

# Interim report for Bactiguard Holding AB (publ)

Corporate registration number 556822-1187

## Third quarter (July-September 2017)

- During the third quarter, BIP products at a value of SEK 5.2 (3.5) million were delivered, an increase of approx. 48 %.
- Revenues amounted to SEK 34.8 (34.9) million, a decrease of approx. 0.4 % compared to the corresponding quarter previous year, which is mainly explained by a decrease in other revenues including exchange rate differences.
- EBITDA<sup>1</sup> amounted to SEK 8.4 (9.7) million. EBITDA margin<sup>1</sup> of 24 % (28 %).
- Operating profit amounted to SEK -0.3 (1.4) million.
- Net profit/loss for the quarter amounted to SEK -0.4 (-0.5) million, corresponding to SEK -0.01 (-0.02) per share.
- Operating cash flow<sup>2</sup> for the quarter amounted to SEK 5.2 (-0.3) million, corresponding to SEK 0.15 (-0.01) per share.

## Nine-month period (January-September 2017)

- During the period, BIP products at a value of SEK 14.5 (10.1) million were delivered, an increase of approx. 44 %.
- Revenues for the period amounted to SEK 112.3 (94.7) million, an increase of approx. 19 % compared to the corresponding period previous year.
- EBITDA for the period amounted to SEK 25.6 (10.6) million, an EBITDA margin of 23 % (11 %).
- Operating profit amounted to SEK -0.7 (-14.4) million.
- Net profit/loss for the period amounted to SEK -2.3 (-19.4) million corresponding to SEK -0.07 (-0.58) per share.
- Operating cash flow for the period amounted to SEK 5.7 (-0.7) million corresponding to SEK 0.17 (-0.02) per share.

### Key events during the third quarter

- New major order from China
- Central venous catheters approved in India
- New CFO appointed

### Key events after the end of the third quarter

- Central venous catheters approved in Hong Kong
- Bactiguard wins tender in Sweden
- New partnership in India
- Three-year bank financing secured

Key figures <sup>2</sup>	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Full year
	2017	2016	2017	2016	2016
Revenues <sup>3</sup> , SEKm	34,8	34,9	112,3	94,7	128,3
EBITDA, SEKm	8,4	9,7	25,6	10,6	15,1
EBITDA margin, %	24%	28%	23%	11%	12%
Operating profit, SEKm	-0,3	1,4	-0,7	-14,4	-18,3
Net profit/loss for the period <sup>3</sup> , SEKm	-0,4	-0,5	-2,3	-19,4	-26,9
Operating cash flow, SEKm	5,2	-0,3	5,7	-0,7	-19,8
Earnings per share <sup>3</sup> , SEK	-0,01	-0,02	-0,07	-0,58	-0,81
Operating cash flow per share, SEK	0,15	-0,01	0,17	-0,02	-0,60
Equity ratio, %	61%	61%	61%	61%	62%
Net debt <sup>1</sup> , SEKm	144,8	117,3	144,8	117,3	134,4
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>3</sup>	33 302 373	33 302 373	33 302 373	33 302 373	33 302 373

<sup>1</sup> Reconciliation of alternative performance measures see page 17

<sup>2</sup> Definition of key figures are presented on page 17

<sup>3</sup> Defined according to IFRS

## Comments by the CEO

The positive trend in sales of our own product portfolio continues. This means that more and more patients have access to effective and safe infection prevention, not least in Sweden where we have recently won another tender. This reflects the increasing need for effective preventive solutions. We can now put eight quarters of rising sales, based on rolling twelve-month figures, behind us. Volumes are increasing and as we expand the product offerings in the markets where we are already established, the value of sales increases through an improved product mix. At the same time, we are increasing our presence in new, strategically important markets. The value of delivered products increased this quarter by close to 50 percent, mainly due to increased volumes. Our own product portfolio now accounts for approx. 15 percent of sales.

Total revenues were basically unchanged during the quarter, mainly due to negative exchange rate effects. For the full nine-month period, revenues rose by 19 percent, which is close to our financial target of 20 percent growth. License revenues increased during the quarter, but revenues from C.R Bard, which accounts for our largest license business, was lower than the corresponding quarter last year. For the whole nine-month period, sales to C.R Bard were in line with the previous year and the underlying business is stable. However, as reflected in the third quarter, volumes vary between quarters and do not follow any regular seasonal pattern. The new Smartwise licensing business is developing well and we have now invoiced 2 of a total of 2.5 MUSD in revenue for this year. Efforts in developing new license businesses in several application areas are ongoing at a high level of intensity.

EBITDA earnings were lower in the third quarter than for the same period last year and the EBITDA margin was 24 percent, compared to our long-term target of a margin of 30 percent. We gradually approach that target and still focus on keeping costs under control. At the same time, we are deliberately investing in our sales and marketing organization by increasing staff levels to drive growth, which has increased personnel costs and affected earnings for the quarter. Cash flow was very strong in the quarter and amounted to approx. 5 MSEK, which is positive.

Marketwise, the main developments were the delivery to China and the product approval of our central venous catheters for infection prevention in both India and Hong Kong. Both these approvals came significantly earlier than expected, enabling us to start marketing and sales efforts before the end of the year. In India, the approval led us to conclude the negotiations and enter into partnership with a new distributor covering the northern, western and eastern parts of the country and they are already well underway with the training of their 80-member sales force ahead of the launch. Hong Kong in itself is not a big market, but strategically important since it serves as a reference for new approvals and market acceptance in China.

Sales in the Middle East continue to develop positively and we can now safely say that the region is back after a weak 2016. During the quarter, we received orders from South Africa and Egypt, our newest, strategically important markets.

We are also continuing to make progress in Sweden. With the recently announced tender in Västra Götaland (VGR), which enables primary and secondary care to order our urinary catheters for infection prevention, Bactiguard's products are procured by the three largest Swedish regions. Earlier this year we concluded framework agreements with the Stockholm County Council, Region Skåne and the County Council of Värmland, which means that we now cover a majority of the population. The fact that the three largest county councils in Sweden have procured our products is a quality stamp we are proud of and will become an important reference in sales to other markets.

An important focus area has been to secure long-term funding for the company. Therefore, it is very pleasing that we have now received a commitment for a three-year credit facility from Skandinaviska Enskilda Banken for a total of SEK 180 million, in the form of an overdraft facility of SEK 30 million and a term loan of SEK 150 million. The credit facility replaces current bank financing as well as a loan from the company's main shareholders and is subject to customary covenants. Thereby, the main shareholders' guarantee commitments for the company's financing will end.

All in all, this means that we are well equipped to develop the business and expand the company.

Christian Kinch  
CEO

## Key events during the third quarter

### New major order from China

Bactiguard received a new order from our distributor Jian An Pharmaceuticals in China of 100 000 urinary catheters for infection prevention, which was delivered in September and generated revenues of some 3 million SEK.

### Bactiguard's central venous catheters approved in India

In August, the product approval for Bactiguard's central venous catheters (BIP CVC) was announced by the Indian Ministry of Health & Family Welfare. This provides new opportunities for Bactiguard in providing effective infection prevention in one of the largest and fastest growing markets in the world.

### Bactiguard appoints new CFO

Bactiguard Holding AB (publ) has appointed Cecilia Edström, former Senior Vice President Sales and New Business, as acting Chief Financial Officer (CFO). Cecilia Edström assumed her new position on September 15.

## Key events after the end of the third quarter

### Bactiguard's central venous catheters approved in Hongkong

The Hong Kong product approval for Bactiguard's central venous catheters for infection prevention (BIP CVC) was announced in October. Hong Kong is a small, but strategically important market, as it serves as a reference for new approvals and market acceptance in neighbouring China.

### Bactiguard wins tender in Sweden

In October Bactiguard won a tender for urinary catheters for the Västra Götaland region (VGR) in Sweden, which enables healthcare providers in both primary and secondary care and 49 municipalities in the region to purchase Bactiguard's urinary catheters for infection prevention.

The contract runs for two years from 1 April 2018 and comprises BIP Foley Catheter Silicone. In accordance with Swedish tender law, the contracting authority will execute the formal contract once the appeal period has expired on 9 November 2017, which is a few days later than previously announced.

### Bactiguard enters new partnership in India

Bactiguard has entered a partnership with Neon Laboratories Limited ("Neon") for the north, west and east zones of India, covering a majority of the Indian population. Bactiguard already has a distributor for southern India and will thus cover a majority of the country's population through the partnership with Neon.

Bactiguard's urinary catheter (BIP Foley catheter) for infection prevention was launched in India in early 2016 and in August this year, the Ministry of Health & Family Welfare approved Bactiguard's central venous catheter (BIP CVC).

### Three-year financing secured

Bactiguard has received a commitment for a three-year credit facility of SEK 180 million from Skandinaviska Enskilda Banken (SEB), in the form of an overdraft facility of SEK 30 million and a term loan of SEK 150 million.

The facility replaces the bank loan of SEK 100 million, which expires December 31, 2017, the current overdraft facility of SEK 30 million and the loan from the company's main shareholders of SEK 50 million, due on June 30, 2018. The new term loan of SEK 150 million will be amortized by SEK 35 million until maturity. The credit facility is subject to customary covenants. Thus, the main shareholders' guarantee commitments for Bactiguard's financial obligations will end.

# 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, a license agreement with Vigilenz Medical Devices for Bactiguard coated orthopaedic implants, covering the Asean region as well as a license agreement with Smartwise Sweden AB (Smartwise) for Bactiguard-coated vascular injection catheters.

### 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

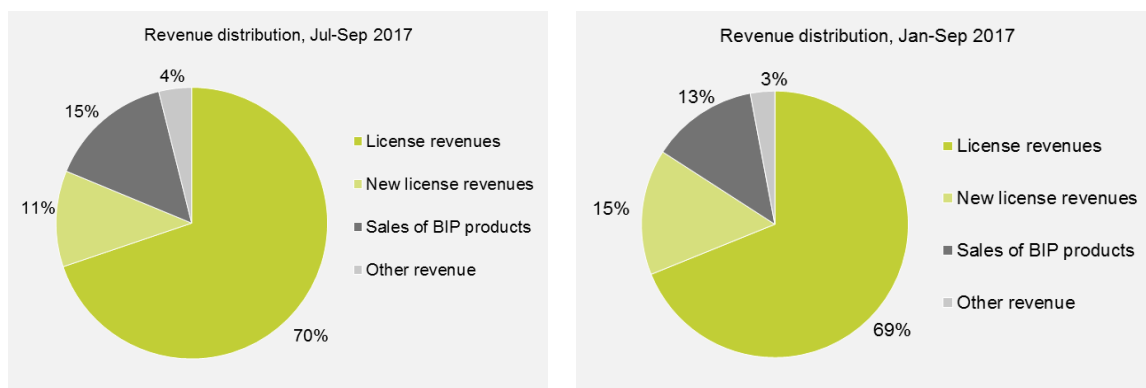
### Third quarter (July-September)

Consolidated revenues for the third quarter amounted to SEK 34.8 (34.9) million, which is a decrease of approx. 0.4 % compared to the corresponding quarter last year.

Of the total license revenues of SEK 28.3 (27.1) million, 24.3 (27.1) came from license revenues related to C.R. Bard, including a negative currency effect of SEK -1.3 (0.5) million. New license revenues from Smartwise was SEK 4.0 million (USD 0.5 million), or approx. 11 % of revenues. This new license revenue represents the third part of a total revenue in 2017 of USD 2.5 million, out of which USD 2.0 million now has been accounted for as revenue for the exclusive and global right to the Bactiguard technology for advanced vascular injection catheters.

Sales of BIP products amounted to SEK 5.2 (3.5) million, approx. 15% of revenues during the third quarter, with sales primarily to China and MEA (the Middle East and Africa). Out of SEK 5.2 million in revenues, SEK 2.1 million had a cash flow effect. The remaining revenues correspond to a reduction of the debt item deferred income in the balance sheet.

Other revenues during the quarter amounted to SEK 1.4 (4.3) million. The decrease in other revenues is mainly attributable to exchange rate differences.



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

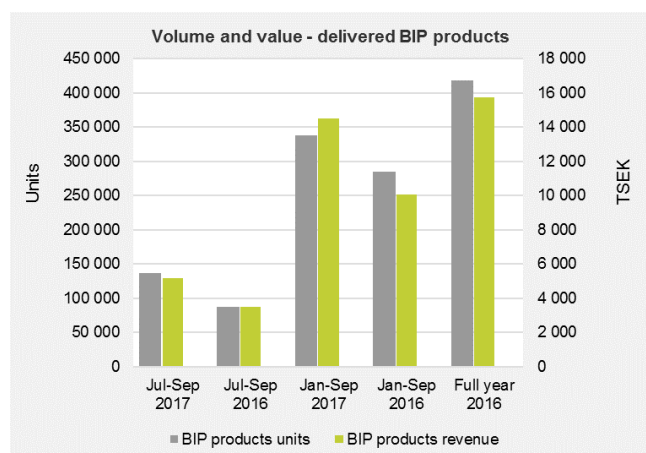
Consolidated revenues for the period January to September amounted to SEK 112.3 (94.7) million, an increase of approx. 19 % compared to the same period last year. The increase in revenues is mainly a result from new license revenues, amounted to SEK 17.1 million. The bulk of the revenue SEK 77.3 (77.1) million was attributable to license revenues from C.R. Bard including a positive currency effect of approx. SEK 1.6 (-0.1) million.

Sales of BIP products amounted to SEK 14.5 (10.1) million, or approx. 13 % of total revenues compared to the corresponding period last year. The increase of approx. 44 % is attributable to deliveries to China, MEA and Europe.

Other revenues during the period amounted to approx. 3 % or SEK 3.3 (7.6) million and are attributable to exchange rate differences and EU grants for development projects.

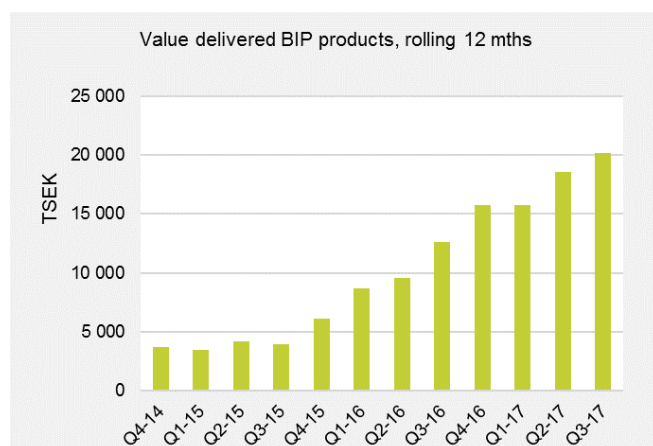
Revenue split	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
License revenues	70%	78%	69%	81%	80%
New license revenues	11%	0%	15%	0%	0%
Sales of BIP products	15%	10%	13%	11%	12%
Other revenues	4%	12%	3%	8%	8%

## Product deliveries – volume and value<sup>4</sup>



During the third quarter of 2017 BIP products were delivered with a value of SEK 5.2 million (approx. 137,000 products) compared to approx. SEK 3.5 million (approx. 87,000 products) in the corresponding quarter of 2016. For the period January to September 2017 the value amounted to SEK 14.5 (10.1) million, and number of delivered BIP products amounted to approx. 338,000 (284,000).

During the full year 2016, a total of approx. 418,000 products were delivered with a value of SEK 15.8 million.



Development per quarter, value in TSEK for delivered BIP products, rolling 12 months.

## Financial results

### Third quarter (July-September)

EBITDA for the third quarter amounted to SEK 8.4 (9.7) million corresponding to an EBITDA margin of approx. 24 % (28 %). The EBITDA decrease of approx. 13 % compared with the corresponding quarter last year is a consequence of higher personnel costs, an effect of the deliberate effort with more employees within sales and marketing.

Consolidated operating profit for the third quarter of 2017 amounted to SEK -0.3 (1.4) million.

Financial items for the quarter amounted to SEK -1.5 (-3.2) million. The decrease is an effect of lower interest expense due to the refinancing in December 2016. Interest expense related to interest bearing loans amounted to SEK -1.5 (-3.8) million.

<sup>4</sup> Since the delivered product mix has changed over time, the importance of following only delivered volume has decreased in favour of illustrating the value of delivered BIP products.

Tax for the third quarter amounted to SEK 1.3 (1.2) million and 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 -0.4 (-0.5) million.

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

EBITDA for the period January to September amounted to SEK 25.6 (10.6) million corresponding to an EBITDA margin of approx. 23 % (11 %). The positive change compared with the corresponding period last year is mainly a consequence of new license revenues from the license agreement with Smartwise but also from higher sales of BIP products.

Consolidated net profit for the period January to September amounted to SEK -2.3 (-19.4) million.

## **Cash flow**

#### Third quarter (July-September)

Operating cash flow (cash flow from operating activities after investments and changes in working capital) for the third quarter amounted to SEK 5.2 (-0.3) million. Cash flow from operating activities contributed positively with SEK 7.4 (8.2) million, but was negatively affected by changes in working capital which amounted to SEK -1.4 (-7.3) million and also by cash flow from investing activities which amounted to SEK -0.9 (-1.2) Mkr.

Cash flow from financing activities amounted to SEK -0.4 (0.0) million. The total cash flow for the third quarter amounted to SEK 4.8 (-0.3) million.

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

Operating cash flow for the period January to September amounted to SEK 5.7 (-0.7) million. Cash flow from operating activities contributed positively with SEK 21.1 (10.0) million while Cash flow from changes in working capital contributed negatively with SEK -12.7 (-5.7) million. Most of the changes in working capital was accounts receivables attributable to deliveries of BIP products and new license revenues.

Investing activities, mainly related to capitalized development expenditures, affected cash flow with SEK -2.7 (-5.0) million. Amortisation of financial lease affected cash flow from financing activities negatively with SEK -1.0 (0) million.

Total cash flow for the period January to September was SEK 4.7 (-0.7) million.

## **Investments**

Investments in property, plant and equipment during the third quarter amounted to SEK 0 (0) million.

Investments in intangible assets, mainly related to capitalised development expenditures, amounted to SEK 0.8 (1.1) million. No investments were made in financial non-current assets during the quarter.

## Financial position

The consolidated equity ratio was 61 % at 30 September 2017 (62 % at 31 December 2016) and equity amounted to SEK 388.3 million (SEK 390.3 million at 31 December 2016).

Interest bearing debts consist of a financial lease of SEK 14.3 million, a bank loan of SEK 100.0 million maturing 31 December 2017 and a loan from the company's main shareholders of SEK 50.0 million, maturing 30 June 2018. The loans carry a base interest rate of STIBOR 90, but not less than 0 %, and a margin of 3.5 %.

After the end of the quarter, Bactiguard has received a commitment for a three-year credit facility of SEK 180 million from Skandinaviska Enskilda Banken (SEB), in the form of an overdraft facility of SEK 30 million and a term loan of SEK 150 million. The credit facility replaces the above bank loan, the current overdraft facility as well as the loan from the company's main shareholders.

The new term loan of SEK 150 million will be amortized by SEK 35 million until maturity. The credit facility is subject to customary covenants. Thus, the main shareholders' guarantee commitments for Bactiguard's financial obligations will end.

Consolidated cash position on 30 September 2017 amounted to SEK 19.5 million (SEK 15.6 million on 31 December 2016). Out of a granted overdraft facility of SEK 30 million, SEK 0 million was utilized as of 30 September 2017. Net debt amounted to SEK 144.8 million (SEK 134.4 million on 31 December 2016).

The total assets of the Group at 30 September 2017 amounted to SEK 634.4 million (SEK 632.1 million on 31 December 2016). The largest asset items in the balance sheet are goodwill of SEK 226.3 million (226.3 million at 31 December 2016) and technology related to Bactiguard's product portfolio, which on 30 September 2017 amounted to SEK 218.8 million (SEK 236.6 million on 31 December 2016).

Accounts receivable (short- and long term) amounted to SEK 51.8 million at 30 September 2017, which is an increase of SEK 8.0 million since 31 December 2016. The main reason for the increase is the accounts receivable related to the third part of the license deal with Smartwise and deliveries of BIP products at the end of the third quarter.

## 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 on 30 September 2017 was SEK 22.50, and the market capitalization amounted to SEK 749 million.

The share capital of Bactiguard on 30 September 2017 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 on 30 September 2017 amounted to 33,302,373 shares and 69,302,373 votes.



## Ownership

On 30 September 2017 Bactiguard had 2,539 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	7 440 977	9 440 977	28,4%	39,6%
THOMAS VON KOCH WITH COMPANY	2 000 000	7 440 878	9 440 878	28,3%	39,6%
HANDELSBANKEN FONDER AB		1 142 528	1 142 528	3,4%	1,6%
FÖRSÄKRINGSBOLAGET, AVANZA PENSION		899 470	899 470	2,7%	1,3%
SWEDBANK FÖRSÄKRING		724 800	724 800	2,2%	1,0%
BANK OF ÅLAND LTD		644 132	644 132	1,9%	0,9%
LANCELOT ASSET MANAGEMENT AB		605 000	605 000	1,8%	0,9%
CANCERFONDEN - RIKSFÖRENINGEN MOT		559 415	559 415	1,7%	0,8%
FRÖAFALL INVEST AB		516 000	516 000	1,6%	0,7%
RUGFELT, JOHAN		401 632	401 632	1,2%	0,6%
<b>Total, major shareholders</b>	<b>4 000 000</b>	<b>20 374 832</b>	<b>24 374 832</b>	<b>73,2%</b>	<b>87,1%</b>
Total, others	0	8 927 541	8 927 541	26,8%	12,9%
<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 2017 amounted to 64 (57), of which 39 (34) are 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'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 unchanged from those applied in the Annual Report 2016.

The new and amended standards and interpretations that are in place from 1 January 2017 have not had any significant effect on the Group's financial reports.

## 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

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 a bank loan of SEK 100 million where the board member - who is also the CEO

and a 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 a loan directly from the main shareholders of SEK 50 million on equivalent commercial terms as the bank loan.

In connection with the refinancing of the above-mentioned bank loan of SEK 100 million and the loan from the main shareholders of SEK 50 million, with a credit facility in SEB, the guarantee commitments by the main shareholders will also end.

In the license agreement signed during the first quarter, the contracting party Smartwise Sweden AB is owned by a group of private investors, including Christian Kinch and Thomas von Koch.

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. The company's financial expenses have decreased significantly compared with the corresponding quarter last year through the refinancing of the bond loan that occurred at the end of 2016. 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 can be found on page 27 and 45-46 in the Annual Report for 2016.

## **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 as the base year, and adjusted revenues of 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 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
<i>Revenues</i>					
License revenues	28 270	27 131	94 464	77 108	102 983
Sales of BIP products	5 161	3 477	14 499	10 080	15 753
Other revenue	1 360	4 325	3 321	7 559	9 606
	34 790	34 933	112 283	94 746	128 342
<i>Raw materials and consumables</i>	-3 637	-2 177	-14 036	-10 945	-15 797
<i>Other external expenses</i>	-9 443	-10 718	-30 411	-34 273	-46 701
<i>Personnel costs</i>	-12 278	-10 235	-38 542	-33 931	-45 819
<i>Depreciation and amortisation</i>	-8 699	-8 308	-26 309	-24 930	-33 375
<i>Other operating expenses</i>	-1 003	-2 061	-3 652	-5 027	-4 918
	-35 059	-33 499	-112 951	-109 106	-146 610
<b>Operating profit/loss</b>	<b>-269</b>	<b>1 435</b>	<b>-668</b>	<b>-14 360</b>	<b>-18 268</b>
<i>Profit/loss from financial items</i>					
Financial income	762	1 603	1 228	4 745	9 735
Financial expenses	-2 211	-4 784	-6 705	-13 363	-22 800
	-1 450	-3 181	-5 477	-8 618	-13 065
<b>Profit before tax</b>	<b>-1 719</b>	<b>-1 746</b>	<b>-6 145</b>	<b>-22 978</b>	<b>-31 333</b>
Taxes for the period	1 281	1 220	3 813	3 536	4 482
<b>Net profit/loss for the period</b>	<b>-438</b>	<b>-526</b>	<b>-2 332</b>	<b>-19 442</b>	<b>-26 851</b>
<b>Attributable to:</b>					
Shareholders of the parent	-438	-526	-2 332	-19 442	-26 851
Earnings per share, SEK*	-0,01	-0,02	-0,07	-0,58	-0,81

## Condensed consolidated statement of comprehensive income

Amounts in TSEK	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Net profit/loss for the period	-438	-526	-2 332	-19 442	-26 851
<i>Other comprehensive income:</i>					
<u>Items that will be reclassified to profit or loss for the year</u>					
Translation differences	136	242	335	-424	-264
Other comprehensive income, after tax	136	242	335	-424	-264
Total comprehensive income for the period	-303	-284	-1 997	-19 866	-27 115
<b>Attributable to:</b>					
Shareholders of the parent	-303	-284	-1 997	-19 866	-27 115
Total earnings per share, SEK*	-0,01	-0,01	-0,06	-0,60	-0,81
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	2017-09-30	2016-09-30	2016-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	226 292	226 292	226 292
Technology	218 757	242 563	236 612
Brands	25 572	25 572	25 572
Customer relationships	10 843	12 023	11 728
Capitalised development expenditure	17 911	14 660	16 562
Patents	668	1 109	1 021
<b>Intangible assets</b>	<b>500 042</b>	<b>522 218</b>	<b>517 787</b>
Improvements, leasehold	13 806	16 816	16 133
Machinery and other technical plant	18 217	6 254	5 659
Equipment, tools and installations	2 995	4 357	3 937
<b>Property, plant and equipment</b>	<b>35 018</b>	<b>27 427</b>	<b>25 728</b>
Accounts receivable	16 692	4 670	16 170
Investments in associates	1 228	1 298	1 228
<b>Financial assets</b>	<b>17 920</b>	<b>5 968</b>	<b>17 398</b>
<b>Total non-current assets</b>	<b>552 981</b>	<b>555 614</b>	<b>560 912</b>
<b>Current assets</b>			
Inventory	15 337	13 362	15 144
Accounts receivable	35 110	54 295	27 642
Other current receivables	11 501	11 146	12 732
Cash and cash equivalents	19 483	22 118	15 645
<b>Total current assets</b>	<b>81 431</b>	<b>100 920</b>	<b>71 162</b>
<b>TOTAL ASSETS</b>	<b>634 412</b>	<b>656 534</b>	<b>632 074</b>
<b>Equity attributable to shareholders of the parent</b>			
Share capital	833	833	833
Other equity	387 499	396 744	389 496
<b>Total equity</b>	<b>388 331</b>	<b>397 576</b>	<b>390 328</b>
<b>Non-current liabilities</b>			
Advance payments from customers	17 112	-	18 207
Debt to shareholders	-	-	50 000
Deferred tax liability	26 472	31 231	30 285
Other long-term liabilities	12 849	-	-
	<b>56 433</b>	<b>31 231</b>	<b>98 492</b>
<b>Current liabilities</b>			
Liabilities to credit institutions and shareholders	150 000	-	100 000
Bond loan	-	139 380	-
Accounts payable	4 219	4 343	4 896
Other current liabilities	6 334	3 526	3 835
Accrued expenses and deferred income	29 094	80 477	34 523
	<b>189 647</b>	<b>227 727</b>	<b>143 254</b>
<b>Total liabilities</b>	<b>246 081</b>	<b>258 958</b>	<b>241 746</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>634 412</b>	<b>656 534</b>	<b>632 074</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 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>
<b>Opening balance, 1 January 2017</b>	833	675 690	88	-286 283	390 328
Profit/loss for the period	-	-	-	-2 332	-2 332
<i>Other comprehensive income:</i>					
Translation differences	-	-	335	-	335
<b>Total comprehensive income after tax</b>	<b>0</b>	<b>0</b>	<b>335</b>	<b>-2 332</b>	<b>-1 997</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 2017</b>	<b>833</b>	<b>675 690</b>	<b>424</b>	<b>-288 615</b>	<b>388 331</b>

## Condensed consolidated statement of cash flows

Amounts in TSEK	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
<b>Cash flow from operating activities</b>					
Net profit/loss for the period	-438	-526	-2 332	-19 442	-26 851
Adjustments for depreciation and amortisation and other non-cash items	7 854	8 684	23 432	29 457	22 967
	7 416	8 158	21 100	10 015	-3 884
<b>Cash flow from changes in working capital</b>					
Increase/decrease inventory	-1 120	-1 505	-300	-1 619	-3 416
Increase/decrease accounts receivable	2 554	-4 268	-7 564	-1 319	-803
Increase/decrease other current receivables	1 690	-903	1 416	2 190	370
Increase/decrease accounts payable	-1 659	1 350	-662	373	933
Increase/decrease other current liabilities	-2 820	-1 926	-5 621	-5 338	-5 611
	-1 355	-7 251	-12 732	-5 713	-8 527
<b>Cash flow from investing activities</b>					
Investments in intangible assets	-839	-1 096	-2 592	-4 081	-6 450
Investments in property, plant and equipment	-64	-61	-78	-929	-961
	-903	-1 157	-2 670	-5 010	-7 411
<b>Operating cash flow</b>	<b>5 158</b>	<b>-251</b>	<b>5 698</b>	<b>-708</b>	<b>-19 822</b>
<b>Cash flow from financing activities</b>					
Amortisation of financial lease	-351	-	-1 042	-	-
Amortisation of loan	-	-	-	-	-138 000
Debt incurred	-	-	-	-	150 000
	-351	0	-1 042	0	12 000
<b>Cash flow for the period</b>	<b>4 806</b>	<b>-251</b>	<b>4 656</b>	<b>-708</b>	<b>-7 822</b>
<b>Cash and cash equivalents at start of period</b>	<b>14 905</b>	<b>22 058</b>	<b>15 645</b>	<b>22 119</b>	<b>22 119</b>
Exchange difference in cash and cash equivalents	-228	312	-817	707	1 348
<b>Cash and cash equivalents at end of period</b>	<b>19 483</b>	<b>22 118</b>	<b>19 483</b>	<b>22 118</b>	<b>15 645</b>

## Condensed parent company income statement

Belopp i Tkr	jul-sep 2017	jul-sep 2016	jan-sep 2017	jan-sep 2016	helår 2016
Intäkter	1 386	1 503	4 822	5 894	7 563
	1 386	1 503	4 822	5 894	7 563
Rörelsens kostnader	-2 336	-2 480	-7 471	-7 666	-10 328
	-2 336	-2 480	-7 471	-7 666	-10 328
<b>Rörelseresultat</b>	-950	-977	-2 648	-1 772	-2 765
Finansnetto	-563	-6 301	-1 687	-18 644	-26 897
<b>Resultat efter finansiella poster</b>	-1 513	-7 279	-4 335	-20 416	-29 662
Periodens skatt	-	-	-	-	-
<b>Periodens resultat</b>	-1 513	-7 279	-4 335	-20 416	-29 662

## Condensed parent company statement of comprehensive income

The parent company has no items in 2017 or 2016 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	2017-09-30	2016-09-30	2016-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets	596 589	699 774	598 089
<b>Total non-current assets</b>	<b>596 589</b>	<b>699 774</b>	<b>598 089</b>
<b>Current assets</b>			
Receivables from group companies	18 783	25 746	22 395
Prepayments and accrued income	227	534	243
Other current receivables	4	-	-
Cash and cash equivalents	1 112	1 368	1 118
<b>Total current assets</b>	<b>20 126</b>	<b>27 647</b>	<b>23 756</b>
<b>TOTAL ASSETS</b>	<b>616 715</b>	<b>727 421</b>	<b>621 845</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Total equity</b>	<b>464 196</b>	<b>477 777</b>	<b>468 531</b>
<b>Non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>50 000</b>
Liabilities to credit institutions and shareholders	150 000	-	100 000
Bond loan	-	227 013	-
Other liabilities	2 519	22 632	3 314
<b>Current liabilities</b>	<b>152 519</b>	<b>249 644</b>	<b>103 314</b>
<b>Total liabilities</b>	<b>152 519</b>	<b>249 644</b>	<b>153 314</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>616 715</b>	<b>727 421</b>	<b>621 845</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 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Operating profit/loss	-269	1 435	-668	-14 360	-18 268
Depreciation and amortisation	<u>8 699</u>	<u>8 308</u>	<u>26 309</u>	<u>24 930</u>	<u>33 375</u>
<b>EBITDA</b>	<b>8 429</b>	<b>9 742</b>	<b>25 641</b>	<b>10 570</b>	<b>15 107</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	2017-09-30	2016-09-30	2017-09-30	2016-09-30	2016-12-31
Liabilities to credit institutions	100 000	139 380	100 000	139 380	100 000
Debt to shareholders	50 000	0	50 000	0	50 000
Other long-term liabilities	12 849	0	12 849	0	0
<u>Other short-term liabilities</u>	<u>1 449</u>	<u>0</u>	<u>1 449</u>	<u>0</u>	<u>0</u>
Interest-bearing liabilities	164 298	139 380	164 298	139 380	150 000
Cash and cash equivalents	<u>-19 483</u>	<u>-22 118</u>	<u>-19 483</u>	<u>-22 118</u>	<u>-15 645</u>
<b>Net debt</b>	<b>144 814</b>	<b>117 262</b>	<b>144 814</b>	<b>117 262</b>	<b>134 355</b>

## Forthcoming disclosures of information

6 February 2018	Year-end report 2017
18 April 2018	Annual report 2017
8 May 2018	Interim report, 1 Jan – 31 Mar 2018
8 August 2018	Interim report, 1 Apr – 30 Jun 2018
6 November 2018	Interim report, 1 Jul – 30 Sep 2018

## Annual General Meeting

The Annual General Meeting of Bactiguard Holding AB (publ) will be held on Wednesday, 16 May 2018.

## Contacts

For additional information, please contact:

Christian Kinch, CEO: +46 8 440 58 80

Cecilia Edström, acting CFO: +46 72 226 23 28

## 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, 9 November 2017

Stanley Brodén

Chairman

Mia Arnhult

Board member

Svante Östblom

Board member

Marie Wickman-Chantereau

Board member

Christian Kinch

CEO and Board member

Bactiguard is a Swedish medtech company with a mission to save lives. To achieve this mission, we develop and supply infection protection solutions which reduce the risk of healthcare associated infections and the use of antibiotics. This way, we save significant costs for healthcare and the society at large. The Bactiguard coating prevents healthcare associated infections through reducing bacterial adhesion and formation on medical devices. Bactiguard-coated urinary catheters are market leading in the US and Japan through our license partner C.R. Bard and the company has also its own product portfolio consisting of urinary catheters, endotracheal tubes and central venous catheters. Bactiguard is in a strong expansion phase focused on the European markets, Middle East, Asia and Latin America. The company has about 60 employees worldwide. Its headquarters and production facility is in Stockholm. Bactiguard 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. The information was submitted for publication, through the agency of the contact persons set out above 2017-11-09, at 08.00.

# Review report

## Introduction

We have reviewed the interim report for Bactiguard Holding AB (publ) for the period 1 January 2017 – 30 September 2017. 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, 9 November 2017

DELOITTE AB

Kent Åkerlund

Authorized Public Accountant