 72 141 62 49

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, 15th of July 2021

Thomas von Koch

Chairman of the Board

Christian Kinch

Deputy Chairman of the Board

Anna Martling

Board Member

Jan Ståhlberg

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 15th of July 2021, at. 08.00.