

## Year-end Report 2021

### 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.

#### 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.

#### 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.

#### Twelve-month period (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 after the end of the 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*.

#### Key figures

	Oct-Dec 2021	Oct-Dec 2020	Full Year 2021	Full Year 2020
Revenues <sup>2</sup> , SEKm	46,1	55,6	179,0	186,0
EBITDA <sup>3</sup> , SEKm	-12,1	4,9	-7,2	26,7
EBITDA margin <sup>3</sup> , %	-26%	9%	-4%	14%
Operating profit <sup>2</sup> , SEKm	-23,8	-6,4	-54,2	-17,6
Net profit/loss for the period <sup>2</sup> , SEKm	-25,4	-10,8	-58,8	-38,4
Adjusted net profit/loss for the period <sup>1,3</sup> , SEKm	-25,4	-9,4	-58,8	-27,5
Earnings per share <sup>2</sup> , SEK	-0,72	-0,32	-1,76	-1,14
Adjusted earnings per share <sup>1,3</sup> , SEK	-0,72	-0,28	-1,76	-0,82
Operating cash flow <sup>2</sup> , SEKm	-16,8	3,9	2,1	0,7
Operating cash flow per share <sup>3</sup> , SEK	-0,48	0,12	0,06	0,02
Equity ratio <sup>3</sup> , %	64%	55%	64%	55%
Net debt <sup>3</sup> , SEKm	30,4	254,1	30,4	254,1

1 The part of the purchase price for the acquisition of Vigilenz that consisted of shares is considered, for accounting purposes, as a financial instrument and the forward effect is thus reported as a financial item in the income statement and has affected net profit/loss for the second quarter 2020 with SEK 1.9 million and full year 2020 with SEK -10.9 million. The adjustment is only affecting accounting and has no effect on cash flow.

2 Defined according to IFRS.

3 Alternative performance measures. For definition and reconciliation, see pages 18-19

## 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

## Business model

Bactiguard's vision and mission is to prevent infections, increase patient safety and save lives. The basis for our business model is a unique technology for infection prevention, which we offer to other manufacturers of medical devices through licensing agreements and through our own product portfolio of catheters and wound care products.

### License revenues

Bactiguard licenses the patented technology to medical technology companies around the world that apply it to their products and sell them under their own brand. The license revenues include upfront fees related to the right to use Bactiguard's technology for products in a specific application and geographical area. Licensees gain access to Bactiguard's process know-how, while the coating itself – the concentrate of precious metals – is a trade secret.

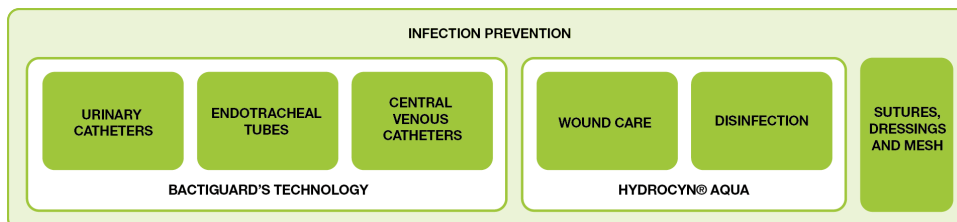
The license revenues also include royalties, i.e a variable remuneration when the products reach the market and generate sales revenue, and revenues related to contract manufacturing.

New license revenues include upfront license fees as well as remunerations linked to milestones and product development.

License partner	Application area	Market
Becton Dickinson and Company (BD, former C.R. Bard)	Urinary catheter (Foley)	The US, Japan, the UK, Ireland, Canada and Australia
Zimmer Biomet	Orthopedic implants	Global agreement excluding ASEAN
Well Lead Medical	Urinary catheters, ETT and CVC	China
Smartwise Sweden AB	Advanced vascular injection catheters	Global

### Bactiguard Infection Protection (BIP)

Bactiguard has a broad portfolio of products that protect against and prevent infections. The portfolio includes products for the urinary, blood and respiratory tract as well as wound care products in the form of surgical sutures, wound washes and dressings.



## Development in the fourth quarter

### Revenue

MSEK	Q4 2021	Q4 2020
License revenues	24.7	32.8
New license revenues	-	0.6
Sales of BIP products	17.3	16.9
Other revenues	4.0	5.3
<b>Total revenues</b>	<b>46.1</b>	<b>55.6</b>

Total revenues in the quarter amounted to SEK 46.1 (55.6) million, a decrease of 17%. Adjusted for currency effects the revenue decreased with -22%.

License revenues from BD were in line with the corresponding period last year, amounting to SEK 23.6 (23.4) million. The underlying business is stable although volumes may vary between quarters. Adjusted for currency effects of SEK -1.1 million, the license revenue from BD decreased with -4%. The comparison of quarterly license revenue year by year was impacted by the order from Wellead, China in the fourth quarter 2020. BIP sales in the fourth quarter amounted to SEK 17.3 (16.9) million and represented 38% of total revenues.

Sales have continued to be negatively impacted by reduced regular healthcare as a result of the pandemic. Nevertheless, sales of catheters and wound care products are developing positively. The investment in our own sales force in the Nordics and other countries continues to generate results in the form of gradually increased sales. In addition, the investment in animal care has started to generate revenues.

Malaysia was affected by the closing of health care three weeks earlier than previous year due to the pandemic. The restrictions have begun to ease, and the situation has stabilized.

### Financial results

EBITDA in the quarter amounted to SEK -12.1 (4.9) million and the EBITDA margin was -26% (9%).

During the fourth quarter no considerable license revenue was generated in addition to BD revenue. Further investments in the long-term growth strategy had a negative impact on the profitability at the end of the year.

Other external costs increased by SEK 7.7 million compared with the fourth quarter of 2020, of which investment in both traditional and digital marketing increased by SEK 1.2 million. Personnel costs and costs for consultants and temporary employees have increased due to investments in the marketing- and sales organization to support the initiated expansion during the year. In total the increase in personnel costs amounted to SEK 4.3 million compared with the fourth quarter 2020. The comparison of costs for raw materials and consumables was affected by extra pandemic-related shipping costs in the fourth quarter of 2020.

Other operating expenses consist of balance sheet-related currency effects that affected profit by SEK -2.4 (-4.0) million.

Operating profit amounted to SEK -23.8 (-6.4) million. Depreciation, which does not affect cash flow, and amortization affected operating profit by SEK -11.7 (-11.3) million, of which SEK -6.4 (-6.4) million relates to depreciation of the Bactiguard technology and SEK -2.6 (-2.7) million relates to amortization for leasing.

Financial items amounted to SEK -2.8 (-3.0) million. Financial costs mainly consist of interest on loans and unrealized currency effects related to financing activities of SEK -1.2 (-2.2) million.

Tax for the period amounted to SEK 1.2 (-1.4) million. Income tax in foreign subsidiaries constitutes SEK 0.0 (-1.4) million of the tax for the period, which is calculated on the basis of a tax rate of 24%. SEK 1.2 (0.5) million of the period's tax relates to a change in deferred tax attributable to the Group's intangible assets and leasing agreements, which is based on Swedish tax rate of 20.6%. Deferred tax is not fully comparable between the years due to different tax rates.

The result for the fourth quarter 2021 amounted to SEK -25.4 (-9.4) million.

## Development during 2021

### Revenues

MSEK	2021	2020
License revenues	103.7	102.9
New license revenues	9.1	0.6
Sales of BIP products	56.8	68.9
Other revenues	9.6	13.7
<b>Total revenues</b>	<b>179.0</b>	<b>186.0</b>

Group revenues amounted to SEK 179.0 (186.0) million, a decrease of 4%. Adjusted for currency effects the decrease was 3%.

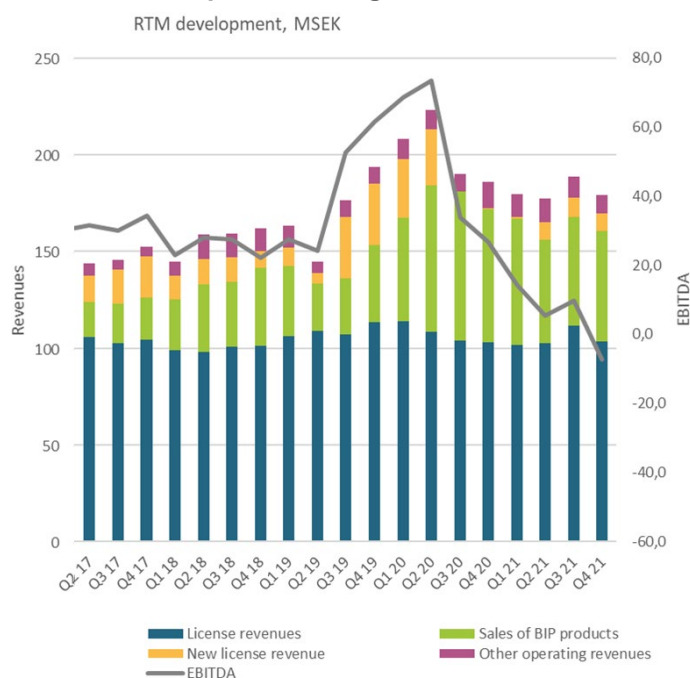
License revenues amounted to SEK 103.5 (102.9) million. Both volumes and royalties increased compared to the corresponding period last year, but currency effects had a negative impact on BD revenues by SEK -9.0 million. Adjusted for currency effects the revenue from BD increased with 17%.

In early April, contract manufacturing of Bactiguard coated trauma implants started on behalf of Zimmer Biomet in Penang, Malaysia. Bactiguard receives license revenues from Zimmer Biomet related to production, and when the implants reach end customers Bactiguard will also receive royalties with some delay. In the second quarter 2021, the first milestone in the license agreement with Zimmer Biomet was reached connected to the European launch and generated new license revenues of SEK 8.5 million. During 2021 new license revenue related to product development amounted to SEK 0.6 (0.6) million.

BIP sales amounted to SEK 56.8 (68.9) million and accounted for 32% of total revenues during the year. The comparison with the same period last year is affected by the strong demand for advanced disinfection in the pandemic outbreak in 2020. In a comparison between the years of BIP sales, excluding advanced disinfection, the growth was 7%. Revenues from the product portfolio that accompanied the acquisition of Vigilenz are included in the BIP portfolio from March 2020.

Other income amounted to SEK 9.6 (13.7) million, of which SEK 3.8 (9.5) million relates to currency effects.

## Revenue development, rolling twelve months



The chart shows how revenues for each type of revenue stream have developed over a rolling 12-month period per quarter.

## Financial results

EBITDA for the year amounted to SEK -7.2 (26.7) million, corresponding to an EBITDA margin of -4% (14%).

Costs for raw materials and supplies increased marginally during the year as freight prices rose at the end of the year due to the general price increase in the world market driven by the capacity shortage caused by the pandemic. Other external costs increased by SEK 6.8 million compared to the full year 2020. During the year, investments in marketing activities increased by SEK 2.1 million and costs for regulatory registrations in new countries also increased by SEK 0.5 million. To accelerate the implementation of the growth strategy, costs for consultants and temporary employees also increased during the year by SEK 1.5 million.

Personnel costs increased by SEK 17.5 million compared to the previous year. The increase is mainly due to the integration of Vigilenz and the establishment of a direct sales force in the Nordics and in India, as well as investments in the market organization and management functions.

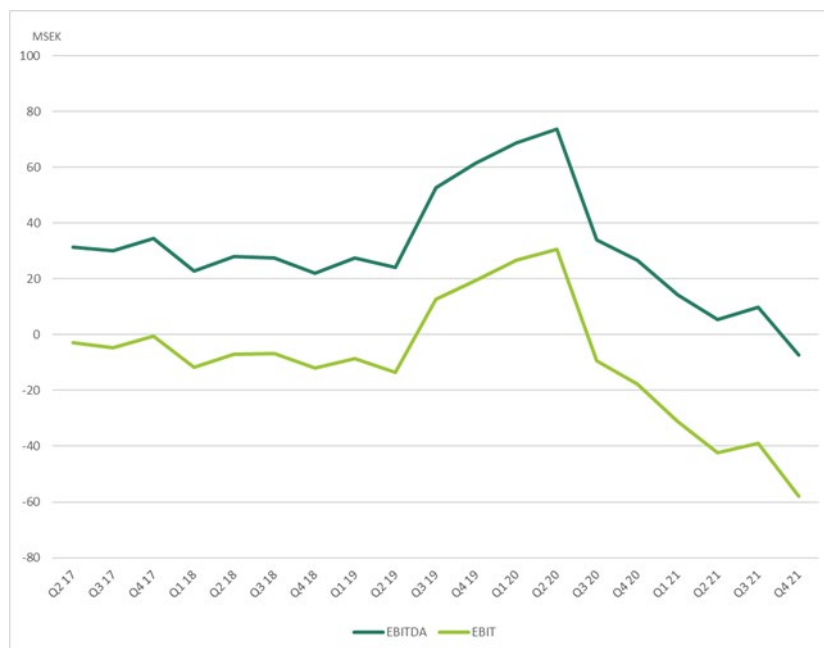
Operating profit for the period amounted to SEK -54.2 (-17.6) million. Depreciation, which does not affect cash flow, affected operating profit by SEK -47.0 (-44.3) million, of which depreciation on the Bactiguard technology amounted to SEK -25.4 (-25.1) million and amortization for leasing amounted to SEK -10.6 (-10.5) million.

Financial items amounted to SEK -9.1 (-24.3) million. The part of the purchase price for the acquisition of Vigilenz 2020 consisting of shares, is considered a financial instrument and the forward effect was recognized as a financial item in the income statement. This affected net financial items during the period January to December by SEK -10.9 million.

Tax for the period amounted to SEK 4.5 (5.0) million. Income tax in foreign subsidiaries accounted for SEK -0.3 (-0.8) million of the period's tax, which is calculated on the basis of a tax rate of 24%. Of the tax for the period, SEK 4.8 (5.8) million relates to a change in deferred tax attributable to the Group's intangible assets and leasing agreements, which is based on at a Swedish tax rate of 20.6%. Deferred tax is not fully comparable between the years due to changes in tax rates.

The result for the period January to December amounted to SEK -58.8 (-37.0) million.

## Operating profit, rolling twelve months



The chart shows how the result has developed during a rolling twelve-month period per quarter.

The positive development of EBITDA in 2019 and the beginning of 2020 was an effect of good revenue development attributable to new license agreements, growth in BIP sales and the acquisition of Vigilenz. Since the fourth quarter 2020, both license revenues and sales of BIP products have been negatively affected by reduced regular healthcare and postponed elective surgeries as a result of the pandemic, which had an impact on the development of earnings. Despite the stable revenue development from BD during the year 2021 the EBITDA development is still negative due to no new considerable license's deals have been signed during the year and in combination with investments in the long term growth strategy increased. The rolling twelve-month EBITDA margin was 5% (18%) for the period December 2020 to December 2021.

## Cash flow

Cash flow from operating activities was SEK -16.8 (3.9) million during the fourth quarter. Investments amounted to SEK -1.2 (-7.2) million and consisted of SEK -1.0 (-7.2) million in property, plant and equipment mainly related to capacity-enhancing investments in the production facility in Penang, Malaysia, and SEK -0.2 (0.0) million in intangible assets, which relates to capitalized development expenses.

Amortization of lease liabilities affected cash flow from financing activities by SEK -1.4 (0.5) million. The quarters total cashflow SEK -18.6 (-7.8) million.

For the period January to December, cash flow from operating activities amounted to SEK 2.1 (0.7) million and investments amounted to SEK -7.3 (-57.0) million. Total cash flow for the four quarters amounted to SEK 205.8 (-10.1) million. The positive effect on cash flow is due to the directed share issue in the third quarter.



## Financial position

Consolidated equity on December 31, 2021 amounted to SEK 541.4 (373.3) million and net debt to SEK 30.4 (250.1) million.

In the third quarter Bactiguard received SEK 228 million through a directed share issue to the Swedish pension fund AMF. Related transaction costs for the directed share issue are charged to the premium fund in equity and as of 31 December 2021, SEK 5.2 million was charged to equity.

The Group's credit facility with SEB, was renegotiated in December 2021 after the directed share issue and the term was extended by two years until December 2024. On December 31, 2021, the total outstanding amount was SEK 170.9 (170.9) million. The change in terms relates to covenants and reflects the updated strategic plan. The overdraft facility, was reduced from SEK 45 to SEK 30 (30) million, while other terms were unchanged. As of December 31, 2021, SEK 0.0 (-3.9) million of the overdraft facility was utilized.

Total assets in the Group amounted to SEK 849.3 million (675.2) million on December 31, 2021. The largest asset items in the balance sheet relate to goodwill of SEK 247.5 (245.4) million, cash and cash equivalents SEK 217.6(9.9) million and Bactiguard's technology SEK 124.2 million. The technology is depreciated with approximately SEK 25 million per year over 15 years.

## Other information

### The share and share capital

The Bactiguard share is listed on Nasdaq Stockholm under the ticker "BACTI". The closing price for the Class B share was SEK 165.0 on December 31, 2021 and the market capitalization amounted to SEK 5,782 million. The share price development in 2020 meant that Bactiguard was moved from the Nasdaq Small Cap to Nasdaq Mid Cap segment on January 1, 2021.

The Board of Directors of Bactiguard, pursuant to the authorization from the Annual General Meeting on April 28, 2021, resolved on a directed share issue of 1,500,000 Class B shares. The subscription price in the directed share issue amounted to SEK 152 per share, which corresponds to a premium of 0.3 percent to the closing price on Nasdaq Stockholm 21 September 2021. Through the new share issue, Bactiguard will receive approximately SEK 228 million before transaction costs.

The shares were subscribed by the Swedish pension fund AMF. The proceeds from the issue are intended to be used to accelerate Bactiguard's growth and business development through investments in the marketing- and sales organization, clinical- and operational capacity and to enable strategic smaller acquisitions.

On December 31, 2021, Bactiguard's share capital amounted to SEK 0.9 million divided into 31,043,885 Class B shares with one vote each (31,043,885 votes) and 4,000,000 Class A shares with ten votes each (40,000,000 votes). On December 31, 2021, the total number of shares and votes in Bactiguard amounted to 35,043,885 shares and 71,043,885 votes.

### Ownership

On 31 December 2021 Bactiguard had 3,767 shareholders.

## Shareholders

	No of A-shares	No of B-shares	Total number	% of capital	% of shares
CHRISTIAN KINCH OCH BOLAG	2 000 000	4 117 167	6 117 167	17,5%	34,0%
THOMAS VON KOCH OCH BOLAG	2 000 000	4 117 068	6 117 068	17,5%	34,0%
STÅHLBERG, JAN		3 354 387	3 354 387	9,6%	4,7%
FJÄRDE AP FONDEN		3 340 781	3 340 781	9,5%	4,7%
NORDEA NORDIC SMALL CAP FUND		3 191 961	3 191 961	9,1%	4,5%
HANDELSBANKEN FONDER		2 070 421	2 070 421	5,9%	2,9%
AMF - FÖRSÄKRING OCH FONDER		1 540 003	1 540 003	4,4%	2,2%
FÖRSÄKRINGSBOLAGET, AVANZA PENSION		1 095 592	1 095 592	3,1%	1,5%
STATE STREET BANK AND TRUST CO, W9		1 053 547	1 053 547	3,0%	1,5%
LANCELOT AVALON MASTER		650 000	650 000	1,9%	0,9%
Summa, största ägare	4 000 000	24 530 927	28 530 927	81,4%	90,8%
Summa, övriga		6 512 958	6 512 958	18,6%	9,2%
<b>Totalt antal aktier</b>	<b>4 000 000</b>	<b>31 043 885</b>	<b>35 043 885</b>	<b>100%</b>	<b>100%</b>

## Employees

The average number of employees in the group in the quarter amounted to 212 (163), of which 144 (105) are women. The increase is mainly attributable to the acquisition of Vigilenz on March 1, 2020.

## Key events during the quarter

For key events, see page 1. All press releases are available on the website [www.bactiguard.com](http://www.bactiguard.com)

## Key events after the end of the quarter

For key events, after the end of the quarter, see page 1. All press releases are available on the website [www.bactiguard.com](http://www.bactiguard.com)

## 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.

Accounting and valuation principles are stated in the annual report. As of January 2021, the assessment has changed and the outcome of currency futures is reported as of 2021 as other income and other operating expenses, respectively. Previously, this outcome was reported under financial items. In other respects, no changes have taken place since the annual report for 2020 was published.

## 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.

## Parent company

Revenues consist of invoiced intercompany expenses (management fees). During the period, the parent company received interest on its receivables from group companies. No investments were made during the period.

## Related-party transactions

Since 2017, Bactiguard has a license agreement with Smartwise Sweden AB ("Smartwise"), a company owned by a group of private and institutional investors, including Bactiguard's main shareholders Christian Kinch, Thomas von Koch, and the members of the board Anna Martling and Jan Ståhlberg. During the period, no transactions with Smartwise took place, but Smartwise's sister company has leased premises from Bactiguard at market terms. In addition, no transactions with related parties occurred in 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 pages 48-49 and 62-63 in the Annual Report for 2020.

## Covid-19

In addition to already identified risks, the impact of the ongoing pandemic is analysed regularly. Bactiguard as a company follows the recommendations of each country from the equivalent of the Public Health Agency of Sweden and takes action accordingly.

Over the past year, the pandemic has affected Bactiguard in several ways. The pandemic has increased the need for infection prevention and thus created new opportunities for Bactiguard, which had a positive effect on sales at the beginning of the pandemic. During the fourth quarter of 2020, the pandemic had a clear negative impact on our business due to reduced regular healthcare and postponed elective surgeries.

In 2021, we have seen a stabilization of license revenues from BD as healthcare in the US has recovered faster than in the rest of the world. Sales of BIP products continue to be affected by the decrease in regular healthcare brought about by Covid-19. The acquisition of Vigilenz 2020 has strengthened Bactiguard and improved cash flow.

The roll-out of vaccines will have a continued positive effect on the return to a more normal situation for healthcare and society at large, and we see a great need for infection prevention. However, recent developments are still difficult to assess.

Short-term, Bactiguard has been negatively impacted by the pandemic but we see a bright future. The need for healthcare remains and we are pushing an accelerating healthcare debt ahead of us that must be addressed. In addition, we have broadened our product portfolio and invested in increased production- and development capacity. We work closely with our licensing partners and see that our technology will in the future contribute great value in the form of new license transactions and thus increased cash flow. Based on the above, we believe that the technology has a value far exceeding book value and therefore do not see any impairment requirement regarding the Group's intangible assets and deferred tax.

## Financial targets

Bactiguard's goal is to create value and generate good returns for the shareholders and following long term financial targets are decided:

- Annual revenue of at least SEK 1 billion in 2026
- Annual EBITDA of at least SEK 400 million in 2026

Bactiguard will continue to expand its operations by strengthening its sales- and marketing organization, developing its product portfolio and entering into new licensing agreements in more therapy areas, as well as by making selective acquisitions.

## Condensed consolidated income statement

Amounts in TSEK	Oct-Dec 2021	Oct-Dec 2020	Full Year 2021	Full year 2020
<i>Revenues</i>				
License revenues	24 690	33 378	112 718	103 463
Sales of BIP products	17 338	16 878	56 768	68 852
Other revenues	4 023	5 304	9 562	13 711
	46 051	55 561	179 048	186 026
Change in inventory of finished goods	32	478	3 057	4 700
Capitalized expenses for own account	74	3 436	2 412	3 959
Raw materials and consumables	-13 484	-19 803	-44 152	-43 853
Other external expenses	-18 695	-10 994	-56 101	-49 330
Personnel costs	-23 688	-19 380	-84 692	-67 188
Depreciation and amortisation	-11 705	-11 307	-47 004	-44 293
Other operating expenses	-2 404	-4 426	-6 756	-7 659
	-69 869	-61 996	-233 235	-203 664
<b>Operating profit/loss</b>	<b>-23 818</b>	<b>-6 435</b>	<b>-54 187</b>	<b>-17 638</b>
<i>Profit/loss from financial items</i>				
Financial income	2	1 995	4	2 240
Financial income	-2 826	-4 952	-9 068	-15 667
Result from change in derivative <sup>4</sup>		0		-10 868
	-2 824	-2 956	-9 065	-24 295
<b>Profit before tax</b>	<b>-26 642</b>	<b>-9 391</b>	<b>-63 252</b>	<b>-41 933</b>
Taxes for the period	1 238	-1 434	4 479	3 545
<b>Net profit/loss for the period</b>	<b>-25 404</b>	<b>-10 825</b>	<b>-58 773</b>	<b>-38 388</b>
<b>Attributable to:</b>				
Shareholders of the parent	-25 404	-10 825	-58 773	-38 388
Earnings per share, SEK	-0,72	-0,32	-1,68	-1,14

<sup>4</sup> The part of the purchase price for the acquisition of Vigilenz that consisted of shares is considered, for accounting purposes, as a financial instrument and the forward effect is thus reported as a financial item in the income statement. This affected the net profit/loss for the second quarter 2020 with SEK 1,9 million and full year 2020 with SEK -10,9 million. The adjustment is only affecting accounting and has no effect on cash flow.

## Condensed consolidated statement of comprehensive income

Condensed statement of comprehensive income	Oct-Dec	Oct-Dec	Full Year	Full year
	2021	2020	2021	2020
Net profit/loss for the period	-25 404	-10 825	-58 773	-38 388
<i>Other comprehensive income:</i>				
<u>Items that will be reclassified to profit or loss for the year</u>				
Translation differences	2 058	-3 831	3 961	-7 091
Other comprehensive income, after tax	2 058	-3 831	3 961	-7 091
Total comprehensive income for the period	-23 346	-14 656	-54 812	-45 480
<b>Attributable to:</b>				
Shareholders of the parent	-23 346	-14 656	-54 812	-45 480
Total earnings per share	-0,67	-0,44	-1,56	-1,36
Number of shares at the end of period ('000)	35 044	33 544	35 044	33 544
Weighted average number of shares ('000)	35 044	33 544	35 044	33 544

## Condensed consolidated statement of financial position

Amounts in TSEK	2021-12-31	2020-12-31
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	247 485	245 411
Technology	124 245	149 652
Brands	26 015	26 155
Customer relationships	7 946	9 334
Capitalised development expenditure	19 823	22 324
Patents	1 113	1 117
<b>Intangible assets</b>	<b>426 628</b>	<b>453 994</b>
Leased assets	63 776	73 029
Buildings	14 132	13 509
Improvements, leasehold	6 623	8 370
Machinery and other technical plant	10 465	7 981
Equipment, tools and installations	5 650	5 283
<b>Property, plant and equipment</b>	<b>100 647</b>	<b>108 173</b>
Long-term receivables	1 674	1 708
<b>Financial assets</b>	<b>1 674</b>	<b>1 708</b>
<b>Total non-current assets</b>	<b>528 948</b>	<b>563 875</b>
<b>Current assets</b>		
Inventory	36 064	34 161
Accounts receivable	43 157	49 642
Other current receivables <i>Note 2</i>	23 534	17 657
Cash and cash equivalents	217 587	9 886
<b>Total current assets</b>	<b>320 342</b>	<b>111 346</b>
<b>TOTAL ASSETS</b>	<b>849 290</b>	<b>675 221</b>
<b>Equity attributable to shareholders of the parent</b>		
Share capital	876	839
Other equity	540 574	372 510
<b>Total equity</b>	<b>541 450</b>	<b>373 349</b>
<b>Non-current liabilities</b>		
Deferred tax liability	7 320	11 980
Liabilities to credit institutions	180 663	188 016
Liabilities leasing agreements	57 645	66 263
<b>Total non-current liabilities</b>	<b>245 627</b>	<b>266 259</b>
<b>Current liabilities</b>		
Liabilities to credit institutions	-	-
Accounts payable	27 905	8 801
Liabilities leasing agreements	9 652	9 746
Other current liabilities <i>Note 2</i>	5 242	3 991
Accrued expenses and deferred income	19 412	13 076
<b>Total current liabilities</b>	<b>62 212</b>	<b>35 614</b>
<b>Total liabilities</b>	<b>307 839</b>	<b>301 872</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>849 290</b>	<b>675 221</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>Opening balance, 1 January 2020</b>	833	675 690	-711	-289 120	386 691
<i>Adjustment of equity for previous year</i>				17	17
Profit/loss for the period				-38 388	-38 388
<i>Other comprehensive income:</i>					
Translation differences			-7 091		-7 091
<b>Total comprehensive income after tax</b>	-	-	<b>-7 091</b>	<b>-38 388</b>	<b>-45 479</b>
<b>Transactions with shareholders</b>					
Share issue	6	32 115	-	-	32 121
<b>Total transactions with shareholders</b>	<b>6</b>	<b>32 115</b>	-	-	<b>32 121</b>
<b>Closing balance, December 31 2020</b>	<b>839</b>	<b>707 805</b>	<b>-7 802</b>	<b>-327 509</b>	<b>373 349</b>
<b>Opening balance, 1 January 2021</b>	839	707 805	-7 802	-327 492	373 349
Profit/loss for the period				-58 773	-58 773
<i>Other comprehensive income:</i>					
Translation differences			3 961		3 961
<b>Total comprehensive income after tax</b>	0	0	<b>3 961</b>	<b>-58 773</b>	<b>-54 812</b>
<b>Transactions with shareholders</b>					
New Share issue <sup>5</sup>	38	222 875	-	-	222 913
<b>Total transactions with shareholders</b>	<b>38</b>	<b>222 875</b>	-	-	<b>222 913</b>
<b>Closing balance, 31 December 2021</b>	<b>876</b>	<b>930 680</b>	<b>-3 841</b>	<b>-386 265</b>	<b>541 450</b>

Information regarding the directed share issue see above.

<sup>5</sup> Directly attributable costs to the transaction will be recognized as a deduction item from premium reserve, in equity. Which by the end of the year amounted to SEK 5.2 million.

## Condensed consolidated statement of cash flows

Amounts in TSEK	Oct-Dec 2021	Oct-Dec 2020	Full year 2021	Full year 2020
Net profit/loss for the period	-25 404	-9 418	-58 773	-38 388
Adjustments for depreciation and amortisation and other non-cash items	6 627	11 743	38 797	52 629
Cash flow from changes in working capital	2 011	1 606	22 107	-13 539
<b>Cash flow from operating activities</b>	<b>-16 766</b>	<b>3 931</b>	<b>2 131</b>	<b>702</b>
Acquisition of subsidiary	-	-43	-	-41 663
Investments in non-current assets	-1 190	-7 173	-7 295	-15 350
<b>Cash flow from investing activities</b>	<b>-1 190</b>	<b>-7 216</b>	<b>-7 295</b>	<b>-57 013</b>
<b>Operating cash flow</b>	<b>-17 956</b>	<b>-3 285</b>	<b>-5 164</b>	<b>-56 311</b>
Debt incurred	-	-	-	43 441
Amortisation of lease	-1 424	513	-8 618	-5 498
Amortisation of loan	-148	-746	-562	-1 376
Change in bank overdraft	-	-5 026	-8 856	8 856
Set-up fee	949	-	1 452	-
New share issue	0	-	228 000	-
Other financing activities	0	725	-464	781
<b>Cash flow from financing activities</b>	<b>-623</b>	<b>-4 534</b>	<b>210 952</b>	<b>46 204</b>
<b>Cash flow for the period</b>	<b>-18 579</b>	<b>-7 819</b>	<b>205 788</b>	<b>-10 107</b>
<b>Cash and cash equivalents at start of period</b>	<b>235 505</b>	<b>19 439</b>	<b>9 886</b>	<b>22 878</b>
Exchange difference in cash and cash equivalents	661	-1 734	1 913	-2 886
<b>Cash and cash equivalents at end of period</b>	<b>217 587</b>	<b>9 886</b>	<b>217 587</b>	<b>9 886</b>



## Condensed parent company

Amounts in TSEK	Oct-Dec 2021	Oct-Dec 2020	Full Year 2021	Full year 2020
Revenues	0	15	0	2 315
Operating expenses	-1 498	-1 378	-5 634	-7 577
<b>Operating profit/loss</b>	-1 498	-1 363	-5 634	-5 262
Net financial items	-337	-624	-2 197	-13 637
<b>Profit/loss after financial items</b>	-1 835	-1 987	-7 831	-18 899
Tax for the period				
<b>Net profit/loss for the period</b>	-1 835	-1 987	-7 831	-18 899

The parent company presents no separate statement of comprehensive income since the company has no items in 2021 or 2020 recognized in other comprehensive income. Net profit/loss for the period for the parent company thereby also constitutes the comprehensive income for the period.

Amounts in TSEK	2021-12-31	2020-12-31
<b>ASSETS</b>		
<b>Non-current assets</b>		
Financial assets	879 085	659 431
Deferred tax asset	15 255	15 255
<b>Total non-current assets</b>	<b>894 340</b>	<b>674 686</b>
Current assets	3 856	2 332
<b>Total current assets</b>	<b>3 856</b>	<b>2 332</b>
<b>TOTAL ASSETS</b>	<b>898 196</b>	<b>677 018</b>
<b>EQUITY &amp; LIABILITIES</b>		
<b>Total equity</b>	<b>696 139</b>	<b>481 095</b>
<b>Non-current liabilities</b>		
Liabilities to credit institutions	170 941	170 941
<b>Total non-current liabilities</b>	<b>170 941</b>	<b>170 941</b>
Current liabilities	31 116	24 982
<b>Total current liabilities</b>	<b>31 116</b>	<b>24 982</b>
<b>Total liabilities</b>	<b>202 057</b>	<b>195 923</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>898 196</b>	<b>677 018</b>

## Definition performance measures

The company presents certain performance measures in the interim report that are not defined in accordance with IFRS (so-called alternative performance measures 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 the technology has been 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 2021	Oct-Dec 2020	Full Year 2021	Full Year 2020
Operating profit/loss	-23 818	-6 435	-54 187	-17 638
Depreciation and amortisation	<u>11 705</u>	<u>11 307</u>	<u>47 004</u>	<u>44 293</u>
<b>EBITDA</b>	<b>-12 114</b>	<b>4 872</b>	<b>-7 183</b>	<b>26 655</b>

### EBITDA-marginal

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 2021	Oct-Dec 2020	Full Year 2021	Full Year 2020
EBITDA	-12 114	4 872	-7 183	26 655
Revenue	<u>46 051</u>	<u>55 561</u>	<u>179 048</u>	<u>186 026</u>
<b>EBITDA-marginal</b>	<b>-26%</b>	<b>9%</b>	<b>-4%</b>	<b>14%</b>

### Adjusted net profit/loss

As a partial payment of the acquisition of Vigilenz, a set-off issue was executed after the Annual General Meeting in April. According to the IFRS regulations, the set-off issue must technically be reported as a forward contract, which affects the reported net result. To simplify the comparison between the years, the key figure Adjusted net profit/loss for the period is presented, which shows the net profit/loss for the period adjusted for the non-recurring accounting effect in connection with set-off issue.

Amounts in TSEK	Oct-Dec 2021	Oct-Dec 2020	Full Year 2021	Full Year 2020
Net profit	-25 404	-9 417	-58 772	-36 980
IFRS adjustment from set-off issue	<u>0</u>	<u>0</u>	<u>0</u>	<u>10 868</u>
<b>Adjusted Net profit/loss</b>	<b>-25 404</b>	<b>-9 417</b>	<b>-58 772</b>	<b>-26 112</b>

### 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.

Amounts in TSEK	Oct-Dec 2021	Oct-Dec 2020	Full Year 2021	Full Year 2020
Liabilities to credit institutions	180 663	188 016	180 663	188 016
Long-term liabilities leasing	57 645	66 263	57 645	66 263
Short-term liabilities leasing	<u>9 652</u>	<u>9 746</u>	<u>9 652</u>	<u>9 746</u>
Interest-bearing liabilities	247 959	264 024	247 959	264 024
Cash and cash equivalents	<u>-217 587</u>	<u>-9 886</u>	<u>-217 587</u>	<u>-9 886</u>
<b>Net debt</b>	<b>30 372</b>	<b>254 137</b>	<b>30 372</b>	<b>254 137</b>

## 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 2021	Oct-Dec 2020	Full Year 2021	Full Year 2020
Equity	541 450	373 349	541 450	373 349
Balance sheet total	<u>849 290</u>	<u>675 221</u>	<u>849 290</u>	<u>675 221</u>
<b>Equity ratio</b>	<b>64%</b>	<b>55%</b>	<b>64%</b>	<b>55%</b>

## 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.

## Adjusted Earnings per share

Profit attributable to holders of ordinary shares in the parent company, adjusted for the non-recurring accounting effect in connection with the set-off issue, divided by the weighted average number of outstanding ordinary shares during the period. The key figure is presented to simplify comparisons between the years.

Amounts in TSEK	Oct-Dec 2021	Oct-Dec 2020	Full Year 2021	Full Year 2020
Adjusted Net profit/loss	-25 404	-9 417	-58 772	-26 112
Number of shares at the end of the period ('000)	<u>35 044</u>	<u>33 544</u>	<u>35 044</u>	<u>33 544</u>
<b>Adjusted earnings per share</b>	<b>-0,72</b>	<b>-0,28</b>	<b>-1,68</b>	<b>-0,78</b>

## Profit/loss from financial items

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

## Note 1 Revenue distribution

Total Group	Oct-Dec 2021	Oct-Dec 2020	Full Year 2021	Full Year 2020
Amounts in TSEK				
<b>Type of product/service</b>				
License	24 690	33 378	112 718	103 463
<u>Sales of BIP products</u>	<u>17 338</u>	<u>16 878</u>	<u>56 768</u>	<u>68 852</u>
<b>Total</b>	<b>42 028</b>	<b>50 257</b>	<b>169 486</b>	<b>172 315</b>
<b>Time for revenue recognition</b>				
Performance commitment is met at a certain time	42 028	50 257	169 486	172 315
<u>Performance commitment is met during a period of time</u>				
<b>Total</b>	<b>42 028</b>	<b>50 257</b>	<b>169 486</b>	<b>172 315</b>

## Note 2 Financial assets and liabilities

The table below shows the breakdown of financial assets and financial liabilities recognized at fair value in the consolidated balance sheet.

Distribution of how fair value is determined is based on three levels.

Level 1: according to prices quoted on an active market for the same instrument.

Level 2: based on directly or indirectly observable market data not included in level 1.

Level 3: based on input data that is not observable on the market.

For description of how real values have been calculated, see annual report 2020, note 4. Fair value of financial assets and liabilities is estimated to be substantially consistent with book values. The group holds derivative instruments for foreign exchange contracts which are recognized at fair value through profit or loss, considering the current exchange rate on the foreign exchange market and the remaining maturity of respective instruments.

### Financial assets and liabilities measured at fair value

Amounts in TSEK	Jan-Dec 2021	Jan-Dec 2020
	Derivatives (level 2)	Derivatives (level 2)
<b>Assets</b>		
Other current receivables	0	1 988
<b>Liabilities</b>		
Other current liabilities	1 583	0

## Quarterly information

Amounts in TSEK	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	RTM
License revenues	33 650	27 750	22 085	20 249	32 786	26 419	23 021	29 529	24 690	103 659
New license revenues	0	0	-	-	592	-	8 533	526	0	9 059
Sales of BIP products	25 289	16 195	25 413	10 365	16 878	12 964	13 251	13 215	17 338	56 768
Other revenues	886	4 160	712	3 536	5 304	2 399	1 213	1 927	4 023	9 562
Total revenues	59 825	48 105	48 211	34 150	55 561	41 783	46 017	45 197	46 051	179 048
EBITDA	12 221	14 365	10 522	-3 103	4 871	1 908	1 833	1 189	-12 114	-7 183
EBITDA margin	20%	30%	22%	-9%	9%	5%	4%	3%	-26%	-4%
EBIT	1 739	3 865	-777	-14 291	-6 435	-9 705	-9 991	-10 673	-23 818	-54 187
Net profit/loss for the period	1 560	-11 176	-272	-16 114	-10 826	-10 545	-12 031	-10 793	-25 404	-58 773
Adjusted net profit/loss for the period				-16 114	-10 826	-10 545	-12 031	-10 793	-25 404	-58 773
Earnings per share, SEK	0,05	-0,34	-0,01	-0,48	-0,32	-0,31	-0,36	-0,31	-0,72	-1,61
Adjusted earnings per share, SEK				-0,48	-0,32	-0,31	-0,36	-0,31	-0,72	-1,61
Operating cash flow	36 850	-3 511	3 583	-3 301	3 931	-893	5 485	14 305	-16 766	2 131
Operating cash flow per share, SEK	0,72	1,11	-0,11	0,11	-0,10	0,12	-0,03	0,41	-0,46	0,06
Net debt	217 217	185 006	241 523	241 587	250 109	254 138	258 275	13 219	30 372	30 372
Total shares (pcs)	33 302 373	33 302 373	33 302 373	33 543 885	33 543 885	33 543 885	33 543 885	35 043 885	36 543 885	36 543 885

## Forthcoming disclosures of information

8 April 2022	Annual report 2021
27 April 2022	Interim report 1 Jan - 31 Mar 2022
29 April 2022	Annual General Meeting
14 July 2022	Interim report 1 April-30 June 2022
27 October 2022	Interim report 1 July-30 Sept 2022

## Contacts

For additional information, please contact:

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## Signatories of the report

The Board of Directors and the CEO certify that the Year-end 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, February 8 2022

Thomas von Koch

Chairman of the Board

Christian Kinch

Deputy Chairman of the Board

Anna Martling

Board Member

Jan Ståhlberg

Board Member

Cecilia Edström

Board Member

Anders Göransson

CEO

This year-end report has not been subject to review by the company's auditors

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 healthcare associated infections and the use of antibiotics. This way, we save significant costs for healthcare and the society in large. The Bactiguard technology prevents bacterial adhesion and biofilm formation on medical devices. Bactiguard offers the technology through license agreements and our BIP (Bactiguard Infection Protection) portfolio of products. Through our license partner BD, urinary catheters with Bactiguard's coating are market leading in the USA and Japan. Bactiguard's own product portfolio of urinary catheters, endotracheal tubes and central venous catheters prevent some of the most common infections which appear in the urinary tract, the blood stream and the respiratory tract. Bactiguard is in a strong expansion phase in the European markets, China, India, Middle East and South East Asia by establishing license agreements in new therapeutic areas. Recently, Bactiguard completed the acquisition of Malaysian Vigilenz, a manufacturer and supplier of medical devices and consumables, primarily within wound care and infection prevention. Following the acquisition, 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 how Bactiguard save lives 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 above contact persons, on 2022-02-08, at 11:00 p.m. CET.