

A strong year for Bactiguard

Fourth Quarter 2022, October - December

- Revenues amounted to SEK 72.2 (46.1) million, an increase of 57%. Adjusted for currency effects, revenues increased by 23%.
- Operating loss amounted to SEK -13.3 (-23.8) million, a decrease of SEK 10.5 million.
- EBITDA amounted to SEK -1.1 (-12.1) million, with an EBITDA-margin of -1.5% (-26.3).
- Net loss for the period amounted to SEK -14.2 (-25.4) million.
- Loss per share ^{1,3} amounted to SEK -0.40 (-0.72).
- Cash flow from operating activities amounted to SEK 7.0 (-11,6) million, corresponding to SEK 0.20 (-0.33) per share.

Key events during the quarter

A clinical study, the first of its kind done on humans, examined the company's surface layer technology on trauma implants when applied to the most severe cases of open fractures. The study showed an infection rate of 8.6% (in similar healthcare settings, the infection rate is between 12.5 % and 29.1%).

The company's surface layer technology was ranked as one of the 20 most important Swedish innovations in life science of all time.

Fatima Stensvad Flodin, Chief Quality & Regulatory Officer, joined Bactiguards management team and Sathish Subramaniam was appointed Chief Technology Officer as of 1 December.

The period January – December 2022

- Revenues amounted to SEK 253.5 (179.0) million, an increase of 42%. Adjusted for currency effects, revenues increased by 15%.
- Operating loss amounted to SEK -55.7 (-54.2) million, an increase of SEK 1.5 million.
- EBITDA amounted to SEK -6.4 (-7.2) million, with an EBITDA-margin of -2.5% (-4.0).
- Net loss for the period amounted to SEK -52.9 (-58.8) million.
- Loss per share ^{1,3} amounted to SEK -1.51 (-1.68).
- Cash flow from operating activities amounted to SEK 3.1 (7.3) million, corresponding to SEK 0.09 (0.21) per share.

Key events after the end of the quarter

In January, the first MDR (Medical Device Regulations 2017/745) product approval was announced, following a comprehensive authorization process. The MDR approval relates to the latex BIP Foley Catheter which is an indwelling urinary catheter with Bactiguard's unique infection prevention technology.

Key figures	2022	2021	2022	2021
	Oct-Dec	Oct-Dec	Full year	Full year
Revenues ¹ , SEKm	72.2	46.1	253.5	179.0
Operating profit ¹ , SEKm	-13.3	-23.8	-55.7	-54.2
EBITDA ² , SEKm	-1.1	-12.1	-6.4	-7.2
EBITDA margin ² , %	-1.5%	-26.3%	-2.5%	-4.0%
Net profit/loss for the period ¹ , SEKm	-14.2	-25.4	-52.9	-58.8
Earnings per share ^{1, 3} , SEK	-0.40	-0.72	-1.51	-1.68
Operating cash flow ¹ SEKm	7.0	-11.6	3.1	7.3
Operating cash flow per share ² , SEK	0.20	-0.33	0.09	0.21
Equity ratio ² , %	61%	64%	61%	64%
Net debt ² , SEKm	41.0	30.4	41.0	30.4

1 Defined according to IFRS.

2 Alternative performance measure. For definition and reconciliation, see pages 17-18.

3. For and after dilution



A strong year for Bactiguard

Total revenue for 2022 was SEK 253 million, a growth of 42 percent compared to last year (15 percent when adjusted for currency effects). Looking at Q4, total revenue was SEK 72 million, and growth was 57 percent compared with Q4 2021 (23 percent when adjusted for currency effects). EBITDA amounted to SEK -6.4 million for 2022 (SEK -7.2 million 2021). EBITDA for the fourth quarter amounted to SEK -1.1 million (SEK -12.1 million Q4 2021).

A strong year for Bactiguard – investments in organization to capture future growth

Bactiguard had a strong 2022 with activities supporting the growth strategy within its five key therapeutic areas: orthopaedics, urology, intravascular/critical care, dental and wound care. Bactiguard's revenues developed very well. In parallel, significant investments were made in the organization to unleash the full growth potential. We strengthened our commercial capabilities within licensing, we allocated additional resources to our technology business development team and appointed Sathish Subramaniam as new Chief Technology Officer. We also developed the BIP product portfolio offering further and restructured the sales organization. Looking ahead, the investments will put Bactiguard in a better position to capture growth opportunities across our therapeutic areas and focus markets, such as the US, and deliver on our long-term financial goals.

Strong growth in licensing and expanded clinical evidence

The licensing business grew significantly in 2022, adding new fields of application and diversifying our revenue streams. Overall, license revenues were on a strong growth trajectory and increased by 43 percent during the year to SEK 161 million (+23 percent when adjusted for currency effects). For Q4 in isolation, total license revenue amounted to SEK 46 million (+88 percent, +58 percent when adjusted for currency effects). Becton, Dickinson & Company (BD) remained our largest license partner where revenues were stable and back to pre-pandemic level.

When it comes to the ZNN Bactiguard trauma implants, focus remains on regulatory clearances in more key markets, including the US which once received will be a key milestone. The global market for orthopaedic trauma devices is expected to grow from around USD 9 billion in 2022 to USD 16 billion by 2030, which presents vast business opportunities for Bactiguard. In Q4, we also expanded our clinical evidence in the orthopaedic field. In a first-in-man clinical study, the use of our coating technology on trauma implants was evaluated when applied to the most severe cases of open fractures. The study showed an infection rate of 8.6 percent (in similar health-care settings infection rates are between 12.5 percent and 29.1 percent).

During the year, we signed two new development projects within our key therapeutic areas: with our existing licence partner Zimmer Biomet (an expansion into their broader portfolio including joint reconstruction, for instance hips and knees) and Dentsply Sirona (operating in the dental field). Both projects progressed well in 2022.

BIP sales organization restructured and strengthened

Revenues from the combined BIP product portfolio was lower than anticipated in Q4. Certain regions were disrupted by the sales reorganization as well as of certain supply issues related to sutures. Full year, however, the product portfolio sales increased.

Early 2023, we received our first MDR product approval. The approval is a testament to our quality management system and lays the foundation for product approvals to come, which will be key in taking our BIP product offering to the next level.

Outlook

The rise of infections, and more frequent use of antibiotics, imposes a serious threat to both global health and modern medicine. Our strategy is founded on the opportunities behind these critical macro healthcare trends – we see an increasing demand for infection prevention which is what our technology, solutions and products bring. We therefore felt extra proud to be ranked as one of the top 20 Swedish life science innovations of all times, in prominent company by Losec, the Turbuhaler and the Walker. Our offering creates multiple positive impact, they combat antimicrobial resistance, decrease patient suffering, save lives, and not the least, contribute to healthier healthcare economics.

With 2022, we have kicked-off our growth strategy. Our ambition is to bring Bactiguard's technology to more devices, and consequently, to more patients worldwide. This will be achieved through new as well as deepened license partnerships and accelerated sales of our BIP portfolio. Our transformation journey has only just started, the potential to be part of solving some of the global health challenges by keeping people safe from infections is huge.

Anders Göransson

CEO

Business model

Bactiguard’s vision 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. We also offer our own product portfolio of catheters with Bactiguard’s coating technology and wound care products.

License revenues

Bactiguard licenses the patented coating technology to medical technology global companies that apply it to their products and sell them under their own brand. License revenues include upfront fees related to the right to use Bactiguard’s coating technology for products in a specific application-and geographical area. Licensees gain access to Bactiguard’s process know-how, while the coating – the concentrate of noble metals – is a trade secret. 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 remuneration linked to milestones and product development.

License partner	Applications area	Geography**
Becton Dickinson and Company (BD, former C.R. Bard)	Urinary catheter (Foley)	US, Japan, UK, Ireland, Canada and Australia
Zimmer Biomet	Trauma implants	Global excluding South-East Asia, China, India and South Korea
Zimmer Biomet	Orthopedic implants	Global excluding South-East Asia, China, India and South Korea
Dentsply Sirona*	Part of Dental	Global
Well Lead Medical	Urinary catheters, ETT and CVC	China
Smartwise Sweden AB	Advanced vascular injection catheters	Global

* Development agreement with option on license agreements. Black: products in the market

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 tracts as well as wound care products in the form of surgical sutures, wound wash and dressings.

Bactiguard’s leading offer for infection prevention

Current license partnerships

Bactiguard’s coating technology is licensed to partners in orthopaedics, urology and intensive care

BIP portfolio

Medical devices

Wound care products

Sutures and dressings

Development in the fourth quarter

Revenue

MSEK	2022	2021
	Oct-Dec	Oct-Dec
License revenues	39.9	24.7
New license revenues	6.5	0.0
Sales of BIP products	14.9	17.3
Net sales	61.3	42.0
Other revenues	10.9	4.0
Total revenues	72.2	46.1

Total revenue for the fourth quarter amounted to SEK 72.2 (46.1) million, an increase of SEK 26.1 million, or 57 percent. Adjusted for the positive currency effect of SEK 16.1 million, an increase of 23 percent. Net sales totaled SEK 61.3 (42.0) million, corresponding to an increase of 46 percent. Adjusted for the positive currency effect of SEK 8.4 million, an increase of 27 percent.

License revenue totaled SEK 39.9 (24.7) million, an increase of 61 percent. After taking the positive currency effects into account the growth corresponded to 35 percent. License revenue from BD amounted to SEK 38.9 (23.6) million, which is an increase of 65 percent compared with same period during the previous year, corresponding to an increase of 37 percent after positive currency effects of SEK 6.5 million. Other license revenue is attributable to our contract manufacturing of ZNN Bactiguard on behalf of Zimmer Biomet for the EMEA market, and a small but growing share of royalties for the same product, which consists of a percentage of Zimmer Biomet's sale price, where Bactiguard receives a certain amount in connection with manufacturing and also when the products reach the market.

New License revenue in the fourth quarter amounted to SEK 6.5 (0) million. The revenue is primarily related to project revenue for the new agreement signed with Zimmer Biomet in the first quarter of 2022, as well as development revenue for the collaboration with Dentsply Sirona. Both projects are proceeding well.

BIP sales for the fourth quarter totaled SEK 14.9 (17.3) million, down SEK 2.4 million, corresponding to a decrease of -14 percent. Adjusted for currency effects of SEK 1.1 million, the decrease totaled -16 percent. Sales of catheters and wound care products in our markets where we invest with our own resources, the Nordics, India and Malaysia, increased during the fourth quarter. At the same time, we had a decline in the markets that are normally strong in the last quarter of the year, partly due to the restructuring of the sales organization. During the quarter, the company also had challenges with material delays for sutures, which had a negative impact on sales.

Other revenue amounted to SEK 10.9 (4.0) million, of which SEK 7.7 (1.4) million pertained to currency effects.

Result

EBITDA for the fourth quarter amounted to SEK -1.1 (-12.1) million, corresponding to a EBITDA-margin of -1.5 percent (-26.3).

Costs for raw materials and consumables for the fourth quarter amounted to SEK -13.4 (-13.5) million. Other external costs amounted to -20.7 (-18.7). An increase of SEK 2.0 million, corresponding to a cost increase of 11 percent related primarily to higher costs for consultants and temporary staff attributable to regulatory work, inter alia, MDR. Staff costs amounted to -32.3 (-23.7). An increase of SEK 8.6 million, corresponding to a cost increase of 36 percent in line with our strategic priorities involving, for example, regulatory initiatives (MDR/FDA) and development projects. Other operating expenses are related to currency exchange losses including forward sales in USD totaling SEK -8.3 (-2.4) million.

The operating loss amounted to SEK -13.3 (-23.8) million. Depreciation impacted operating loss by SEK -12.1 (-11.7) million. Amortization of intangible assets totaled SEK -8.5 (-8.1) million, attributable primarily to amortization of SEK -6.4 (-6.4) million relating to Bactiguard's technology. Depreciation of fixed assets totaled SEK -3.6 (-3.7) million, attributable primarily to depreciation of leases totaling SEK -2.7 (-2.6) million.

Financial items totaled SEK -3.3 (-2.8) million, where SEK 1.2 (0.0) million pertained to interest income and SEK -2.6 (-1.9) million to interest expenses. The remaining amount of SEK -1.9 (-0.9) million pertained to other financial expenses.

Tax for the period amounted to SEK 2.4 (1.2) million, of which a change in deferred tax amounted to SEK 1.6 (1.2) million attributable to the Group's intangible assets and leases, which is calculated at the Swedish tax rate of 20.6 percent. Income tax in foreign subsidiaries is calculated on the basis of a tax rate of 24.0 percent.

Net loss for the fourth quarter of 2022 amounted to SEK -14.2 (-25.4) million.

Development during the period January - December

Revenue

MSEK	2022 Full year	2021 Full year
License revenues	139.4	103.6
New license revenues	22.0	9.1
Sales of BIP products	62.2	56.8
Net sales	223.6	169.5
Other revenues	29.9	9.6
Total revenues	253.5	179.0

Total revenue for the January-December 2022 period amounted to SEK 253.5 (179.0) million, an increase of SEK 74.5 million or 42 percent and exclusive currency rate effect of SEK 49.1 million the growth corresponded to 15 percent. Net sales for the January-December 2022 period amounted to SEK 223.6 (169.5) million, an increase of SEK 54.1 million or 32 percent. Adjusted for positive currency effects of SEK 27.6 million, the increase was 16 percent.

License revenue for the January-December period was SEK 139.4 (103.6) million, adjusted for positive currency effects of SEK 20.2 million, growth was 15 percent. License revenues for the period from BD amounted to SEK 133.9 (100.2) million, an increase of SEK 33.7 million or 34 percent, exclusive SEK 20.0 million related to positive currency effects the growth corresponded to 14 percent. License revenue from BD during the year was consistently higher compared with 2021, which was due in part to BD restoring buffer stock, and we expect revenue to stabilize at pre-covid levels. Revenue from contract manufacturing and royalty for Zimmer Biomet totaled SEK 5.5 (3.4) million.

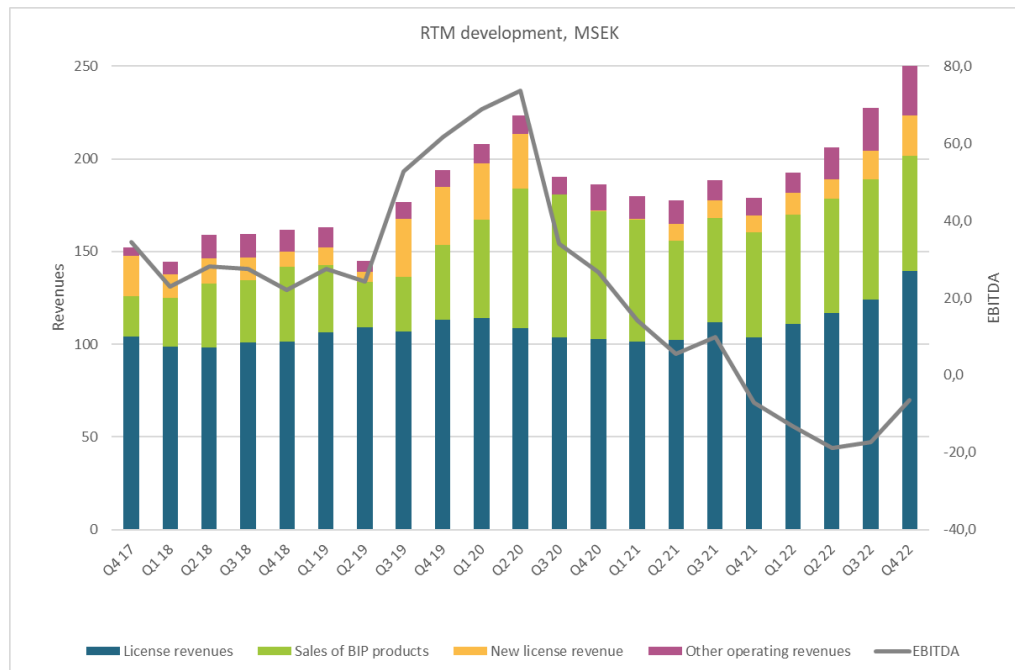
New license revenue for the period January-December totaled SEK 22.0 (9.1) million, an increase of SEK 12.9 million or 141 percent. Excluding SEK 2.6 million related to positive currency effects the growth corresponded to 113 percent.

New license revenue mainly relates to project revenue from the agreement signed with Zimmer Biomet at the beginning of the year, but also to initial fees and development revenue related to the agreement with Dentsply Sirona. 2021 revenue mainly corresponded to milestones payment relating to Zimmer Biomet for the Trauma implant agreement signed in 2019.

BIP sales for January-December 2022 totaled SEK 62.2 (56.8) million, an increase of SEK 5.4 million or 9 percent. Adjusted for positive currency effects the revenue is in line with last year.

Other income amounted to SEK 29.9 (9.6) million, of which SEK 21.5 (3.8) million pertained to positive currency effects. The remaining revenue primarily relates to rent income.

Revenues development, rolling twelve months



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

Result

EBITDA for the January-December period amounted to SEK -6.4 (-7.2) million, corresponding to an EBITDA margin of -2.5 percent (-4.0).

Costs for raw materials and consumables for the period amounted to SEK -47.8 (-44.2) million, an increase of SEK 3.6 million, corresponding to a cost increase of 8 percent, which must be set in relation to an increase of 9 percent in revenue from BIP products compared with the corresponding period in 2021. Other external costs amounted to SEK -83.2 (-56.1) million, an increase of SEK 27.1 million, corresponding to a cost increase of 48 percent related primarily to increased costs for consultants and temporary staff, as well as regulatory initiatives and travel costs, in line with the strategic priorities determined by the company. Staff costs amounted to SEK -105.1 (-84.7) million, an increase of SEK 20.4 million, corresponding to a cost increase of 24 percent related to personnel within marketing and sales. Other operating expenses for the period are related primarily to exchange losses.

Operating loss for the January-December 2022 period totaled SEK -55.7 (-54.2) million. Depreciation/amortization impacted operating loss by SEK -49.2 (-47.0) million. Amortization of intangible assets totaled SEK -34.8 (-32.2) million, where the largest item comprised of amortization relating to Bactiguard's technology of SEK -25.4 (-25.4) million. Depreciation of fixed assets totaled SEK -14.4 (-14.9) million, attributable primarily to depreciation of leases totaling SEK -10.6 (-10.6) million.

Net financial items totaled SEK -4.2 (-9.1) million, where SEK 1.2 (0.0) million pertained to interest income and SEK -8.7 (-8.4) million to interest expenses. The remaining SEK 3.3 (-0.7) million pertained to other financial expenses.

Tax for the period amounted to SEK 7.0 (4.5) million, primarily related to a change in deferred tax attributable to the Group's intangible assets and leases, which is calculated at the Swedish tax rate of 20.6 percent. Income tax in foreign subsidiaries is calculated on the basis of a tax rate of 24.0 percent.

Net loss for the year 2022 amounted to SEK -52.9 (-58.8) million.

Operating profit/loss, rolling twelve months



The diagram 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 Vigilez. During the pandemic, earnings developed was negatively impacted as regular healthcare activities decreased in favor of Covid-19 efforts, which also affected the focus and prioritization of potential license partners.

This year, we see strong revenue growth while investments in business development, regulatory expertise and delivery capacity increased in accordance with the focused growth strategy presented in the first quarter of this year. This had a negative impact on earnings for 2022, however, improved result compared to 2021.

Financial targets

During the first quarter of 2022, new long-term financial targets for 2026 were presented.

Sales growth

Annual revenues of at least SEK 1 000 million

Profitability

Annual EBITDA of at least SEK 400 million

This is expected to be achieved through significant capacity building within our licensing business, combined with investments in the BIP portfolio. Furthermore, we will invest in manufacturing, product development and continued efforts to improve our sales and marketing organization. The transformation of Bactiguard will affect profitability over the coming 12-24 months, however we expect accelerating profitability in the years 2024 to 2026.

Cashflow

Cash flow from operating activities for the quarter amounted to SEK 7.0 (-11.6) million and for the period January to December to SEK 3.1 (7.3) million. Cash flow from changes in working capital was SEK 5.6 (2.0) million for the quarter and SEK 13.5 (22.1) million for the period January to December.

Cash flow from investing activities amounted to SEK -3.9 (-1.2) million for the quarter and SEK -10.9 (-7.3) million for the period. During the fourth quarter of 2022, investments were made in Stockholm in redevelopment of premises, and investments in warehouses and machinery equipment in a subsidiary in Malaysia.

Cash flow from financing activities for the quarter amounted to SEK -4.9 (-5.7) million and for the period to SEK -13.9 (205.8) million. In the third quarter of 2021, a directed share issue was carried out to AMF of SEK 228.0 million, where issue costs amounted to SEK 5.1 million.

Cash flow for the quarter amounted to SEK -1.8 (-18.6) million and for the January-December period SEK -21.7 (205.8) million. Cash and cash equivalents at the end of the period amounted to SEK 197.7 (217.6) million.

Financial position

Equity on 31 December 2022 amounted to SEK 496 (541) million and net debt to SEK 41 (30) million.

The parent company has a credit facility with SEB with a term until December 2024. The total outstanding amount on 31 December 2022 amounted to SEK 171 (171) million. As of 31 December 2022, the overdraft facility from SEB of SEK 30 million was unutilized. Foreign subsidiaries have credit facilities amounting to SEK 9.7 (9.7) million as of 31 December.

Total assets in the Group amounted to SEK 808 (849) million on 31 December 2022.

Other information

The share and share capital

Bactiguard's B share is listed on Nasdaq Stockholm with the ticker "BACTI". The closing price paid for the B share was SEK 110.4 (165.0) on 31 December 2022 and the market capitalization amounted to SEK 3 869 (5 782) million.

The share capital in Bactiguard on 31 December 2022 amounted to SEK 0.9 (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). The total number of shares and votes in Bactiguard on 31 December 2022 was 35 043 885 shares and 71 043 885 votes.

Dividend

The Board of Directors will propose to the Annual General Meeting that no dividend be paid for 2022.

General meeting

The Annual General Meeting 2023 will take place on Friday 5 May 2023, at 3 PM CET, in the company's premises Alfred Nobels allé 150, Tullingea.

Ownership

Shareholders	No. of A shares	No. of B shares	Total number	% of capital	% of votes
Thomas Von Koch och bolag	2 000 000	4 604 182	6 604 182	18,9	34,6
Christian Kinch med familj och bolag	2 000 000	4 179 426	6 179 426	17,6	34,0
Jan Ståhlberg		3 605 150	3 605 150	10,3	5,1
Nordea Investment Funds		3 419 987	3 419 987	9,8	4,8
Fjärde AP-fonden		3 370 992	3 370 992	9,6	4,8
Handelsbanken Fonder		1 787 872	1 787 872	5,1	2,5
AMF - försäkring och fonder		1 697 340	1 697 340	4,8	2,4
Avanza Pension		1 046 363	1 046 363	3,0	1,5
UBS AG London Branch, W8IMY		868 043	868 043	2,5	1,2
SEB Life International - Endowment policy for company controlled by Thomas von Koch		758 140	758 140	2,2	1,1
Total, major shareholders	4 000 000	25 337 495	29 337 495	83,8	91,9
Total, others		5 706 390	5 706 390	16,2	8,1
Total number of shares	4 000 000	31 043 885	35 043 885	100,0	100,0

Per 31 December 2022 Bactiguard had 3 631 (3 767) shareholders.

Employees

Full-time positions in the Group during the period January - December counted to 199 (185) FTE of which 126 (185) were women. As of the end of December, the number of full-time employed individuals was 212.

Key events during the quarter

A clinical study, the first of its kind done on humans, examined the company's surface layer technology on trauma implants when applied to the most severe cases of open fractures. The study showed an infection rate of 8.6 percent (in similar healthcare settings, the infection rate is between 12.5 percent and 29.1 percent).

The company's surface layer technology was ranked as one of the 20 most important Swedish innovations in life science of all time.

Fatima Stensvad Flodin, Chief Quality & Regulatory Officer, joined Bactiguards management team and Sathish Subramaniam was appointed Chief Technology Officer as of 1 December.

Key events after the end of the quarter

In January 2023 the first MDR (Medical Device Regulations 2017/745) product approval was announced, following a comprehensive authorization process. The MDR approval relates to the latex BIP Foley Catheter which is an indwelling urinary catheter with Bactiguard's unique infection prevention technology.

Accounting and valuation principles

The consolidated financial statements are prepared in accordance with the 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 for 2021. The accounting principles are unchanged from previous periods.

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's executive management constitutes the Chief Operating decision maker. The company is considered in its entirety to operate within one business segment.

Parent company

During the period, the parent company received interest on its receivables from group companies. 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 46-47 and 60-62 in the Annual Report for 2021.

Impact of macro events on the company

In addition to already identified risks, the impact of the ongoing pandemic is analyzed regularly.

The Global economy is still affected by the pandemic with lockdowns in China, among others, during the fourth quarter, affected parts of the company's material flows. As China now opens after Covid, delivery flows are expected to return to normal during the year. However, we expect minor disruptions also in 2023, especially in the first quarter. The company's activities are not significantly affected in other markets.

Bactiguard does not have suppliers or sales to either Russia, Belarus or Ukraine. However, the Global economy is affected by the situation of the war and we follow developments closely and continuously evaluate the operational and financial effects as the Global situation may change and affect the company's financial position.

The Global economy and the supply situation in the world are affected by the Pandemic and Russia's invasion of Ukraine, with increased inflation and higher prices for electricity and higher interest rates as a result. The company does not always have the opportunity to change the price towards the customer, which can have a negative impact on the financial position. Increased interest rates will also affect the company's interest costs negatively. The company also has a large exposure to the USD and other currencies, see the annual report for 2021.

Group consolidated income statement

Amounts in TSEK		2022	2021	2022	2021
		Oct-Dec	Oct-Dec	Full year	Full year
Revenues	Note 1				
License revenues		46 346	24 690	161 403	112 718
Sales of BIP products		14 928	17 338	62 157	56 768
Other revenues		10 901	4 023	29 935	9 562
Total revenues		72 175	46 051	253 495	179 048
Change in inventory of finished goods		891	32	3 890	3 057
Capitalized expenses for own account		540	74	540	2 412
Raw materials and consumables		-13 377	-13 484	-47 846	-44 152
Other external expenses		-20 716	-18 695	-83 232	-56 101
Personnel costs		-32 344	-23 688	-105 060	-84 692
Depreciation and amortisation		-12 182	-11 705	-49 240	-47 004
Other operating expenses		-8 286	-2 404	-28 214	-6 756
Sum		-85 475	-69 869	-309 162	-233 236
Operating profit/loss		-13 300	-23 818	-55 667	-54 188
Profit/loss from financial items					
Financial income		0	2	12 716	7 008
Financial expenses		-3 299	-2 826	-16 904	-16 072
Sum		-3 299	-2 824	-4 188	-9 064
Profit before tax		-16 599	-26 642	-59 855	-63 252
Taxes for the period		2 421	1 238	6 978	4 479
NET PROFIT/LOSS FOR THE PERIOD		-14 178	-25 404	-52 876	-58 773
Attributable to:					
The parent company's shareholders		-14 178	-25 404	-52 876	-58 773
Earnings per share, SEK before and after dilution		-0.40	-0.72	-1.51	-1.68

Condensed statement of comprehensive Income

Amounts in TSEK		2022	2021	2022	2021
		Oct-Dec	Oct-Dec	Full year	Full year
Net profit/loss for the period		-14 178	-25 404	-52 876	-58 773
Other comprehensive income:					
Items that will not be reclassified to profit or loss for the year		-	-	-	-
Items that will be reclassified to profit or loss for the year:					
Translation differences		-1 348	2 058	7 135	3 961
Other comprehensive income, after tax		-1 348	2 058	7 135	3 961
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-15 526	-23 346	-45 741	-54 812
Attributable to:					
The parent company's shareholders		-15 526	-23 346	-45 741	-54 812
Number of shares at the end of period ('000)		35 044	35 044	35 044	35 044
Weighted average number of shares ('000)		35 044	35 044	35 044	35 044

Group condensed statement of financial position

Amounts in TSEK	2022-12-31	2021-12-31
ASSETS		
Non-current assets		
Goodwill	250 466	247 485
Technology	98 838	124 245
Brands	25 875	26 015
Customer relationships	6 558	7 946
Capitalised development expenditure	13 568	19 823
Patents	1 315	1 113
Intangible assets	396 620	426 628
Leased assets	55 480	63 776
Buildings	15 097	14 132
Improvements, leasehold	5 732	6 623
Machinery and other technical plant	18 027	10 465
Equipment, tools and installations	5 293	5 650
Property, plant and equipment	99 629	100 647
Long-term receivables	3 095	1 674
Financial assets	3 095	1 674
Total non-current assets	499 344	528 948
Current assets		
Inventory	44 367	36 064
Accounts receivable	47 126	43 157
Other current receivables <i>Note 2</i>	7 285	7 161
Prepaid expenses and accrued income	11 854	16 371
Cash and cash equivalents	197 727	217 587
Total current assets	308 359	320 341
TOTAL ASSETS	807 704	849 289
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent		
Share capital	876	876
Other equity	494 832	540 574
Total equity	495 709	541 450
Non-current liabilities		
Deferred tax liability	-	7 320
Liabilities to credit institutions	179 265	180 664
Liabilities leasing agreements	48 519	57 645
Total non-current liabilities	227 784	245 628
Current liabilities		
Accounts payable	33 821	27 905
Liabilities leasing agreements	10 915	9 652
Other current liabilities <i>Note 2</i>	6 422	5 242
Accrued expenses and deferred income	33 052	19 412
Total current liabilities	84 210	62 211
Total liabilities	311 994	307 839
TOTAL EQUITY AND LIABILITIES	807 704	849 289

Group condensed statement of changes in equity

Amounts in TSEK	Equity attributable to shareholders of the parent				
	Share capital	Other capital contributions	Translation reserve	Retained earnings including net profit for the period	Total equity
Opening balance, 1 January 2021	839	707 805	-7 802	-327 492	373 350
Profit/loss for the period				-58 773	-58 773
<i>Other comprehensive income:</i>					
Translation differences			3 961		3 961
Total comprehensive income after tax			3 961	-58 773	-54 814
Transactions with shareholders					
New share issue	38	222 875			222 913
Total transactions with shareholders	38	222 875			222 913
Closing balance, 31 December 2021	877	930 680	-3 841	-386 265	541 450
Opening balance, 1 January 2022	876	930 680	-3 841	-386 265	541 450
Profit/loss for the period				-52 876	-52 876
<i>Other comprehensive income:</i>					
Translation differences			7 135		7 135
Total comprehensive income after tax			7 135	-52 876	-45 741
Closing balance, 31 December 2022	876	930 680	3 294	-439 141	495 709

Group condensed statement of cash flows

Amounts in TSEK

	2022 Oct-Dec	2021 Oct-Dec	2022 Full year	2021 Full year
Net profit/loss for the period	-14 178	-25 404	-52 876	-58 773
Adjustments for depreciation and amortisation and other non-cash items	15 527	11 751	42 469	43 921
Increase/decrease inventory	-2 191	-5 867	-7 936	-3 720
Increase/decrease accounts receivable	2 532	-3 358	-2 999	4 521
Increase/decrease other current receivables	128	-4 254	4 948	-4 105
Increase/decrease accounts payable	-357	10 532	4 113	17 993
Increase/decrease other current liabilities	5 502	4 958	15 343	7 418
<i>Cash flow from changes in working capital</i>	<i>5 614</i>	<i>2 011</i>	<i>13 469</i>	<i>22 107</i>
Cash flow from operating activities	6 963	-11 642	3 062	7 255
Investments in non-current assets	-3 898	-1 190	-10 918	-7 294
Cash flow from investing activities	-3 898	-1 190	-10 918	-7 294
Operating cash flow	3 065	-12 832	-7 856	-39
Amortisation of lease	-4 805	-1 424	-12 809	-8 618
Amortisation of loan	-303	-148	-900	-562
Change in bank overdraft	38	-	961	-8 856
Set-up fee	-	949	-	-
New share issue	-	-	-	228 000
Other financing activities / IC currency effects	208	-5 124	-1 144	-4 137
Termination of option agreement	-	-	-	-
Cash flow from financing activities	-4 862	-5 747	-13 892	205 827
Cash flow for the period	-1 797	-18 579	-21 748	205 788
Cash and cash equivalents at start of period	204 838	235 505	217 587	9 886
Exchange difference in cash and cash equivalents	-5 314	661	1 888	1 913
Cash and cash equivalents at end of period	197 727	217 587	197 727	217 587

Condensed parent company income statement

Amount in TSEK	2022	2021	2022	2021
	Oct-Dec	Oct-Dec	Full year	Full year
Revenues	2 271	-	2 271	-
Operating expenses	-1 451	-1498	-5 655	-5 634
Operating profit/loss	820	-1 498	-3 384	-5 634
Net financial items	1 238	-337	2 534	-2 197
Profit/loss after financial items	2 059	-1 835	-850	-7 831
Tax for the period	-	-	-	-
Net profit/loss for the period	2 059	-1 835	-850	-7 831

The parent company presents no separate statement of comprehensive income since the company has no items in 2022 or 2021 recognized in other comprehensive income. Net profit/loss for the period for the parent company thereby also constitutes the comprehensive income for the period.

Condensed parent company balance sheet

Amounts in TSEK	2022-12-31	2021-12-31
ASSETS		
Non-current assets		
Financial assets	863 040	879 085
Deferred tax asset	15 255	15 255
Total non-current assets	878 294	894 340
Current assets	16 656	3 490
Cash and cash equivalents	2 331	366
Total current assets	18 987	3 856
TOTAL ASSETS	897 281	898 196
EQUITY & LIABILITIES		
Total equity	695 289	696 139
Non-current liabilities		
Liabilities to credit institutions	170 941	170 941
Total non-current liabilities	170 941	170 941
Current liabilities	31 051	31 116
Total current liabilities	31 051	31 116
Total liabilities	201 992	202 057
TOTAL EQUITY AND LIABILITIES	897 281	898 196

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 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	2022	2021	2022	2021
	Oct-Dec	Oct-Dec	Full year	Full year
Operating profit/loss	-13 300	-23 818	-55 667	-54 188
Depreciation and amortisation	12 182	11 705	49 240	47 004
EBITDA	-1 118	-12 114	-6 426	-7 184

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	2022	2021	2022	2021
	Oct-Dec	Oct-Dec	Full year	Full year
EBITDA	-1 118	-12 114	-6 426	-7 184
Revenue	72 175	46 051	253 495	179 048
EBITDA-margin %	-1.5%	-26.3%	-2.5%	-4.0%

Cash flow from operating activities per share

Cash flow per share calculated as the sum of cash flow from operating activities and cash flow from investing activities divided by the average number of shares outstanding during the period. The key figure is presented because it is used by analysts and other stakeholders to evaluate the company.

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 minus cash and cash equivalents at the end of the period.

Amounts in TSEK	2022	2021
	Full year	Full year
Liabilities to credit institutions	179 265	180 664
Long-term liabilities leasing	48 519	57 645
Short-term liabilities leasing	10 915	9 652
Interest-bearing liabilities	238 699	247 960
Cash and cash equivalents	-197 727	-217 587
Net debt	40 972	30 373

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	2022	2021
	Full year	Full year
Equity	495 709	541 450
Balance sheet total	807 704	849 289
Equity ratio %	61.4%	63.8%

Profit/loss from financial items

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

Note 1 Revenue distribution

Amounts in TSEK	2022	2021	2022	2021
	Oct-Dec	Oct-Dec	Full year	Full year
Type of product/service				
License	39 856	24 690	139 443	103 659
New license	6 490	0	21 960	9 059
Sales of BIP products	14 928	17 338	62 157	56 768
Total	61 274	42 028	223 560	169 486
Time for revenue recognition				
Performance commitment is met at a certain time	54 784	42 028	201 600	169 486
Performance commitment is met during a period of time	6 490	-	21 960	-
Total	61 274	42 028	223 560	169 486

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 2021, note 4. Fair value of financial assets and liabilities is estimated to be substantially consistent with posted 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.

Amounts in TSEK	2022	2021
	2022-12-31	2021-12-31
	Derivatives (level 2)	Derivatives (level 2)
Assets		
Other current receivables	-	-
Liabilities		
Other current liabilities	800	1 583

Quarterly information

Amount in TSEK	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	RTM 21/22
License revenues	39 856	36 903	29 099	33 585	24 690	29 529	23 021	26 419	139 443
New license revenues	6 490	5 520	7 130	2 820	0	526	8 533	0	21 960
Sales of BIP products	14 928	16 303	15 553	15 373	17 338	13 215	13 251	12 964	62 157
Other revenues	10 901	7 460	8 151	3 424	4 023	1 927	1 213	2 399	29 936
Total revenues	72 175	66 185	59 932	55 202	46 051	45 197	46 017	41 783	253 495
EBITDA	-1 118	2 535	-3 842	-4 002	-12 114	1 189	1 833	1 908	-6 427
EBITDA margin %	-1,5%	3,8%	-6,4%	-7,2%	-26,3%	2,6%	4,0%	4,6%	-2,5%
EBIT	-13 300	-10 955	-14 843	-16 569	-23 818	-10 673	-9 991	-9 705	-55 667
Net profit/loss for the period	-14 178	-8 546	-13 676	-16 477	-25 404	-10 793	-12 031	-10 545	-52 876
Net profit/loss per share, SEK	-0,40	-0,24	-0,39	-0,47	-0,72	-0,31	-0,36	-0,31	-1,51
Operating cash flow	6 963	9 902	-1 874	-11 930	-11 642	14 305	5 485	-893	3 062
Operating cash flow per share, SEK	0,20	0,28	-0,05	-0,34	-0,34	0,41	0,16	-0,03	0,02
Net debt	40 972	36 923	42 392	42 859	30 372	13 219	254 340	254 138	40 972
Total shares (pcs)	35 043 885	35 043 885	35 043 885	35 043 885	35 043 885	35 043 885	33 543 885	33 543 885	35 043 885

Forthcoming disclosures of information

5 April	Annual report 2022
5 May 2023	Annual General Meeting
27 April 2023	Interim report 1 January - 31 March 2023
18 July 2023	Half-year report 1 April - 30 June 2023
27 October 2023	Interim report 1 July - 30 September 2022

Contacts

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Signatories of the report

The Board of Directors and the CEO certify that the interim report, to the best of their knowledge, provides a fair overview of the parent company's and the group's operations, financial position and results and describes the material risks and uncertainties faced by the parent company and the companies included in the Group.

Stockholm, 9 February 2023

Thomas von Koch
Chairman

Christian Kinch
Deputy chairman

Anna Martling
Board Member

Magdalena Persson
Board Member

Jan Ståhlberg
Board Member

Anders Göransson
CEO

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 9 February 2023, at 08.00 a.m. CET.

This is a translation of the year-end report. In the event of any differences, the Swedish version applies.

About Bactiguard

Bactiguard is a Swedish medical technology company whose mission is to save lives. To achieve this mission we develop and supply infection prevention solutions which reduce the risk of infections and reduce the use of antibiotics. In this way, we save considerable costs for healthcare and society.

Bactiguard's technology is based on a thin noble metal alloy of precious metals that prevents bacteria from attaching and forming biofilm on medical devices. Bactiguard offers the technology through license agreements and its own product portfolio BIP (Bactiguard Infection Protection). Urinary catheters with Bactiguard's technology are market leaders in the US and Japan through licensing partner BD and in 2021 orthopedic trauma implants, ZNN Bactiguard, were launched by Zimmer Biomet. Bactiguard's product portfolio also includes an alcohol-free 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 of Europe, China, India, the Middle East and Southeast Asia through our own product portfolio and by establishing licensing deals in new therapeutic areas. The company has about 240 employees around the world and the head office 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