



Year-end report for Bactiguard Holding AB (publ)

Corporate registration number 556822-1187

Fourth quarter (October-December 2017)

- During the fourth quarter, BIP products at a value of SEK 7.4 (5.7) million were delivered, an increase of approx. 30 %.
- Revenues amounted to SEK 41.4 (33.6) million, an increase of approx. 23 % compared to the corresponding quarter previous year, mainly explained by an increase in license revenues.
- EBITDA¹ amounted to SEK 8.8 (4.5) million, an EBITDA margin¹ of 21 % (14 %).
- Operating profit amounted to SEK 0.1 (-3.9) million.
- Net profit/loss for the quarter amounted to SEK -0.9 (-7.4) million, corresponding to SEK -0.03 (-0.22) per share.
- Operating cash flow¹ for the quarter amounted to SEK -5.8 (-19.1) million, corresponding to SEK -0.17 (-0.57) per share.

Full year (January-December 2017)

- During the full-year period, BIP products at a value of SEK 21.8 (15.8) million were delivered, an increase of approx. 39 %.
- Revenues for the period amounted to SEK 153.6 (128.3) million, an increase of approx. 20 % compared to the corresponding period previous year, mainly explained by an increase in license revenues.
- EBITDA for the period amounted to SEK 34.4 (15.1) million, an EBITDA margin of 22 % (12 %).
- Operating profit amounted to SEK -0.6 (-18.3) million.
- Net profit/loss for the period amounted to SEK -3.3 (-26.9) million corresponding to SEK -0.10 (-0.81) per share.
- Operating cash flow for the period amounted to SEK -0.1 (-19.8) million corresponding to SEK 0.00 (-0.60) per share.

Key events during the fourth quarter

- Central venous catheters approved in HongKong
- Bactiguard won another tender in Sweden
- New partnership in India
- Three-year bank financing secured
- New clinical study regarding Bactiguard's central venous catheters published
- Endotracheal tubes approved in India
- New major order from China

Key events after the end of the fourth quarter

- The Nomination Committee proposes Jan Ståhlberg as a new Board member and Chairman of Bactiguard Holding AB (publ)

Key figures ¹	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
Revenues ² , SEKm	41,4	33,6	153,6	128,3
EBITDA, SEKm	8,8	4,5	34,4	15,1
EBITDA margin, %	21%	14%	22%	12%
Operating profit, SEKm	0,1	-3,9	-0,6	-18,3
Net profit/loss for the period ² , SEKm	-0,9	-7,4	-3,3	-26,9
Operating cash flow, SEKm	-5,8	-19,1	-0,1	-19,8
Earnings per share ² , SEK	-0,03	-0,22	-0,10	-0,81
Operating cash flow per share, SEK	-0,17	-0,57	0,00	-0,60
Equity ratio ¹ , %	62%	62%	62%	62%
Net debt ¹ , SEKm	152,4	134,4	152,4	134,4
Number of shares at the end of period	33 302 373	33 302 373	33 302 373	33 302 373
Weighted average number of shares ²	33 302 373	33 302 373	33 302 373	33 302 373

¹ Definition and reconciliation of performance measures see page 19-20

² Defined according to IFRS

Comments by the CEO

2017 was a good year for Bactiguard. We contribute to saving many lives by preventing healthcare related infections, and it is becoming increasingly clear that infection prevention is high on the agenda in healthcare globally. Therefore, we are pleased that more and more patients have access to effective and safe infection prevention, not least in Sweden, where we won several strategically important tenders during the year.

Our 2017 objective was to generate growth, with sustained cost control, to approach our long-term financial targets of 20 percent growth and an EBITDA margin of 30 percent. It is therefore gratifying to note that sales for the full year amounted to close to MSEK 154, which means growth of 20 percent, quite in line with our targets. The EBITDA margin was 22 percent, which is a significant improvement over the 12 percent reported in 2016, but we have some way to go before reaching our profitability target.

The growth is mainly related to new licensing deals, while revenues from our largest licensing partner C.R. Bard are stable. The collaboration with Vigilez for orthopedic trauma implants and Smartwise for advanced vascular injection catheters is developing well, and we are also working on new exciting projects.

Sales of our own product portfolio are developing positively and we can now put nine quarters of rising sales behind us, generating sales growth of nearly 40 percent for the year, but not in line with our target for the year to double sales.

Volumes are gradually increasing in all regions, and as all products in our product portfolio are approved for use in more markets, revenues increase through an improved product mix.

Marketwise, we saw the biggest growth in China and the Middle East, but Europe also developed positively. Sales to China increased by 50 percent and we delivered a large order just before the turn of the year. Sales activities aimed at the larger hospitals and developing our partner's sales organization are ongoing with high intensity. In the Middle East, we more than doubled our revenues following strong developments in all markets in the region. We have new partners in some of the major existing markets and we have established new partnerships in Egypt and South Africa. This makes us confident about future developments.

India was sales wise somewhat disappointing during the year, mainly since it takes time to find suitable partners, which delayed the sales process. The importance of having a broad product portfolio addressing the needs of seriously ill and infection-sensitive patients also became evident when we finalized negotiations in November with our new partner, focused on intensive care. Now that we have two distributors, which together cover most of India's population, and all products in our portfolio are approved for sale, the prospects for 2018 are significantly better.

In Europe, we move our position forward and during the year we established partnership with a leading distributor of medical devices in Italy. But I particularly want to highlight the successful development in Sweden. During the year we won no less than three public tenders, in Stockholm, Skåne and Västra Götaland. The fact that the three largest county councils in Sweden have procured our products is a quality stamp we are proud of and an important reference to our export markets. It also means that our products are now procured in regions that together represent about 65 percent of the population and this is a very positive development.

We continue to invest in our sales and marketing organization by increasing the staff to drive sales. It has increased personnel costs and affected profitability for the year, but we see it as an important investment to generate growth. At the same time, we still focus on keeping a close cost control.

The clinical evidence continues to strengthen. In the fourth quarter, a study performed at the Karolinska University Hospital was published, which shows that Bactiguard's infection prevention central venous catheters led to significantly fewer incidents than a standard catheter. The study also showed that Bactiguard's coating does not expose patients to any risk when used in blood, which paves the way for wider use.

Finally, we secured our long-term financing in December through an agreement with Skandinaviska Enskilda Banken in the form of a three-year credit facility of a total of SEK 180 million. It replaces both previous bank financing and a loan from the company's major shareholder and is subject to market terms.

Overall, this year's development means that we have reached several important targets and are better equipped than ever to develop the business and expand the company.

Christian Kinch
CEO

Key events during the fourth 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 neighboring China.

Bactiguard won tender in Sweden

In October, Bactiguard won a tender for urinary catheters for the Västra Götaland region (VGR) in Sweden. The contract runs for two years from 1 April 2018 and comprises BIP Foley Catheter Silicone. The tender has been appealed in other areas so the contract has not yet been enforced.

Bactiguard entered new partnership in India

Bactiguard entered a partnership with Neon Laboratories Limited ("Neon") for the north, west and east zones of India. 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

In December Bactiguard signed an agreement regarding a three-year credit facility of SEK 180 million with 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 a bank loan of SEK 100 million, which expired December 31, 2017, an overdraft facility of SEK 30 million and a loan from the company's main shareholders of SEK 50 million. 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 have been terminated.

New clinical study shows fewer adverse events with Bactiguard's central venous catheter compared to a standard catheter

A published clinical study³ conducted at Karolinska University Hospital in Sweden shows that Bactiguard's infection prevention central venous catheter - BIP CVC had significantly fewer adverse events compared to a standard uncoated CVC. The study also shows that Bactiguard's noble metal coating does not expose patients or the environment to any risks in blood applications.

Bactiguard's endotracheal tubes approved in India

In November, the product approval for Bactiguard's endotracheal tubes was announced by the Indian Ministry of Health & Family Welfare. This means that Bactiguard can offer its complete portfolio of products for effective and safe infection prevention in India.

New major order from China

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

³ Björling G, Johansson D, Bergström L, Strekalovsky A, Sanchez J. Evaluation of central venous catheters coated with a noble metal alloy—A randomized clinical pilot study of coating durability, performance and tolerability. Journal of Biomedical Materials Research B: Applied Biomaterials

Key events after the end of the fourth quarter

The Nomination Committee proposes that Jan Ståhlberg is elected new member of the Board and Chairman of Bactiguard Holding AB (publ)

The Nomination Committee of Bactiguard Holding AB (publ) proposes that the Annual General Meeting 2018 elects Jan Ståhlberg as new member and Chairman of the Board, as Stanley Brodén who has been the Chairman of the Board since 2015 has declined reelection. At year-end 2017, Jan Ståhlberg owned shares in Bactiguard corresponding to 4.8 percent of the capital and 2.3 percent of the votes, which means that he was the third largest shareholder in the company at the time.

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.



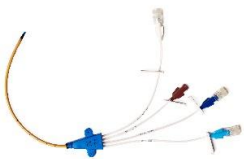
License revenues

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 orthopedic trauma 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 application areas: urinary tract, respiratory tract and blood streams.

BIP Foley Catheter	BIP ETT	BIP CVC
		
BIP Foley Catheter 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.	BIP ETT is the company's endotracheal tube, which uses the Bactiguard coating to reduce the risk of patients contracting ventilator-associated pneumonia.	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.

Revenue distribution

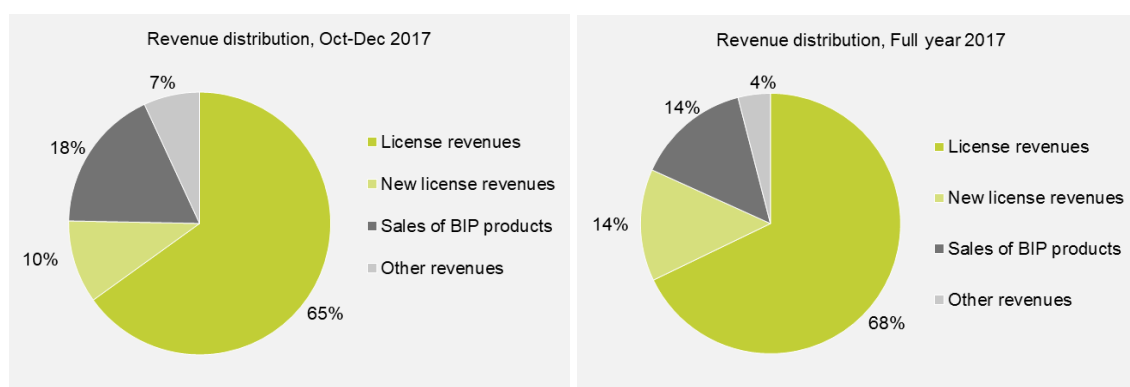
Fourth quarter (October - December)

Consolidated revenues for the fourth quarter amounted to SEK 41.4 (33.6) million, which is an increase of approx. 23 % compared to the corresponding quarter last year.

Of the total license revenues of SEK 31.1 (25.9) million, SEK 26.9 (25.9) million came from license revenues related to C.R. Bard, including a negative currency effect of SEK -2.9 (1.9) million. New license revenues from Smartwise amounted to SEK 4.2 million (USD 0.5 million), or approx. 10 % of revenues. This represents the fourth and final part of a total revenue in 2017 of USD 2.5 million, 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 7.4 (5.7) million, approx. 18% of revenues during the fourth quarter, with sales primarily to China and MEA (the Middle East and Africa). Out of SEK 7.4 million in revenues, SEK 3.8 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 2.9 (2.0) million. The increase in other revenues was mainly attributable to exchange rate differences.



Full year (January-December)

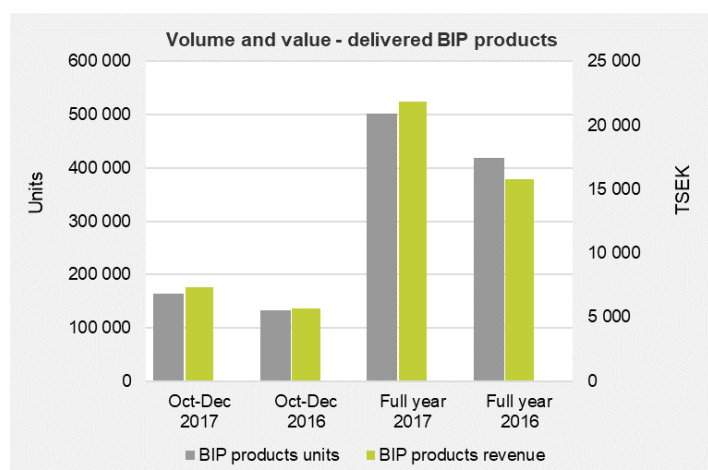
Consolidated revenues for the full year 2017 amounted to SEK 153.6 (128.3) million, an increase of approx. 20 % compared to the same period last year. The increase in revenues was mainly a result of new license revenues, which amounted to SEK 21.4 million. The bulk of the revenue SEK 104.3 (103.0) million was attributable to license revenues from C.R. Bard, including a negative currency effect of approx. SEK -0.7 (1.6) million.

Sales of BIP products amounted to SEK 21.8 (15.8) million, or approx. 14 % of total revenues, an increase of approx. 39 % compared to the corresponding period last year. The increase was primarily attributable to deliveries to China, MEA and Europe.

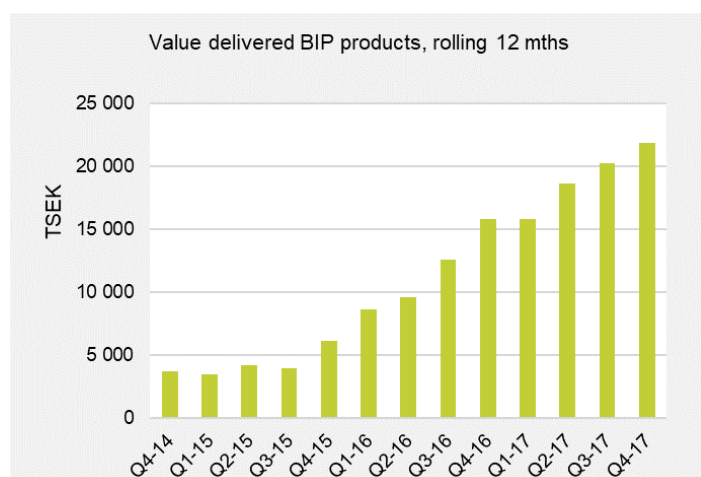
Other revenues during 2017 amounted to approx. 4 % or SEK 6.2 (9.6) million and are attributable to exchange rate differences and EU grants for development projects.

Revenue split	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
License revenues	65%	77%	68%	80%
New license revenues	10%	0%	14%	0%
Sales of BIP products	18%	17%	14%	12%
Other revenues	7%	6%	4%	8%

Product deliveries – volume and value⁴



During the fourth quarter of 2017, approx. 165,000 BIP products were delivered at a value of SEK 7.4 million compared to approx. 134,000 products at a value of SEK 5.7 million in the corresponding quarter of 2016. During the full year 2017 the value for sold BIP products amounted to SEK 21.8 million to be compared to SEK 15.8 million full year 2016, an increase of approx. 39 %. In total approx. 502,000 (418,000) BIP products were delivered during the year.



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

Financial results

Fourth quarter (October - December)

EBITDA for the fourth quarter amounted to SEK 8.8 (4.5) million corresponding to an EBITDA margin of approx. 21 % (14 %). The EBITDA increase of approx. 94 % compared with the corresponding quarter last year is mainly explained by the revenue growth. Other external costs decreased by SEK 0.5 million compared to last year as a result of lower costs for marketing and external consultants. Personnel costs increased by SEK 1.0 million in the quarter compared to corresponding period last year, an effect of investments in more employees within sales and marketing.

Other operating expenses includes exchange rate differences, which had a negative effect of SEK -1.5 (0.1) million in the quarter.

⁴ Since the product mix has changed over time, the importance of following delivered units has decreased in favour of illustrating the value of delivered BIP products.

Consolidated operating profit for the fourth quarter of 2017 amounted to SEK 0.1 (-3.9) million.

Financial items amounted to SEK -2.2 (-4.4) 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 (-3.4) million.

Tax for the fourth quarter amounted to SEK 1.2 (0.9) 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 fourth quarter amounted to SEK -0.9 (-7.4) million.

Full year (January-December)

EBITDA for the full year amounted to SEK 34.4 (15.1) million, corresponding to an EBITDA margin of approx. 22 % (12 %). The positive change compared to 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.

The increase in Raw materials and consumables compared to last year was SEK -4.5 million and reflects the growth in sales of BIP-products during 2017.

During 2017, investments in more employees within sales and marketing were made, which resulted in increased personnel costs SEK -51.5 (-45.8) million compared to last year. Other external costs amounted to SEK -42.3 (-46.7) million, a decrease of SEK 4.4 million compared to last year, which is an effect of general cost control as well as replacing external sales while, at the same time, marketing costs have decreased.

Consolidated net profit for the full year 2017 amounted to SEK -3.3 (-26.9) million.

Cash flow

Fourth quarter (October - December)

Operating cash flow (cash flow from operating activities after investments and changes in working capital) for the fourth quarter amounted to SEK -5.8 (-19.1) million. Cash flow from operating activities contributed positively by SEK 7.4 (-13.9) million, but was negatively affected by changes in working capital which amounted to SEK -9.7 (-2.8) million and by cash flow from investing activities which amounted to SEK -3.6 (-2.4) million. The increase in working capital was attributable to higher account receivables, related to the fourth part of the license deal with Smartwise and deliveries of BIP products.

Cash flow from financing activities amounted to SEK -2.2 (12.0) million. An up-front fee of SEK 1.8 million for the new credit facility affected the fourth quarter. The total cash flow for the fourth quarter amounted to SEK -8.0 (-7.1) million.

Full year (January-December)

Operating cash flow for the full year 2017 amounted to SEK -0.1 (-19.8) million. Investments, mainly related to capitalized development expenditures, affected cash flow by SEK -6.2 (-7.4) million. Cash flow from financing activities was adversely affected by amortization of a financial lease SEK -1.4 (0) million, and an up-front fee of SEK -1.8 (0) million for the new credit facility.

Total cash flow for the full year 2017 was SEK -3.3 (-7.8) million.

Investments

Investments in property, plant and equipment during the fourth quarter amounted to SEK 2.5 (0) million. Investments in intangible assets, mainly related to capitalized development expenditures, amounted to SEK 1.1 (2.4) million. No investments were made in financial non-current assets during the quarter.

For the full year 2017, total investments amounted to SEK 6.2 (7.4) million, of which tangible fixed assets amounted to SEK 2.6 (1.0) million and intangible fixed assets, mainly related to capitalized development costs, amounted to SEK 3.7 (6.5) million.

Financial position

The consolidated equity ratio was 62 % at 31 December 2017 (62 % at 31 December 2016) and equity amounted to SEK 387.1 million (SEK 390.3 million at 31 December 2016).

During the quarter, Bactiguard signed an agreement with Skandinaviska Enskilda Banken (SEB) regarding a three-year credit facility 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 an earlier bank loan of SEK 100 million, the earlier overdraft facility of SEK 30 million as well as a loan from the company's main shareholders of SEK 50 million. 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 have been terminated.

Interest-bearing debt consist of a financial lease of SEK 13.9 million, and a three-year term loan of SEK 150.0 million. The term loan carries a base interest rate of STIBOR 90, but no less than 0 %, and a margin of 3.0 %.

Consolidated cash position on 31 December 2017 amounted to SEK 11.6 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 31 December 2017. Net debt amounted to SEK 152.4 million (SEK 134.4 million on 31 December 2016).

The total assets of the Group at 31 December 2017 amounted to SEK 625.4 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 31 December 2017 amounted to SEK 212.8 million (SEK 236.6 million on 31 December 2016).

Accounts receivable (short- and long term) amounted to SEK 56.9 million at 31 December 2017, which is an increase of SEK 8.0 million since 31 December 2016. The main reason for the increase is related to the fourth part of the license deal with Smartwise and deliveries of BIP products at the end of the fourth 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 31 December 2017 was SEK 23.00, and the market capitalization amounted to SEK 766 million.

The share capital of Bactiguard on 31 December 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 31 December 2017 amounted to 33,302,373 shares and 69,302,373 votes.

Ownership

On 31 December 2017 Bactiguard had 2,417 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	28,4%	39,6%
STÅHLBERG, JAN		1 584 786	1 584 786	4,8%	2,3%
HANDELSBANKEN FONDER		1 139 784	1 139 784	3,4%	1,6%
FÖRSÄKRINGSBOLAGET, AVANZA PENSION		898 415	898 415	2,7%	1,3%
LANCELOT ASSET MANAGEMENT AB		690 001	690 001	2,1%	1,0%
SWEDBANK FÖRSÄKRING		671 415	671 415	2,0%	1,0%
FRÖAFALL INVEST AB		516 000	516 000	1,5%	0,7%
RUGFELT, JOHAN		401 632	401 632	1,2%	0,6%
SARGAS EQUITY AB		364 090	364 090	1,1%	0,5%
Total, major shareholders	4 000 000	21 147 978	25 147 978	75,5%	88,2%
Total, others	0	8 154 395	8 154 395	24,5%	11,8%
Total number of shares	4 000 000	29 302 373	33 302 373	100%	100%

Human resources

The average number of employees in the Group during the full year 2017 amounted to 66 (57), of which 40 (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.

As of January 1, 2018, the Group applies IFRS 9 Financial Instruments and IFRS 15 Revenues from contracts with customers.

IFRS 9 contains rules for accounting, classification and measurement, impairment, cancellation and rules for hedge accounting. Bactiguard will apply IFRS 9 from January 2018 and has chosen not to convert the comparison year. As in the past, the Group does not apply hedge accounting. IFRS 9 removes the requirement to identify an actual+ loss event and introduces a model for expected credit losses. The model determines a three-stage classification based on whether there has been a significant increase in credit risk. For financial assets where no significant increase in credit risk has occurred, a credit loss related to the loss which is expected to occur within 12 months is accounted for. For financial assets where a significant increase in credit risk has occurred and for those who are uncertain, a credit loss is reported relating to the loss that is expected to occur throughout the remaining maturity of the asset.

In accordance with IFRS 9, Bactiguard has reviewed the classification of financial assets and prepared a new model for calculating credit reserves of accounts receivable. Calculations made show that the Group's credit reserves for accounts receivable will have to be adjusted by less than SEK 1.0 million, which will be reported in the opening balance of Equity as per 1st of January 2018.

IFRS 15 contains a combined model for revenue recognition for customer contracts not covered by other standards. The Group's work in 2017 has shown that IFRS 15 will not have a 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. Until 27 December 2017, Bactiguard had 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 agreed to, without compensation, enter into guarantee commitments for Bactiguard Holding AB's obligations under the loan agreement. Bactiguard also had an unsecured loan from the main shareholders of SEK 50 million on equivalent terms as the bank loan.

Upon refinancing 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 on 27 December 2017, the guarantee commitments by the main shareholders were terminated.

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. During 2017, revenues of USD 2.5 million from Smartwise Sweden AB have been accounted for regarding the exclusive and global right to the Bactiguard technology for advanced vascular injection catheters.

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 have 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 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 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 as the starting point. Another target is to achieve an EBITDA margin of at least 30 % at the end of the five-year period (year 2020). 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. The Board therefore proposes no dividend for 2017.

Condensed consolidated income statement

Amounts in TSEK	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
<i>Revenues</i>				
License revenues	31 145	25 876	125 609	102 983
Sales of BIP products	7 350	5 673	21 849	15 753
Other revenues	2 860	2 047	6 181	9 606
	41 356	33 596	153 639	128 342
Raw materials and consumables	-6 226	-4 853	-20 262	-15 797
Other external expenses	-11 918	-12 428	-42 329	-46 701
Personnel costs	-12 933	-11 887	-51 475	-45 819
Depreciation and amortisation	-8 705	-8 445	-35 015	-33 375
Other operating expenses	-1 488	109	-5 141	-4 918
	-41 271	-37 504	-154 221	-146 610
Operating profit/loss	85	-3 908	-582	-18 268
<i>Profit/loss from financial items</i>				
Financial income	815	5 208	1 378	9 735
Financial expenses	-3 048	-9 654	-9 088	-22 800
	-2 233	-4 447	-7 710	-13 065
Profit before tax	-2 147	-8 355	-8 292	-31 333
Taxes for the period	1 229	946	5 042	4 482
Net profit/loss for the period	-918	-7 409	-3 251	-26 851
Attributable to:				
Shareholders of the parent	-918	-7 409	-3 251	-26 851
Earnings per share, SEK*	-0,03	-0,22	-0,10	-0,81

Condensed consolidated statement of comprehensive income

Amounts in TSEK	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
Net profit/loss for the period	-918	-7 409	-3 251	-26 851
<i>Other comprehensive income:</i>				
<u>Items that will be reclassified to profit or loss for the year</u>				
Translation differences	-308	161	28	-264
Other comprehensive income, after tax	-308	161	28	-264
Total comprehensive income for the period	-1 226	-7 248	-3 223	-27 115
Attributable to:				
Shareholders of the parent	-1 226	-7 248	-3 223	-27 115
Total earnings per share, SEK*	-0,04	-0,22	-0,10	-0,81
Number of shares at the end of period ('000)	33 302	33 302	33 302	33 302
Weighted average number of shares ('000)	33 302	33 302	33 302	33 302

* no dilution effect

Condensed consolidated statement of financial position

Amounts in TSEK	2017-12-31	2016-12-31
ASSETS		
Non-current assets		
Goodwill	226 292	226 292
Technology	212 805	236 612
Brands	25 572	25 572
Customer relationships	10 548	11 728
Capitalised development expenditure	18 568	16 562
Patents	571	1 021
Intangible assets	494 355	517 787
Improvements, leasehold	13 031	16 133
Machinery and other technical plant	19 580	5 659
Equipment, tools and installations	3 107	3 937
Property, plant and equipment	35 717	25 728
Accounts receivable	17 263	16 170
Investments in associates	-	1 228
Financial assets	17 263	17 398
Total non-current assets	547 336	560 912
Current assets		
Inventory	13 608	15 144
Accounts receivable	39 596	27 642
Other current receivables	13 300	12 732
Cash and cash equivalents	11 550	15 645
Total current assets	78 054	71 162
TOTAL ASSETS	625 390	632 074
Equity attributable to shareholders of the parent		
Share capital	833	833
Other equity	386 273	389 496
Total equity	387 105	390 328
Non-current liabilities		
Advance payments from customers	17 263	18 207
Debt to shareholders	-	50 000
Deferred tax liability	25 243	30 285
Liabilities to credit institutions	142 500	-
Other long-term liabilities	12 476	-
Total non-current liabilities	197 482	98 492
Current liabilities		
Liabilities to credit institutions	7 500	100 000
Accounts payable	4 832	4 896
Other current liabilities	6 855	3 835
Accrued expenses and deferred income	21 616	34 523
Total current liabilities	40 803	143 254
Total liabilities	238 285	241 746
TOTAL EQUITY AND LIABILITIES	625 390	632 074

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	
Adjusted opening balance, 1 January 2016	833	675 690	352	-259 432	417 443
Profit/loss for the period	-	-	-	-26 851	-26 851
<i>Other comprehensive income:</i>					
Translation differences	-	-	-264	-	-264
Total comprehensive income after tax	0	0	-264	-26 851	-27 115
Transactions with shareholders					
Total transactions with shareholders	0	0	0	0	0
Closing balance, 31 December 2016	833	675 690	88	-286 283	390 328
Opening balance, 1 January 2017	833	675 690	88	-286 283	390 328
Profit/loss for the period	-	-	-	-3 251	-3 251
<i>Other comprehensive income:</i>					
Translation differences	-	-	28	-	28
Total comprehensive income after tax	0	0	28	-3 251	-3 223
Transactions with shareholders					
Total transactions with shareholders	0	0	0	0	0
Closing balance, 31 December 2017	833	675 690	116	-289 533	387 105

Condensed consolidated statement of cash flows

Amounts in TSEK	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
Cash flow from operating activities				
Net profit/loss for the period	-918	-7 409	-3 251	-26 851
Adjustments for depreciation and amortisation and other non-cash items	8 358	-6 490	31 791	22 967
	7 440	-13 899	28 540	-3 884
Cash flow from changes in working capital				
Increase/decrease inventory	1 865	-1 798	1 565	-3 416
Increase/decrease accounts receivable	-4 912	517	-12 476	-803
Increase/decrease other current receivables	-185	-1 820	1 231	370
Increase/decrease accounts payable	606	560	-56	933
Increase/decrease other current liabilities	-7 066	-273	-12 687	-5 611
	-9 692	-2 814	-22 424	-8 527
Cash flow from investing activities				
Investments in intangible assets	-1 069	-2 368	-3 661	-6 450
Investments in property, plant and equipment	-2 493	-33	-2 571	-961
	-3 562	-2 401	-6 232	-7 411
Operating cash flow	-5 815	-19 114	-117	-19 822
Cash flow from financing activities				
Amortisation of financial lease	-356	-	-1 398	-
Amortisation of loan	-150 000	-138 000	-150 000	-138 000
Debt incurred	150 000	150 000	150 000	150 000
Up-front fee loan	-1 800	-	-1 800	-
	-2 156	12 000	-3 198	12 000
Cash flow for the period	-7 971	-7 114	-3 315	-7 822
Cash and cash equivalents at start of period	19 483	22 119	15 645	22 119
Exchange difference in cash and cash equivalents	37	640	-780	1 348
Cash and cash equivalents at end of period	11 550	15 645	11 550	15 645

Condensed parent company income statement

Amounts in TSEK	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
Revenues	1 641	1 669	6 464	7 563
	1 641	1 669	6 464	7 563
Operating expenses	-2 471	-2 662	-9 941	-10 328
	-2 471	-2 662	-9 941	-10 328
Operating profit/loss	-829	-993	-3 477	-2 765
Net financial items	-557	-8 253	-2 245	-26 897
Profit/loss after financial items	-1 387	-9 246	-5 722	-29 662
Tax for the period	-	-	-	-
Net profit/loss for the period	-1 387	-9 246	-5 722	-29 662

Condensed parent company statement of comprehensive income

The parent company has no items in 2017 or 2016 recognized 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	2017-12-31	2016-12-31
ASSETS		
Non-current assets		
Financial assets	622 989	598 089
Total non-current assets	622 989	598 089
Current assets		
Receivables from group companies	-	22 395
Prepayments and accrued income	1 962	243
Other current receivables	4	-
Cash and cash equivalents	374	1 118
Total current assets	2 340	23 756
TOTAL ASSETS	625 329	621 845
EQUITY & LIABILITIES		
Total equity	462 809	468 531
Non-current liabilities		
Liabilities to shareholders	-	50 000
Liabilities to credit institutions	142 500	0
Total non-current liabilities	142 500	50 000
Current liabilities		
Liabilities to group companies	9 775	-
Liabilities to credit institutions	7 500	100 000
Other liabilities	2 746	3 314
Total current liabilities	20 020	103 314
Total liabilities	162 520	153 314
TOTAL EQUITY AND LIABILITIES	625 329	621 845

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 it is 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	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
Operating profit/loss	85	-3 908	-582	-18 268
Depreciation and amortisation	<u>8 705</u>	<u>8 445</u>	<u>35 015</u>	<u>33 375</u>
EBITDA	8 791	4 537	34 432	15 107

EBITDA-margin

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	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
EBITDA	8 791	4 537	34 432	15 107
Revenue	<u>41 356</u>	<u>33 596</u>	<u>153 639</u>	<u>128 342</u>
EBITDA-margin	21%	14%	22%	12%

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.

Interest-bearing liabilities consist of debt to credit institutions and shareholders, as well as interest-bearing part of other long-term and current liabilities.

Amounts in TSEK	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
Interest-bearing part of other long-term liabilities	12 476	-	12 476	-
Non interest-bearing part of other long-term liabilities	-	-	-	-
Other long-term liabilities	12 476	0	12 476	0
Amounts in TSEK	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
Interest-bearing part of other current liabilities	1 466	-	1 466	-
Non interest-bearing part of other current liabilities	<u>5 389</u>	<u>3 835</u>	<u>5 389</u>	<u>3 835</u>
Other current liabilities	6 855	3 835	6 855	3 835
Amounts in TSEK	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
Liabilities to credit institutions	150 000	100 000	150 000	100 000
Debt to shareholders	-	50 000	-	50 000
Interest-bearing part of other long-term liabilities	12 476	-	12 476	-
<u>Interest-bearing part of other current liabilities</u>	<u>1 466</u>	-	<u>1 466</u>	-
Interest-bearing liabilities	163 942	150 000	163 942	150 000
Cash and cash equivalents	<u>-11 550</u>	<u>-15 645</u>	<u>-11 550</u>	<u>-15 645</u>
Net debt	152 392	134 355	152 392	134 355

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	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
Equity	387 105	390 328	387 105	390 328
Balance sheet total	625 390	632 074	625 390	632 074
Equity ratio	62%	62%	62%	62%

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.

Operating cash flow

Cash flow from operating activities after investments and changes in working capital. Direct reconciliation against financial report possible.

Profit/loss from financial items

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

Forthcoming disclosures of information

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 report and Annual General Meeting

The Annual report for the financial year 2017 will be published at the company's website on 18 April 2018. The Annual General Meeting of Bactiguard Holding AB (publ) will be held on Wednesday, 16 May 2018 at the company's headquarters in Botkyrka.

Contacts

For additional information, please contact:

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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, 6 February 2018

Stanley Brodén

Chairman

Mia Arnhult

Board member

Svante Östblom

Board member

Marie Wickman-Chantereau

Board member

Christian Kinch

CEO and Board member

This interim report is unaudited.

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.

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 2018-02-06, at. 08.00.