

Year-end report 2021 Bactiguard Holding AB

Investments for future sales growth impacted profitability

Fourth quarter (October-December 2021)

- Revenues amounted to SEK 46.1 (55.6) million, a decrease of 17%, primarily due to lower license revenue. Adjusted for currency effects revenues decreased by 22%.
- EBITDA amounted to SEK -12.1 (4.9) million with an EBITDA margin of -26% (9%).
- Operating profit amounted to SEK -23.8 (-6.4) million.
- Net loss for the period amounted to SEK -25.4 (-9.4) million. Earnings per share amounted to SEK -0.72 (-0.32).
- Cash flow from operating activities amounted to SEK 11.6 (3.9) million, corresponding to SEK -0.33 (0.12) per share.

Full year (January-December 2021)

- Revenues amounted to SEK 179.0 (186.0) million, a decrease of 4%. Adjusted for currency effects revenues decreased by 3%.
- EBITDA amounted to SEK -7.2 (26.7) million, with an EBITDA margin of -4% (14%).
- Operating profit amounted to SEK -54.2 (-17.6) million.
- Net loss for the period amounted to SEK -58.8 (-38.4) million. Earnings per share amounted to SEK -1.68 (-0.78).
- Cash flow from operating activities amounted to SEK 7.3 (0.7) million, corresponding to SEK 0.22 (0.02) per share.

Key events during the fourth quarter

- New clinical study shows 53% reduction in ventilator-associated pneumonia with Bactiguard's endotracheal tube.
- CEO Anders Göransson acquires shares in Bactiguard for SEK 3 million.
- Gabriella Björknert Caracciolo announces that she will leave the position as CFO and deputy CEO.

Key events after the end of the fourth quarter

- Focused growth strategy with new financial targets presented.
- The global Zimmer Biomet partnership has been expanded to cover multiple products segments in the Zimmer Biomet portfolio.
- The clinical study of the Bactiguard endotracheal tubes was published in the well renowned magazine Annals of Intensive Care.



COVID-19 effects

Even with the increase of Covid-19 (Omicron) in the fourth quarter, there is a positive impact due to roll out the vaccine that has reduced the number of serious cases. During the fourth quarter we saw continuous stabilisation of license revenue from **Becton, Dickinson & Company (BD) and on an annual basis we the revenues are on the same level as before of the pandemic outbreak**. We see a continuous long-term need of infection prevention, which is positive both for the license- and BIP business. Near term developments remain difficult to assess pending the pandemic and its consequences on the health care system.

CEO comments the fourth quarter

Investments for future sales growth impacted profitability

Revenues in the fourth quarter were lower than in the previous year, mainly due to lower license revenues. The license business with BD continued to stabilize and sales of our own product portfolio for infection prevention developed positively, although continued to be affected by the pandemic. We have started investing in a stronger marketing and sales organization, which has affected the profitability.

Today we have announced that we are expanding our global partnership with Zimmer Biomet and we see exciting new business opportunities in the future. We are well equipped to begin the implementation of our focused growth strategy and create long term profitable growth.

New license agreement in February 2022

Today we signed an agreement to expand our global partnership with Zimmer Biomet in orthopedics. The license agreement, which originally included orthopedic trauma implants, has been extended to cover multiple product segments in Zimmer Biomet's portfolio, including implants for hips and knees. Through this broad collaboration, we see long term opportunities for establishing new standards of care in preventing implant-related infections. The launch of the trauma implants, ZNN Bactiguard, started mid-year in Europe and the process of obtaining regulatory approvals in more markets is ongoing in parallel.

The new license agreement will generate development- and license revenue in 2022 and has the potential to generate larger milestone related license revenues in the future. Over time, when the implants reach the market, our royalty revenue will increase significantly.

We also see that the new broad collaboration will pave the way for new dialogues with other potential partners and create new opportunities for expanding our license business to other application areas.

Revenues from Becton, Dickinson & Company (BD) are back at the same annual level as before the pandemic.

Stabilised sales of Bactiguard own product portfolio

Sales have continued to be negatively affected by reduced regular healthcare and high sick leave ratios among healthcare staff due to the pandemic. Despite this, sales of catheters and wound care products developed positively, especially in the markets where we have our own sales force. We are experiencing an increasing interest in infection prevention in other regions as healthcare returns to more normal activity levels. Our assessment is that demand will continue to increase



as the pandemic situation improves. At the same time, our focused strategic investments will create better conditions for accelerated growth

Developed growth strategy

In 2021, we have made strategic investments in, among other things, the marketing and sales organization, which has moved us forward in the value chain and strengthened our understanding of both patients' and our customers' needs.

The evidence for our technology has been further strengthened and new clinical studies covering our urinary catheters and endotracheal tubes have been published in well renowned journals during the year. The studies confirm the strength of the Bactiguard technology as they clearly show that it is safe and effective in reducing infections regardless of application area. With our increased insights and strong clinical evidence as a basis, we have made a strategic review of our business and market presence.

We see many growth opportunities and have now set a clearly focused growth strategy. Our ambition to grow with 1-2 new license deals per year remains. We are experiencing a growing interest in our technology and have several ongoing discussions regarding possible future licensing deals. However, these processes are time consuming and have been hampered by the pandemic.

The global need for our own product portfolio is great and in the future, we will focus sales efforts on markets and therapeutic areas where we see great needs that pave the way for high, stable and profitable growth. With a clearer sales strategy and go-to-market model, I see great opportunities to strengthen our position in infection prevention.

New growth phase

As we now enter into an exciting growth phase, we have today communicated new financial targets. Our long-term target is to generate annual sales of at least SEK 1 billion with an EBITDA of at least SEK 400 million in 2026. With the capital injection generated by the new directed share issue in 2021, our expanded clinical evidence, the expanding licensing business and investments in a stronger organization, we are well equipped to accelerate the implementation of our focused growth strategy.

We will focus on six therapy areas and prioritised countries and increase sales through new license agreements and a broader BIP portfolio, combined with strategic, smaller additional acquisitions. Through a substantial build-up of our capacity in the licensing business, combined with investments in the BIP portfolio, we are building the base. We will invest in manufacturing, product development and further expand the go-to-market organization. The transformation of Bactiguard will affect profitability in the next one to two years and we then expect a rapidly rising profitability during the years 2024 to 2026.

Anders Göransson, CEO

The year-end report 2021 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 2022-02-08, at 23:00.



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Audiocast

An audiocast in English for investors, analysts and media will be held **on Wednesday February 9 at 15:00 CET**, where CEO Anders Göransson and CFO Gabriella Björknert Caracciolo will present and comment on the end-year report, updated financial targets and the expanded global partnership with Zimmer BioMet, as well as answer questions.

The report and a presentation for the webcast will be available at Bactiguard's website

www.bactiguard.com

To participate in the webcast, please use this link:

www.bactiguard.com/Q4-2021

To participate only by conference call, dial:

SE: +46850558351, UK: +443333009261, US: +16467224904

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 the Bactiguard technology are market leading in the USA and Japan through our licensing partner BD, and in 2021 orthopaedic trauma implants, ZNN Bactiguard, were launched by Zimmer Biomet. Bactiguard's product portfolio also includes a non-alcoholic product line for wound care and disinfection. It effectively kills microbes while being biocompatible and tissue friendly.

Bactiguard is in a strong expansion phase in the markets in Europe, China, India, the Middle East and Southeast Asia through our own product portfolio and by establishing licensing deals in new therapy areas. Bactiguard has about 210 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

