

Year-end report 2020 Bactiguard Holding AB

Recovery in the fourth quarter – Infection prevention key in future healthcare

Fourth quarter (October-December 2020)

- Revenues amounted to SEK 55.6 (59.8) million, a decrease by 7% (adjusted for currency -2%).
- EBITDA amounted to SEK 4.9 (12.2) million with an EBITDA-margin of 9% (20%).
- Operating profit amounted to SEK -6.4 (1.7) million.
- Net profit/loss amounted to SEK -9.4 (1.6) million. Earnings per share amounted to SEK -0.28 (0.05) per share.
- Cash flow from operating activities amounted to SEK 3.9 (36.9) million or SEK 0.12 (1.11) per share.

Full year (January-December 2020)

- Revenues amounted to SEK 186.0 (193.9) million, a decrease by 4% (adjusted for currency -2%).
- EBITDA amounted to SEK 26.7 (61.6) million with an EBITDA-margin of 14% (32%).
- Operating profit amounted to SEK -17.6 (19.5) million.
- Net profit/loss amounted to SEK -37.0 (16.3) million, whereof SEK -10.9 million refers to an IFRS related adjustment from the set-off issue. Earnings per share amounted to SEK -1.10 (0.49) per share.
- Cash flow from operating activities amounted to SEK 0.7 (54.0) million or SEK 0.02 (1.62) per share.

Key events during the fourth quarter

- Further expansion in Europe with new partnership in Spain.
- Initial order from China for Bactiguard's coating concentrate.
- Strengthened sales and marketing organisation.

Key events after the end of the fourth quarter

- The Bactiguard coated Zimmer Biomet trauma implants received the CE-mark.
- Hydrocyn® aqua launched in Greece.
- Cecilia Edströms resigns as CEO.

COVID-19 effects

- We saw a recovery to more normal levels in the licensing business and stronger sales of our own BIP-products during the fourth quarter compared to the third quarter. License revenues from BD and sales of BIP products are still negatively affected by reduced general health



care and postponed planned operations, following the pandemic. The roll-out of vaccines will gradually have a positive effect on the return to a more normal situation, but it may take another quarter or two. At the same time, a global care debt has evolved and must be managed. In this context, we see a great need for our infection prevention products. However, the near-term development is still difficult to assess.

CEO comments the fourth quarter

Recovery in the fourth quarter – Infection prevention key in future healthcare

We saw a recovery in the BD licensing business and stronger sales of our own BIP products in the fourth quarter. It is gratifying, but the pandemic is negatively impacting us as regular healthcare is still at low levels in many countries and elective surgeries postponed. This has created a significant global healthcare backlog that must be managed. In that perspective, infection prevention is of strategic importance not only to Bactiguard but to the whole world, which opens up new opportunities to us. With the acquisition of Vigilenz, a broader product portfolio and market presence, the CE mark for Zimmer Biomet's trauma implants and a strengthened marketing and sales organization, we enter 2021 as a stronger company.

The main events in 2020 were the pandemic and our strategic acquisition of Malaysian Vigilenz, which we completed in February. The acquisition added several important assets and broadened our product portfolio to include wound care, in addition to our products for the blood stream, urinary- and respiratory tracts. We extended our product portfolio with Hydrocyn® aqua for advanced wound care and disinfection and got a modern and efficient production facility in Malaysia. In addition, we established a stronger footprint in Southeast Asia and a well-established organization for direct sales in Malaysia. As a result, sales in Southeast Asia have developed well, even though several countries in the region have been shut down periodically during the pandemic.

Breakthrough in the license business with Zimmer Biomet

During the year, our license business with BD has been negatively impacted by the pandemic. Reduced regular healthcare and postponed elective surgeries have affected BD's sales of consumables. We saw a recovery to more normal levels in the fourth quarter and BD recently reported a more positive development. The underlying business with BD is stable and is expected to continue to recover as healthcare returns to more normal activities.

We have recently made important progress in our licensing cooperation with Zimmer Biomet, which continues at a high pace. The CE mark we received for their Bactiguard-coated trauma implants in January 2021 is a real breakthrough. This paves the way for production and launch in the first half of 2021. We will initially produce at our facility in Penang and regular license revenues will be generated when the products are shipped and used. In parallel, work is underway with the US registration. The partnership with Zimmer Biomet, which started in 2019, is developing in a positive way and has the potential to expand Bactiguard's license business significantly.

In the fourth quarter, we reported another breakthrough in China. Our partner Well Lead has - despite the pandemic - made important progress in the development of its own portfolio of medical devices with Bactiguard's coating technology. As a consequence, Well Lead placed its first order for Bactiguard's coating concentrate to be used in product development and



manufacturing, pending regulatory approval for locally produced products. The order generated license revenues in the fourth quarter of just over SEK 9 million. As the products are approved, our partnership with Well Lead will change from a distributor partnership to licensing.

I am disappointed that we did not reach our target of signing one or two new license deals in 2020. We have several exciting projects and dialogues underway, but the pandemic has led to reduced investment capacity among potential partners and more lengthy processes. The strategy of establishing one or two new license deals per year remains unchanged, with a focus on orthopaedic and dental implants and different types of products for the bloodstream, such as stents and dialysis catheters. We know that Bactiguard's technology is very well suited for different types of medical applications, both for short-term and long-term use, and we are convinced that ongoing projects and studies will lead to new licensing deals.

Continued global expansion

I'm glad to welcome very experienced leaders, marketers and salespeople to Bactiguard. The management team has been strengthened with Petra Kaur Ljungman as Marketing and Communications Officer and Peter Rådqvist as Head of Global Sales. Both of them bring experience of creating profitable growth. They add strategic and operational expertise that is important for Bactiguard's continued global expansion. This will increase speed in our sales organization and make Bactiguard more visible and influential. The goal is to make our products the obvious choice for infection prevention and standard of care.

During the autumn we initiated a change of our sales strategy and we have now established our own sales force in the Nordic region, in addition to the one we have in Malaysia. At the same time, our distributor partnerships continue to be important, and in the fourth quarter we continued our expansion in Europe by signing a partnership for the Spanish market, which encompasses the BIP portfolio with products for the urinary tract, bloodstream and respiratory tract. The partnership is significant as Spain is one of Europe's largest countries with 46 million inhabitants. We have also made progress in the Indian market. The e-commerce platform launched by the Indian government for medical devices, has given us several orders for central venous catheters and interest in our products is growing.

Disinfection and wound care are important in of our growth strategy. We focus on launching the effective and non-alcoholic solution Hydrocyn® aqua in Europe, the Middle East, and India in addition to Southeast Asia. The global rollout continues at high speed, however due to local regulations it will take some time before we see a significant impact on sales.

In January this year, we took another step in the European market with the launch of Hydrocyn in Greece, following the launch in Sweden at the beginning of 2020. We were quick to increase production and secure deliveries as there was a huge shortage of disinfectants in healthcare and for key community services. We are glad that we were able to support the police and others in a difficult situation. However, establishing private air transportation is expensive. In December, we received an EU-grant, but it was far from enough to cover the additional costs. We would have appreciated a little more support from the Swedish government and the EU.

Infection prevention a global concern

2020 has been a challenging year due to the pandemic, although Bactiguard makes its entrance into 2021 as a stronger company. In 2020, we made our first acquisition ever and integrated Vigilenz, we broadened our product portfolio, made progress in the licensing business and sharpened our sales strategy.

The global roll-out of vaccines will have a positive effect on societies and our everyday lives, not least to bring healthcare back to more normal activities. The speed of the roll-out and the risk of mutations with new outbreaks make the near-term development difficult to assess. At the same



time, the global healthcare backlog must be managed, and in the Stockholm Region it is estimated that it will take two years to deal with the pent-up need. Thus, infection prevention is not only a strategic matter for Bactiguard, but also a central component in future healthcare and one of the most important sustainability issues.

I have been a part of Bactiguard's executive management team for seven intensive years. It has been an incredibly exciting period, both for me and the company and we have created value for patients, our partners, and shareholders. I am convinced that Bactiguard is better equipped than ever to take advantage of increased global demand for infection prevention. Therefore, I believe that the time is right to hand over to a new CEO who can set the bar for the coming five-year period and take Bactiguard to the next level.

Cecilia Edström, CEO

The year-end report 2020 for Bactiguard Holding AB (publ) is available as a PDF at www.bactiguard.com.

This information is information that Bactiguard Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below 2021-02-04, at 08:00.

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An audiocast for investors, analysts and media will be held **today at 10:30 CET**, where CEO Cecilia Edström and CFO Gabriella Björknert Caracciolo will present the year-end report and answer questions. The report and a presentation for the audiocast will be available at Bactiguard's website <https://www.bactiguard.com/investors/reports-and-presentations/>

To participate in the audiocast, please use this link:

<https://tv.streamfabriken.com/bactiguard-q4-2020>

To participate only by conference call, dial:

SE: +46850558353, UK: +443333009271, US: +18338230589

About Bactiguard

Bactiguard is a Swedish medical device company with a mission to save lives. To achieve this mission, we develop and supply infection prevention solutions which reduce the risk of infections and the use of antibiotics. This way, we save significant costs for healthcare and the society at large.

The Bactiguard technology is based on a thin noble metal alloy coating that prevents bacterial adhesion and biofilm formation on medical devices. Bactiguard offers the technology through licence agreements and our BIP (Bactiguard Infection Protection) portfolio of products. Urinary catheters with Bactiguard's coating are market leaders in the USA and Japan through our licensing partner BD.

Bactiguard's product portfolio also includes Hydrocyn® aqua, a non-alcoholic product line for wound care and disinfection. Hydrocyn effectively kills viruses, bacteria and fungi while being biocompatible, pH neutral and tissue friendly. The active ingredient hypochlorous acid is the same substance as the body's immune cells use in their defence against infectious organisms.

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



Bactiguard has about 180 employees around the world. Its headquarters and one of three production facilities are located in Stockholm, the other two in Malaysia. Bactiguard is listed on Nasdaq Stockholm.

Read more about Bactiguard www.bactiguard.com