

# Interim report for Bactiguard Holding AB (publ)

Corporate registration number 556822-1187

## Third Quarter (July-September 2016)

- During the third quarter, a total of approx. 87,000 (15,000) BIP products were delivered, an increase of approx. 480 %.
- Revenues amounted to SEK 34.9 (60.4) million. Corresponding quarter previous year consists of the additional one-off order from C.R. Bard of SEK 28 million.
- EBITDA amounted to SEK 9.7 (34.5) million. The change from the corresponding quarter previous year was essentially a consequence of the additional one-off order from C.R. Bard.
- Operating profit amounted to SEK 1.4 (26.2) million.
- Reported net profit for the quarter amounted to SEK -0.5 (6.6) million, corresponding to SEK -0.02 (0.20) per share. Net profit for the quarter has been positively affected by market valuation of the bond with SEK 1.4 (-12.5) million.
- Operating cash flow for the quarter amounted to SEK -0.3 (9.5) million, corresponding to SEK 0 (0.30) per share.

## Nine-month period (January-September 2016)

- During the period, a total of approx. 284,000 (78,000) BIP products were delivered, an increase of approx. 260 %.
- Revenues for the period amounted to SEK 94.7 (117.9) million. Corresponding period previous year consists of the additional one-off order from C.R. Bard of SEK 28 million.
- EBITDA for the period amounted to SEK 10.6 (26.3) million. The change from the corresponding period previous year was essentially a consequence of the additional one-off order from C.R. Bard.
- Operating profit amounted to SEK -14.4 (1.8) million.
- Reported net profit for the period amounted to SEK -19.4 (-7.2) million, corresponding to SEK -0.58 (-0.22) per share. Net profit for the period has been positively affected by market valuation of the bond with SEK 2.8 (5.4) million.
- Operating cash flow for the period amounted to SEK -0.7 (-6.9) million, corresponding to SEK 0 (-0.2) per share.

## Key events during the third quarter

- Repeat order from India of 60,000 catheters
- Extended maturity for credit facility
- New clinical study started at the Martini-Klinik

## Key events after the end of the third quarter

- New clinical study confirms reduced infections in ICU
- Bactiguard expands in Europe
- Repeat order from China of 100,000 catheters
- Main shareholders issue a loan commitment of SEK 50 million

Key figures <sup>1</sup>	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Revenues <sup>2</sup> , SEKm	34,9	60,4	94,7	117,9	138,5
EBITDA <sup>3</sup> , SEKm	9,7	34,5	10,6	26,3	20,2
EBITDA margin <sup>3</sup> , %	28%	57%	11%	22%	15%
Operating profit, SEKm	1,4	26,2	-14,4	1,8	-12,7
Net profit/loss for the period <sup>2</sup> , SEKm	-0,5	6,6	-19,4	-7,2	-26,5
Operating cash flow, SEKm	-0,3	9,5	-0,7	-6,9	-32,5
Earnings per share <sup>2</sup> , SEK	-0,02	0,20	-0,58	-0,22	-0,80
Operating cash flow per share, SEK	-0,01	0,29	-0,02	-0,21	-0,97
Equity ratio, %	61%	61%	61%	61%	62%
Net debt <sup>3</sup> , SEKm	117,3	91,6	117,3	91,6	120,0
Number of shares at the end of period	33 302 373	33 302 373	33 302 373	33 302 373	33 302 373
Weighted average number of shares <sup>2</sup>	33 302 373	33 302 373	33 302 373	33 302 373	33 302 373

<sup>1</sup> Definition of key figures are presented on page 16

<sup>2</sup> Defined according to IFRS

<sup>3</sup> Reconciliation of key figure see page 16

## Comments by the CEO

It is gratifying that we can report a positive sales trend also in this quarter for our portfolio of infection prevention products for the healthcare market. The largest delivery went to India as a result of the order we received in August of 2016. During the third quarter we delivered approx. 87,000 units, which gives us a total of approx. 284,000 products so far for 2016. Already after the third quarter we have thereby almost reached the goal for the whole of 2016, to at least double the volumes of the previous year.

The total revenues are in line with the revenues for the second quarter of 2016 but, compared to the same quarter of last year, the revenues are lower. This can be fully explained by the extra order we received from C.R. Bard in August of last year which increased the revenues significantly. In parallel to the increased volumes we continue to keep costs down, which means that in this quarter we managed to reach an EBITDA margin of 28 percent.

In market terms we have, during the summer months, focused on extensive training efforts for the staff of our distributor in China. They now approach the market at full speed with the goal of initiating sales to approx. 100 hospitals before the end of this year. In early November, we received a repeat order of 100,000 catheters. We see this new order as a confirmation that the Chinese market represents a huge potential for Bactiguard.

In India, we have during the year delivered a total of some 100,000 catheter. Marketing and sales activities continue unabated. A large number of hospitals have tested our product and nearly 15 different medical groups have started using it regularly and have placed repeat orders. The clinical trial involving 1,000 patients has almost reached the halfway point and we are now starting the registration process of our central venous catheter.

Sales to the Middle East so far this year has been far below our expectations. The region has of course been affected by the unstable political and economic situation. We are now increasing our resources and market activity and at the same time evaluate our distributors in the region in order to increase sales.

Deliveries to Europe remain relatively low but we recently signed new distribution agreements in Finland, Greece, Poland and Austria and we are now focusing on establishing partnerships in other major markets in Europe. Both Poland and Greece are excellent examples of how the right partners, with a good introduction, can establish regular sales to both hospitals and homecare patients.

In Sweden we encounter an increasing interest in infection prevention with tests and evaluations ongoing in several parts of the country. We are gradually developing our presence, region by region, and, in October, won a tender for Kronoberg and Blekinge. Our products are also available for hospitals in the Halland region starting 1 October and in Värmland starting 1 November.

The cooperation with our new license partner in orthopedic implants, Vigilenz Medical Devices, continues in full swing and the clinical study is now underway. We continue to pursue efforts to develop new partnerships and licensing deals and our objective remains to sign at least one new license agreement before the end of the year.

In September we were proud to present that one of the world's leading prostate cancer clinic, the Martini-Klinik in Hamburg, will conduct a clinical trial with Bactiguard with the aim of reducing the risk of catheter related urinary tract infections and antibiotic use in patients undergoing surgery for prostate cancer. We are hopeful that this study, which will be ongoing for 6-9 months, will show that the use of Bactiguard's technology reduces the need for antibiotics for this group of patients.

Recently we received further confirmation that Bactiguard's technology is effective in preventing infections. This was in the form of an independent, randomized clinical trial from Saudi Arabia that shows that Bactiguard coated urinary tract catheters reduces the number of catheter related urinary tract infections in patients in the ICU by 90 percent compared to standard silicone catheters.

Finally, during this quarter, we also presented an extended maturity until 31 December, 2017 for the credit facility of SEK 100 million that we signed in November of 2015. On 12 December this year our bond matures and will be repayed. We also communicated this week an enhanced credit facility in the form of a loan commitment from the major shareholders. Thus, we maintain the financial flexibility of the company even after repayment of the bond until a long-term financing is in place.

Christian Kinch

CEO

## Key events during the third quarter

### Repeat order from India

The initial order from India, which was received in December 2015, consisted of some 50,000 Foley catheters for infection prevention (BIP Foleys). The repeat order consisted of some 60,000 BIP Foleys and was delivered in its entirety in the third quarter, which generated revenues of approx. SEK 2 million.

### Extended maturity for credit facility

The maturity of the credit facility of SEK 100 million that Bactiguard received as a loan commitment in November 2015 has been extended until 31 December, 2017. Other terms remain unchanged.

### New clinical study at the Martini-Klinik to improve care for prostate cancer patients

Bactiguard starts a new clinical trial that aims to reduce the risk of catheter associated urinary tract infections and the use of antibiotics in patients undergoing prostate cancer surgery in the well renowned Martini-Klinik of the University Medical Center Hamburg-Eppendorf. The Martini-Klinik is specialized in prostate cancer diagnosis and treatment and is today the number one prostate cancer center in the world in terms of number of radical prostatectomies annually - with over 2,200 operations 2015. The institute is focused on providing value based healthcare, where quality of life aspects for patients are at the centre of attention.

## Key events after the end of the third quarter

### New clinical study confirms that Bactiguard coated Foley catheters reduce infections in ICU

A recent independent and randomized clinical study confirms that Bactiguard-coated Foley catheters reduce catheter associated urinary tract infections in ICU patients.

The study was conducted at the King Fahad Hospital in Saudi Arabia and included 60 patients in the Intensive Care Unit (ICU), who were catheterized for at least 3 days. The incidence of catheter associated urinary tract infections was 90 percent lower for patients with Bactiguard-coated Foley catheters (BIP Foley) compared to patients with standard silicone Foley catheters. The study is published in Urology Annals.

### Bactiguard expands in Europe

Bactiguard expands its European presence in four new markets, by entering partnerships with Sanova Pharma for Austria, Pofam-Poznań for Poland, Mediq Suomi for Finland and Inex Medical for Greece.

By entering into partnership with leading partners to the healthcare sector in four new markets, Bactiguard is gradually expanding its presence in Europe. In light of increasing antimicrobial resistance, healthcare providers are becoming more and more aware of the importance of preventing healthcare associated infections, which bodes well for the future.

### Repeat order from China

Bactiguard has received a repeat order from our distributor in China, Jian An Pharmaceuticals. The order is for 100,000 BIP Foley catheters, which is the same quantity as the initial order received in early 2016. The order will be delivered during the fourth quarter 2016 and will generate sales revenues of approx. SEK 3 million.

### The main shareholders issue a loan commitment

The main shareholders of Bactiguard have issued a loan commitment of a maximum of SEK 50 million for the refinancing of the bond maturing 12 December 2016. The purpose of the loan commitment is to maintain financial flexibility after the repayment of the bond until a long-term financing solution is in place.

# Consolidated revenues and earnings

## Revenues

Bactiguard has two revenue streams.

### Sales of BIP products

The BIP portfolio currently includes sales of the BIP Foley, BIP ETT and BIP CVC products.

### License revenues

License revenues are attributable to sales of products under license, which currently includes the Group's licensing agreement with C.R. Bard regarding Bactiguard coated Foley catheters for the USA, Japan, the UK, Ireland, Canada and Australia as well as license agreement with Vigilenz Medical Devices for Bactiguard coated orthopaedic implants, covering the Asean region.

### Other revenue

Comprises mainly foreign exchange differences and other operating income.

Bactiguard's BIP (Bactiguard Infection Protection) product portfolio includes medical devices in three areas: urinary tract, respiratory tract and blood streams.

BIP Foley	BIP ETT	BIP CVC
 <ul style="list-style-type: none"><li>BIP Foley is the company's urinary catheter, which uses the Bactiguard coating to reduce the risk of patients contracting catheter-associated infections of the urinary tract.</li></ul>	 <ul style="list-style-type: none"><li>BIP ETT is the company's endotracheal tube, which uses the Bactiguard coating intended to reduce the risk of patients contracting ventilator-associated pneumonia.</li></ul>	 <ul style="list-style-type: none"><li>BIP CVC is the company's central venous catheter, which uses the Bactiguard coating to reduce the risk of patients contracting catheter-associated blood infections.</li></ul>

## Revenue distribution

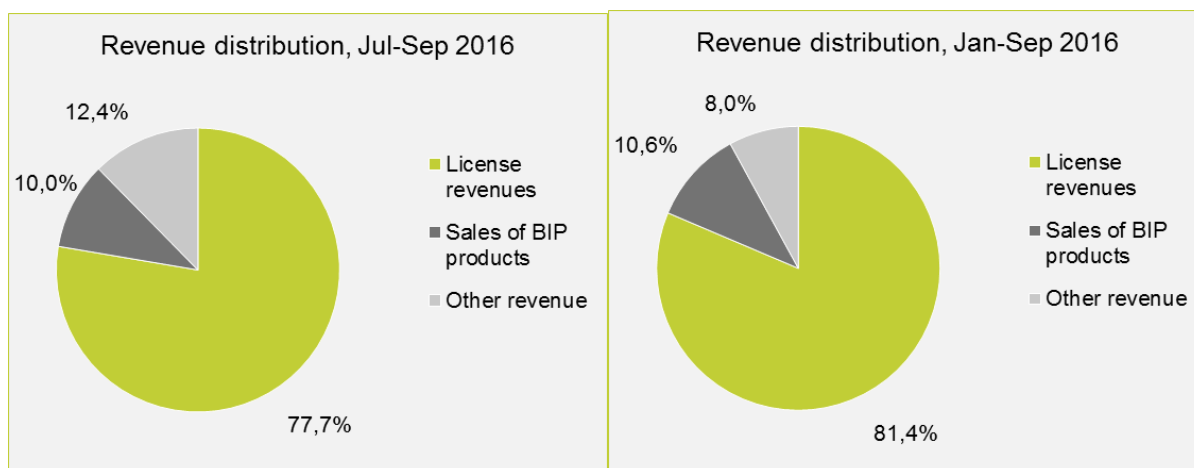
### Third quarter (July-September)

Consolidated revenues for the third quarter amounted to SEK 34.9 (60.4) million. The decrease compared to the corresponding quarter previous year is mainly related to the additional one-off order from C.R. Bard which generated additional revenues of approx. SEK 28 million. Excluding this non-recurring revenue, the consolidated revenues increased by 7.7% compared with the corresponding quarter last year.

The bulk of revenues during the third quarter (77.7 %) came from License revenues and amounted to SEK 27.1 (56.8) million, including a positive currency effect of SEK 0.5 (7.8) million.

Sales of BIP products amounted to 10.0 % of revenues or approx. SEK 3.5 (1.1) million in the third quarter, with sales mainly to India. Out of SEK 3.5 million in revenues, SEK 3.0 million had a cash flow effect. The remaining revenues correspond to a reduction of the debt item deferred revenue in the balance sheet.

Other revenues in the quarter amounted to 12.4 % or approx. SEK 4.3 (2.5) million and are attributable to exchange rate differences, changes in inventories of finished goods and EU grants for development projects.

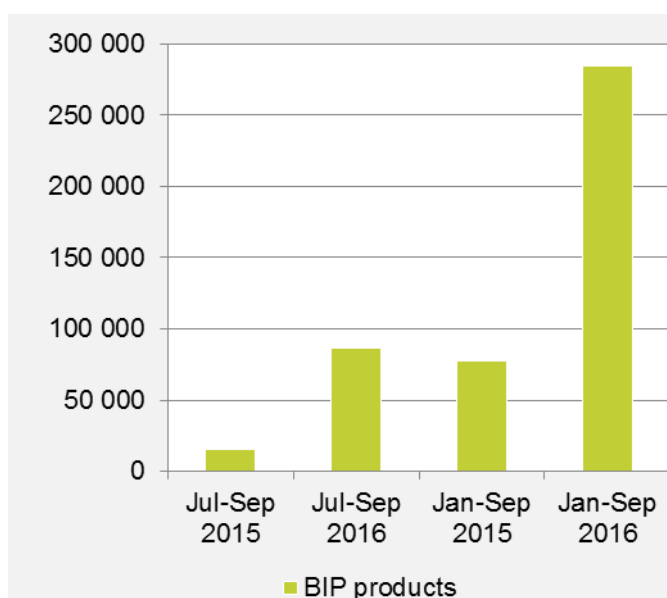


### Nine-month period (January-September)

Consolidated revenues for the period January to September 2016 amounted to SEK 94.7 (117.9) million, a decrease of approx. 19.7 % compared to the same period last year. Excluding revenues from the additional one-off order from C.R. Bard, the consolidated revenues increased by approx. 5 % compared with the corresponding period last year. This is a result of higher revenues generated from sales of BIP products attributable to a major improvement in delivered volumes. The bulk of revenues 81 % (93 %) or SEK 77.1 (109.4) million was attributable to License revenues. The decrease in License revenues compared to the same period last year is primarily related to the additional one-off order from C.R. Bard.

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
License revenues	77,7%	94,0%	81,4%	92,8%	90,5%
Sales of BIP products	10,0%	1,9%	10,6%	3,1%	4,4%
Other revenue	12,4%	4,2%	8,0%	4,1%	5,1%

### Products deliveries



During the third quarter of 2016, a total of approx. 87,000 BIP products were delivered, compared to approx. 15,000 in the corresponding quarter of 2015, an increase of approx. 480 %.

During the nine-month period January-September 2016, a total of approx. 284,000 products were delivered, compared to approx. 78,000 in the corresponding period of 2015, an increase of approx. 260 %.

For the whole year of 2015, approx. 152,000 products were delivered.

## Financial resultat

### Third quarter (July-September)

EBITDA for the third quarter amounted to SEK 9.7 (34.5) million corresponding to an EBITDA margin of 28 % (57 %). The negative change compared with the corresponding quarter last year is in all material respects a consequence of the additional one-off order from C.R. Bard which generated additional revenues of approx. SEK 28 million with a very high gross margin.

Consolidated operating profit for the third quarter of 2016 amounted to SEK 1.4 (26.2) million.

Financial items for the quarter amounted to SEK -3.2 (-20.5) million. The effects of market valuation of the bond loan, which have no effect on cash flow, are recognised as financial items in the income statement. During the third quarter of 2016, the market valuation of the bond affected financial items positively by SEK 1.4 (-12.5) million. Interest expense related to the bond loan amounted to SEK -3.8 (-4.7) million in the third quarter.

Tax for the quarter amounted to SEK 1.2 (0.9) million. Reported income tax refers to the change in deferred taxes attributable to temporary differences relating to the Group's intangible assets.

Consolidated net profit for the third quarter amounted to SEK -0.5 (-6.6) million.

### Nine-month period (January-September)

EBITDA for the nine-month period January to September amounted to SEK 10.6 (26.3) million, corresponding to an EBITDA margin of approx. 11 % (22 %). The negative change compared with the corresponding quarter last year is in all material respects a consequence of the additional one-off order from C.R. Bard

Consolidated operating profit for the nine-month period January to September amounted to SEK -14.4 (1.8) million.

Consolidated net profit for the nine-month period amounted to SEK -19.4 (-7.2) million. Net profit for the period is affected by the market valuation of the bond loan, which have no effect on cash flow, of SEK 2.8 (5.4) million.

## Cash flow

### Third quarter (July-September)

Operating cash flow for the third quarter amounted to SEK -0.3 (9.5) million. Cash flow from operating activities before changes in working capital contributed positively by SEK 8.2 (30.8) million, but was burdened by a negative contribution from changes in working capital by SEK -7.3 (-17.9) million.

Cash flow from financing activities amounted to SEK 0 (-44.6) million. Consequently, the total cash flow for the third quarter amounted to SEK -0.3 (-35.1) million.

### Nine-month period (January-September)

Operating cash flow for the nine-month period January to September 2016 amounted to SEK -0.7 (-6.9) million.

Total cash flow for the nine-month period was SEK -0.7 (-56.7) million. The comparative figure for the corresponding period last year included repurchase of bonds amounted to SEK 49.8 million.

## Investments

Investments in property, plant and equipment during the third quarter amounted to SEK 0 (1.1) million. Investment in intangible assets, mainly related to capitalized development costs, amounted to SEK 1.1 (2.3) million in the third quarter. No investments were made in financial non-current assets during the period (-).

## Financial position

The consolidated equity ratio was 61 % at 30 September 2016 (62 % at 31 December 2015) and equity amounted to SEK 397.6 (417.4 at 31 December 2015) million.

Bactiguard has a bond loan that matures on 12 December 2016, with an annual coupon of 11 %, payable in December each year. After completion of the set-off issue in connection with the listing of the company's shares on Nasdaq Stockholm in 2014, when holders of bonds with a total nominal value of SEK 222.5 million chose to offset bonds against shares, the nominal value of the outstanding bond loan was SEK 227.5 million. Subsequently, bonds have been repurchased in the market, which further has reduced the outstanding nominal value

The bond is listed on Nasdaq Stockholm. The nominal value of the outstanding bond loan after repurchases is SEK 138 million.

The bond is valued at market value and on 30 September 2016, net outstanding bond (nominal value SEK 138 million) was valued at SEK 139.4 million (price 101.0, which is a decrease from 102.0 at the end of the second quarter 2016).

The bond loan matures on 12 December 2016. The repayment of SEK 138 million plus accrued interest of SEK 15.2 million will be financed so that the company maintains financial flexibility (including bank overdraft facility of SEK 30 million) even after the repayment. This is achieved by a credit facility of SEK 100 million from a bank, a credit facility of a maximum of SEK 50 million from the company's main shareholders and the company's cash at hand.

Consolidated cash position at 30 September 2016 amounted to SEK 22.1 million (SEK 22.1 million at 31 December 2015). Out of a granted overdraft facility of SEK 30 million, SEK 0 million was utilized as of 30 September 2016. Net debt amounted to SEK 117.3 million (SEK 120.0 million at 31 December 2015).

The total assets of the group at 30 September 2016 amounted to SEK 656.5 million (676.2 million at 31 December 2015). The largest asset item in the balance sheet is technology related to Bactiguard's product portfolio, which at 30 September amounted to SEK 242.6 million (260.4 million at 31 December 2015).

Accounts receivable (short- and long term) amounted to SEK 59.0 million at 30 September 2016, which is an increase of SEK 1.3 million since 31 December 2015.

## Other disclosures

### The share and share capital

Trade in the Bactiguard share takes place on Nasdaq Stockholm under the ticker symbol "BACTI". The last price paid for the listed B share at 30 September 2016 was SEK 17.30, and the market capitalization amounted to SEK 576 million.

The share capital of Bactiguard at 30 September 2016 amounted to SEK 0.8 million divided into 29,302,373 B shares, each with one vote (29,302,373 votes) and 4,000,000 A shares, each with ten votes (40,000,000 votes). The total number of shares and votes in Bactiguard at 30 September 2016 amounted to 33,302,373 shares and 69,302,373 votes.

## Ownership

At 30 September 2016, Bactiguard had 2,721 shareholders.

Shareholders	No. of A shares	No. of B shares	Total number	% of capital	% of votes
CHRISTIAN KINCH WITH FAMILY AND COMPANY	2 000 000	7 784 977	9 784 977	29,4%	40,1%
THOMAS VON KOCH WITH COMPANY	2 000 000	7 784 878	9 784 878	29,4%	40,1%
HANDELSBANKEN FONDER AB		1 160 604	1 160 604	3,5%	1,7%
ROBUR FÖRSÄKRING		728 208	728 208	2,2%	1,1%
AVANZA PENSION		690 640	690 640	2,1%	1,0%
STÅHLBERG, JAN		582 544	582 544	1,8%	0,8%
FRÖAFALL INVEST AB		516 000	516 000	1,6%	0,7%
CANCERFONDEN		500 000	500 000	1,5%	0,7%
SARGAS EQUITY AB		364 090	364 090	1,1%	0,5%
LÄNSFÖRSÄKRINGAR JÖNKÖPING		300 000	300 000	0,9%	0,4%
<b>Total, major shareholders</b>	<b>4 000 000</b>	<b>20 411 941</b>	<b>24 411 941</b>	<b>73,3%</b>	<b>87,2%</b>
Total, others	0	8 890 432	8 890 432	26,7%	12,8%
<b>Total number of shares</b>	<b>4 000 000</b>	<b>29 302 373</b>	<b>33 302 373</b>	<b>100%</b>	<b>100%</b>

## Human resources

The average number of employees in the group in the period January to September 2016 amounted to 57 (66), of which 34 (37) women.

## 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 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 unchanged from those applied in the Annual Report 2015. In 2015 the accounting principle, regarding accounting of revenues relating to territorial fees, was changed. In earlier delivered annual and consolidated financial statements, territorial fees were accounted for upon signing the contract. In connection with the year-end accounts for 2015, Bactiguard has decided to change its accounting principle and instead report such fees at delivery of products. The part of the territorial fees and associated market contribution on the balance date that are subject to future deliveries of products are recognized as deferred revenue until the delivery has been made. Settlement of deferred income is made upon delivery. The new principle increases transparency and provides a better link between income and delivered products. The change of accounting principle has been recognized in accordance with IAS 8 and the effects of the change are shown in Note 1 on page 15 and in the annual report 2015 in Note 36 on page 58.

The new and amended standards and interpretations that are in place from 1 January, 2016 have not had any significant effect on the Group's financial reports. ESMA's guidelines on "alternative performance measures" are applied from 3 July 2016. They include disclosure requirements related to financial measures that are not defined under IFRS.

Financial assets and financial liabilities measured at fair value in the balance sheet are classified into one of three levels based on the information used to determine fair value. Bactiguard bond loan is valued using level 1, is listed on Nasdaq Stockholm and is valued at quoted price.



## 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 discrete 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

Transactions between the company and its subsidiaries, which are related parties to the company, have been eliminated on consolidation.

Services and other transactions between companies within the Group are charged according to commercial principles. Bactiguard has received a loan commitment of SEK 100 million. If the loan commitment is utilized, the board member - who is also the CEO and major shareholder - Christian Kinch and major shareholder Thomas von Koch have agreed to, without compensation, enter into guarantee commitments for Bactiguard Holding AB's obligations under the loan agreement. Bactiguard has in addition also received a loan commitment directly from the main shareholders of a maximum of SEK 50 million on equivalent commercial terms as the loan commitment from the bank.

Other than as described above, neither Bactiguard nor its subsidiaries have granted loans, guarantees or sureties to, or for the benefit of, any directors or senior managers of the Group. None of these persons has any direct or indirect participation in any other business transaction with any entity of the Group which is, or was, unusual in its nature or with regard to its terms.

## Parent company

Revenues consist of invoiced intercompany expenses (management fees). During the period the parent company received interest on its receivables from group companies. Company costs primarily relate to financial expenses of which the interest due on the bond loan is the single largest item. 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 programme that focuses on minimising 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 (which are still valid) can be found on page 30 and 47-49 in the Annual Report for 2015.

## Financial targets

Bactiguard's goal is to create value and generate good returns for the shareholders. One financial target is to have an average growth of 20 % per year over a five year period, with 2015 (adjusted for the effect of the additional order from C.R. Bard) as the base year – starting point SEK 118.5 million. Another target is to achieve an EBITDA margin of at least 30 % at the end of the five year period. Bactiguard will continue to expand the business by strengthening the sales- and marketing organization, developing new products to the existing BIP portfolio and by entering new license agreements in new therapeutic areas. Other financial targets are to have an equity ratio of at least 30 % and a long-term objective of 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.

## Condensed consolidated income statement

Amounts in TSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
<i>Revenues</i>					
License revenues	27 131	56 782	77 108	109 393	125 292
Sales of BIP products	3 477	1 120	10 080	3 680	6 128
Other revenue	4 325	2 507	7 559	4 837	7 043
	34 933	60 409	94 746	117 910	138 463
<i>Raw materials and consumables</i>					
Raw materials and consumables	-2 177	-3 031	-10 945	-6 775	-7 902
Other external expenses	-10 718	-12 568	-34 273	-42 971	-56 287
Personnel costs	-10 235	-10 190	-33 931	-40 862	-52 942
Depreciation and amortisation	-8 308	-8 279	-24 930	-24 543	-32 850
Other operating expenses	-2 061	-94	-5 027	-1 007	-1 148
	-33 499	-34 163	-109 106	-116 158	-151 129
<b>Operating profit/loss</b>	<b>1 435</b>	<b>26 246</b>	<b>-14 360</b>	<b>1 751</b>	<b>-12 666</b>
<i>Profit/loss from financial items</i>					
Financial income	1 603	97	4 745	6 115	2 657
Financial expenses	-4 784	-20 646	-13 363	-18 568	-20 961
	-3 181	-20 549	-8 618	-12 453	-18 304
<b>Profit before tax</b>	<b>-1 746</b>	<b>5 697</b>	<b>-22 978</b>	<b>-10 701</b>	<b>-30 970</b>
Taxes for the period	1 220	941	3 536	3 501	4 469
<b>Net profit/loss for the period</b>	<b>-526</b>	<b>6 638</b>	<b>-19 442</b>	<b>-7 201</b>	<b>-26 501</b>
<b>Attributable to:</b>					
Shareholders of the parent	-526	6 638	-19 442	-7 201	-26 501
Earnings per share, SEK*	-0,02	0,20	-0,58	-0,22	-0,80

## Condensed consolidated statement of comprehensive income

Amounts in TSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Net profit/loss for the period	-526	6 638	-19 442	-7 201	-26 501
<i>Other comprehensive income:</i>					
<u>Items that will be reclassified to profit or loss for the year</u>					
Translation differences	242	1 966	-424	2 031	1 146
Other comprehensive income, after tax	242	1 966	-424	2 031	1 146
Total comprehensive income for the period	-284	8 604	-19 866	-5 170	-25 355
<b>Attributable to:</b>					
Shareholders of the parent	-284	8 604	-19 866	-5 170	-25 355
Total earnings per share, SEK*	-0,01	0,26	-0,60	-0,16	-0,76
Number of shares at the end of period ('000)	33 302	33 302	33 302	33 302	33 302
Weighted average number of shares ('000)	33 302	33 302	33 302	33 302	33 302

\* no dilution effect

## Condensed consolidated statement of financial position

Amounts in TSEK	2016-09-30	2015-09-30	2015-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	226 292	226 292	226 292
Technology	242 563	266 370	260 418
Brands	25 572	25 572	25 572
Customer relationships	12 023	13 203	12 908
Capitalised development expenditure	14 660	10 368	12 062
Patents	1 109	1 162	1 272
<b>Intangible assets</b>	<b>522 218</b>	<b>542 966</b>	<b>538 524</b>
Improvements, leasehold	16 816	17 830	17 917
Machinery and other technical plant	6 254	7 762	7 412
Equipment, tools and installations	4 357	5 826	5 432
<b>Property, plant and equipment</b>	<b>27 427</b>	<b>31 417</b>	<b>30 761</b>
Accounts receivable	4 670	8 144	6 012
Investments in associates	1 298	1 368	1 298
<b>Financial assets</b>	<b>5 968</b>	<b>9 512</b>	<b>7 310</b>
<b>Total non-current assets</b>	<b>555 614</b>	<b>583 896</b>	<b>576 595</b>
<b>Current assets</b>			
Inventory	13 362	11 209	11 687
Accounts receivable	54 295	57 053	51 634
Other current receivables	11 146	11 796	14 211
Cash and cash equivalents	22 118	48 802	22 119
<b>Total current assets</b>	<b>100 920</b>	<b>128 860</b>	<b>99 651</b>
<b>TOTAL ASSETS</b>	<b>656 534</b>	<b>712 756</b>	<b>676 246</b>
<b>Equity attributable to shareholders of the parent</b>			
Share capital	833	833	833
Other equity	396 744	436 796	416 610
<b>Total equity</b>	<b>397 576</b>	<b>437 628</b>	<b>417 443</b>
<b>Non-current liabilities</b>			
Bond loan	-	140 390	-
Deferred tax liability	31 231	35 736	34 767
	<b>31 231</b>	<b>176 126</b>	<b>34 767</b>
<b>Current liabilities</b>			
Bond loan	139 380	-	142 140
Accounts payable	4 343	3 276	4 017
Other current liabilities	3 526	2 599	3 996
Accrued expenses and deferred income	80 477	93 127	73 883
	<b>227 727</b>	<b>99 002</b>	<b>224 036</b>
<b>Total liabilities</b>	<b>258 958</b>	<b>275 128</b>	<b>258 803</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>656 534</b>	<b>712 756</b>	<b>676 246</b>

## Condensed consolidated statement of changes in equity

Amounts in TSEK	Equity attributable to shareholders of the parent				Total equity
	Share capital	Other capital contributions	Translation reserve	Retained earnings including net profit for the period	
<b>Adjusted opening balance, 1 January 2015</b>	833	675 690	-794	-232 931	442 798
Profit/loss for the period	-	-	-	-7 201	-7 201
<i>Other comprehensive income:</i>					
Translation differences	-	-	2 031	-	2 031
<b>Total comprehensive income after tax</b>	<b>0</b>	<b>0</b>	<b>2 031</b>	<b>-7 201</b>	<b>-5 169</b>
<b>Transactions with shareholders</b>					
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Closing balance, 30 September 2015</b>	<b>833</b>	<b>675 690</b>	<b>1 237</b>	<b>-240 132</b>	<b>437 628</b>
<b>Opening balance, 1 January 2016</b>	833	675 690	352	-259 432	417 443
Profit/loss for the period	-	-	-	-19 442	-19 442
<i>Other comprehensive income:</i>					
Translation differences	-	-	-424	-	-424
<b>Total comprehensive income after tax</b>	<b>0</b>	<b>0</b>	<b>-424</b>	<b>-19 442</b>	<b>-19 866</b>
<b>Transactions with shareholders</b>					
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Closing balance, 30 September 2016</b>	<b>833</b>	<b>675 690</b>	<b>-72</b>	<b>-278 874</b>	<b>397 576</b>

## Condensed consolidated statement of cash flows

Amounts in TSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
<b>Cash flow from operating activities</b>					
Net profit/loss for the period	-526	6 638	-19 442	-7 201	-26 501
Accrued interest expense	-	-	-	-	-
Adjustments for depreciation and amortisation and other non-cash items	8 684	24 157	29 457	29 857	26 595
	8 158	30 795	10 015	22 656	94
<b>Cash flow from changes in working capital</b>					
Increase/decrease inventory	-1 505	-606	-1 619	-2 009	-2 628
Increase/decrease accounts receivable	-4 268	-9 416	-1 319	-9 190	-4 747
Increase/decrease other current receivables	-903	835	2 190	3 182	141
Increase/decrease accounts payable	1 350	-3 061	373	-9 812	-7 371
Increase/decrease other current liabilities	-1 926	-5 633	-5 338	-3 072	-6 280
	-7 251	-17 880	-5 713	-20 901	-20 885
<b>Cash flow from investing activities</b>					
Investments in intangible assets	-1 096	-2 323	-4 081	-3 579	-5 921
Investments in property, plant and equipment	-61	-1 056	-929	-5 064	-5 744
Investments in associates	-	-	-	-	-
	-1 157	-3 379	-5 010	-8 643	-11 665
<b>Operating cash flow</b>	<b>-251</b>	<b>9 536</b>	<b>-708</b>	<b>-6 888</b>	<b>-32 456</b>
<b>Cash flow from financing activities</b>					
Amortisation of debt	-	-44 642	-	-49 792	-50 827
	0	-44 642	0	-49 792	-50 827
<b>Cash flow for the period</b>	<b>-251</b>	<b>-35 106</b>	<b>-708</b>	<b>-56 680</b>	<b>-83 283</b>
<b>Cash and cash equivalents at start of period</b>	<b>22 058</b>	<b>84 034</b>	<b>22 119</b>	<b>105 147</b>	<b>105 147</b>
Exchange difference in cash and cash equivalents	312	-126	707	335	255
<b>Cash and cash equivalents at end of period</b>	<b>22 118</b>	<b>48 802</b>	<b>22 118</b>	<b>48 802</b>	<b>22 119</b>

## Condensed parent company income statement

Amounts in TSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Revenues	1 503	1 127	5 894	6 108	7 036
Operating expenses	-2 480	-961	-7 666	-12 518	-15 502
<b>Operating profit/loss</b>	-977	165	-1 772	-6 410	-8 466
Net financial items	-6 301	-5 591	-18 644	-16 470	-22 399
<b>Profit/loss after financial items</b>	-7 279	-5 426	-20 416	-22 881	-30 865
Tax for the period	-	-	-	-	-
<b>Net profit/loss for the period</b>	-7 279	-5 426	-20 416	-22 881	-30 865

## Condensed parent company statement of comprehensive income

The parent company has no items in 2016 or 2015 recognised in other comprehensive income. Net profit/loss for the period for the parent company thereby also constitutes the comprehensive income for the period. The parent company therefore presents no separate statement of comprehensive income.

## Condensed parent company balance sheet

Amounts in TSEK	2016-09-30	2015-09-30	2015-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets	699 774	689 774	699 774
<b>Total non-current assets</b>	<b>699 774</b>	<b>689 774</b>	<b>699 774</b>
<b>Current assets</b>			
Receivables from group companies	25 746	25 095	12 977
Prepayments and accrued income	534	423	1 457
Other current receivables	0	0	-
Cash and cash equivalents	1 368	41 661	16 052
<b>Total current assets</b>	<b>27 648</b>	<b>67 179</b>	<b>30 486</b>
<b>TOTAL ASSETS</b>	<b>727 421</b>	<b>756 952</b>	<b>730 260</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Total equity</b>	<b>477 777</b>	<b>506 178</b>	<b>498 193</b>
<b>Non-current liabilities</b>	<b>-</b>	<b>224 674</b>	<b>-</b>
Liabilities to group companies	-	-	-
Bond loan	227 013	-	225 259
Other liabilities	22 632	26 100	6 808
<b>Current liabilities</b>	<b>249 644</b>	<b>26 100</b>	<b>232 067</b>
<b>Total liabilities</b>	<b>249 644</b>	<b>250 774</b>	<b>232 067</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>727 421</b>	<b>756 952</b>	<b>730 260</b>

### Not 1: Effects from change of accounting principle in 2015

In 2015 the accounting principle for recognizing territorial fees was changed. The change for the group, which has had no effect on cash flow, is presented below. For more information, please refer to the Annual Report for 2015.

Bridge for new accounting policy	Q3 2015			Accumulated Q3 2015		
	Old policy	Adjustment	New policy	Old policy	Adjustment	New policy
<b>Effect in income statement</b>						
Revenues	61 445	-1 036	60 409	118 014	-104	117 910
Operating profit/loss	25 662	585	26 246	-27 425	29 176	1 751
<b>Net profit/loss for the period</b>	<b>6 053</b>	<b>585</b>	<b>6 638</b>	<b>-36 377</b>	<b>29 176</b>	<b>-7 201</b>
<b>Attributable to:</b>						
Shareholders of the parent	6 053		6 638	-36 377		-7 201
Total earnings per share, SEK (no dilution effect)	0,18		0,20	-1,09		-0,22
<b>Effect in balance sheet</b>						
Assets	712 756	-	712 756	712 756	-	712 756
<b>Equity</b>	<b>484 364</b>	<b>-46 736</b>	<b>437 628</b>	<b>484 364</b>	<b>-46 736</b>	<b>437 628</b>
<b>Current liabilities</b>	<b>52 266</b>	<b>46 736</b>	<b>99 002</b>	<b>52 266</b>	<b>46 736</b>	<b>99 002</b>
<b>Total equity and liabilities</b>	<b>712 756</b>	<b>-</b>	<b>712 756</b>	<b>712 756</b>	<b>-</b>	<b>712 756</b>

## Key figures

### Equity ratio

Equity and untaxed reserves (less deferred tax) in relation to the balance sheet total

### Net debt

Interest-bearing liabilities less cash and cash equivalents

### EBITDA

Earnings before interest, taxes, depreciation and amortisation

### EBITDA margin

EBITDA/revenue

### Earnings per share

Earnings for the period/weighted average number of shares during the period, issue-adjusted

### Operating cash flow

Cash flow from operating activities after investments and changes in working capital

### Profit/loss from financial items

Financial income minus financial expenses

## Alternative Performance Measures

The Company presents certain financial measures in the interim report that are not defined under IFRS. The Company believes that these measures provide useful supplemental information to investors and the company's management as they allow for the evaluation of the company's performance. Because not all companies calculate the financial measures in the same way, these are not always comparable to measures used by other companies. Therefore, these financial measures should not be considered as substitutes for measures as defined under IFRS.

The tables below present measures that are not defined under IFRS

### EBITDA

Shows the company's earning power from ongoing operations irrespective of capital structure and tax situation and is meant to facilitate comparisons with other companies in the same industry.

Amounts in TSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Operating profit/loss	1 435	26 246	-14 360	1 751	-12 666
Depreciation and amortisation	<u>8 308</u>	<u>8 279</u>	<u>24 930</u>	<u>24 543</u>	<u>32 850</u>
<b>EBITDA</b>	<b>9 742</b>	<b>34 525</b>	<b>10 570</b>	<b>26 294</b>	<b>20 184</b>

### Net debt

Is a measurement 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.

Amounts in TSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Interest-bearing liabilities	139 380	140 390	139 380	140 390	142 140
Cash and cash equivalents	<u>-22 118</u>	<u>-48 802</u>	<u>-22 118</u>	<u>-48 802</u>	<u>-22 119</u>
<b>Net debt</b>	<b>117 262</b>	<b>91 588</b>	<b>117 262</b>	<b>91 588</b>	<b>120 021</b>



## Forthcoming disclosures of information

9 February 2017

Year-end report 2016

### Annual General Meeting

The Annual General Meeting of Bactiguard Holding AB (publ) will be held on Thursday, 18 May 2017 in Botkyrka.

### Contacts

For additional information, please contact:

Christian Kinch, CEO: +46 8 440 58 80

Fredrik Järrsten, CFO: +46 725 500 089

### Signatories to 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, 10 November 2016

Stanley Brodén

Chairman

Mia Arnhult

Board member

Peter Hentschel

Board member

Marie Wickman-Chantereau

Board member

Christian Kinch

CEO and Board member

Bactiguard is a Swedish medtech company with a global presence, offering a solution that prevents healthcare associated infections caused by medical devices. By preventing infections, we contribute to a reduced use of antibiotics and the spread of multi-resistant bacteria, which is a growing problem worldwide. We save lives, increase patient safety and significantly reduce the cost for the healthcare and society. Our technology is well-proven, safe and tissue friendly and consist of a thin layer of noble metals that prevents bacterial growth. The coating can be applied on almost all medical devices. Bactiguard-coated urinary catheters are market leading in the US and Japan and the company has also its own product portfolio consisting of Foley catheters, central venous catheters and endotracheal tubes. Bactiguard is a growth company, focused on markets in Europe, Middle East, Asia and Latin America. The company has about 60 employees worldwide, mainly at the headquarters in Stockholm and the production facility in Malaysia and is listed on Nasdaq Stockholm. Read more about Bactiguard at [www.bactiguard.com](http://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 2016-11-10, at. 08.00.

# Review report

## Introduction

We have reviewed the interim report for Bactiguard Holding AB (publ) for the period 1 January 2016 – 30 September 2016. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 10 November 2016

DELOITTE AB

Kent Åkerlund

Authorized Public Accountant