

Strategy of bolstering Licensing and US go-to-market stays firm

Second Quarter 2023 (April-June)

- Total revenues amounted to SEK 51.2 (59.9) million, a decrease of 15 %. Net sales amounted to SEK 44.2 (51.8) million. Adjusted for the currency effect, net sales decreased by 19 %.
- Operating loss amounted to SEK 67.8 (14.8) million, an increase of SEK 53.0 million, SEK 42 million of the EBITDA loss correspond to a necessary adjustment pertaining mainly to a write-down of inventory, a reservation of receivables and related projects, and an accrual for costs related to restructuring. For further information see page 5.
- EBITDA amounted to SEK -55.7 (-3.8) million.
- Net loss for the period amounted to SEK 64.5 (13.7) million.
- Loss per share¹, before and after dilution, amounted to SEK 1.84 (0.39).
- Cash flow from operating activities amounted to SEK -19.7 (-1.9) million, corresponding to SEK -0.56 (-0.05) per share.

Key events during the quarter

- Thomas von Koch appointed interim CEO.
- Mikael Sander appointed Global Head of BPP, joined mgt team.
- Zimmer Biomet received regulatory approval in Japan for ZNN Bactiguard trauma nails.
- Bactiguard launches a clinical study to compare efficacy of Bactiguard coated central venous catheters with non-coated.
- Richard Kuntz, former CMO, Scientific Officer and member of the Executive Committee at Medtronic PLC joined the Board of Directors.

First half year 2023 (January-June)

- Total revenues amounted to SEK 112.4 (115.1) million, a decrease of 2 %. Net sales amounted to SEK 99.8 (103.6) million. Adjusted for the currency effect, net sales decreased by 10 %.
- Operating loss amounted to SEK 86.5 (31.4) million, an increase of SEK 55.1 million, SEK 42 million of the operating loss correspond to a provision for stock, receivables, and project related items among others.
- EBITDA amounted to SEK -62.3 (-7.8) million, SEK 42 million of the operating loss correspond to the provision.
- Net loss for the period amounted to SEK 86.6 (30.2) million.
- Loss per share¹, before and after dilution, amounted to SEK 2.47 (0.86).
- Cash flow from operating activities amounted to SEK -27.4 (-13.8) million, corresponding to SEK -0.78 (-0.39) per share.

Key events during the quarter (cont.)

- On July 7, Bactiguard announced that EBIDTA for Q2 and the full year 2023 would be negatively impacted due to a one-time provision of SEK 42 MSEK.

Key events after the end of the quarter

- Anders Göransson, Global Head of Licensing, will leave Bactiguard.

Key figures	2023	2022	2023	2022	2022	2022/23
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full year	RTM
Revenues ¹ , SEKm	51.2	59.9	112.4	115.1	253.5	250.7
Operating profit/loss ¹ , SEKm	-67.8	-14.8	-86.5	-31.4	-55.7	-110.8
EBITDA ² , SEKm	-55.7	-3.8	-62.3	-7.8	-6.4	-60.9
EBITDA margin ² , %	-108.8	-6.4	-55.4	-6.8	-2.5	-24.3
Net profit/loss for the period ¹ , SEKm	-64.5	-13.7	-86.6	-30.2	-52.9	-109.3
Earnings per share ¹ , SEK	-1.84	-0.39	-2.47	-0.86	-1.51	-3.12
Cash flow from operating activities ¹ , SEKm	-19.7	-1.9	-27.4	-13.8	3.1	-10.6
Cash flow from operating activities, per share ² , SEK	-0.56	-0.05	-0.78	-0.39	0.09	-0.30
Equity ratio ² , %	55.6	62.1	55.6	62.1	61.4	55.6
Net debt ² , SEKm	75.8	42.4	75.8	42.4	41.0	75.8

¹ Defined according to IFRS.

² Alternative performance measure. For definition and reconciliation, see pages 18-19.



CEO statement

Strategy of bolstering Licensing and US go-to-market stays firm

Revenues for the second quarter 2023 came in at SEK 51 million, a decrease of 15 percent compared to Q2 2022. EBITDA for the quarter amounted to SEK -56 million (Q2 2022: SEK -4 million) which included the one-time adjustment of SEK 42 million as communicated on July 7, 2023. Costs remain in line with the previous quarter but are 10 percent higher than Q2 2022.

Licensing and BPP making slow but steady progress

Since assuming the role as CEO, I have delved into every possible detail of what potentially could negatively influence our business. Following the one-time EBITDA adjustment, we have now made a necessary reset and can focus fully on our growth strategy and efforts in Licensing and the US.

Turning to the figures, revenues from Licensing amounted to SEK 25 million, around 30 percent below Q2 2022. Beckton Dickinson (BD) revenues were lower than last quarter due to their in-house stock adjustments. We expect revenues from BD to be substantially lower in Q3 and the adjustments are anticipated to be finalized by Q4 2023 and then revert to pre-covid levels. The development project with Zimmer Biomet on their broader orthopaedics portfolio made progress in Q2 with preliminary indications for the categorization of the coated products with US regulators. The various FDA processes are intense, yet timing remains uncertain, and we will gain more concrete insights during the fall. As previously reported, the trauma nail ZNN Bactiguard from our initial license partnership with Zimmer Biomet received its regulatory approval in Japan. And as reported in Q1, the initial phase of the Dentsply Sirona development project is taking longer but both tests and dialogue are making progress.

On the Licensing organizational side, Anders Göransson, Global Head of Licensing, has decided to leave Bactiguard. Anders played an instrumental role in defining our strategy and we separate ways on good terms. In addition to recruiting senior resources externally, we are allocating more resources internally with the overall ambition to build a world-class Licensing team.

BPP revenues (include BIP medical devices, Wound Care products and Sutures) amounted to SEK 19 million, an increase of 25 percent. Even though we are still somewhat affected by supply issues within Wound Care and Sutures, the investments made over the last year in the sales organization are paying off. May and June were strong months for BPP, and our efforts are focused on increasing profitability.

In April, we launched a study where Bactiguard's coated central venous catheters will be compared with non-coated standard catheters. The purpose of the study is to gain further clinical evidence that the coated catheters efficiently prevent both infections and thrombosis. In addition, Bactiguard Wound Care raised the bar during the quarter with a specific section in specialist publication Wounds International, and presence at EWMA in Milan, Europe's leading wound care conference.

The global threat of AMR gaining attention

The severity of the threat that antimicrobial multi-resistance, AMR, poses against the world gained further attention during the first half of 2023. Sweden's Presidency of the Council of the European Union (EU) had AMR as a key focus area which led to a set of recommendations on how to curb it. One of the targets was to reduce human consumption of antibiotics by 20 percent by 2030 across the EU. In the US, a somewhat different approach is applied to AMR and healthcare-associated infections – healthcare givers are penalized if a patient contracts an infection whilst in care, and this compels a proactive search for ways to prevent infections. US data shows that most healthcare-associated infections originate from medical devices such as catheters for the blood stream or urinary tract and ventilators. Infections also occur in surgical sites. In addition, prevention is acknowledged by the WHO as a main driver in the global battle against AMR.

Outlook

Putting all this into a Bactiguard perspective, one infection less means one less cure of antibiotics. Our offering covers all areas where healthcare-associated infections appear – Bactiguard’s unique infection prevention technology and solutions are more relevant, and more needed, than ever.

Looking ahead, we will put our core strengths at the center of our transformation which revolve around our unique technology and expertise in developing secure applications for a wide range of medical devices. I am far from happy with the figures presented today but the vast opportunities in our strategic therapeutic areas remain and we have promising conversations with both current and new potential license partners. This is where the greatest potential for Bactiguard lies!

To conclude, Bactiguard is a long-term investment opportunity in which you can be part of shaping the future of healthcare and a healthier world.

Thomas von Koch, interim 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 Business

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 area and geographical region. Licensee gain access to Bactiguard's process know-how, while the coating – the concentrate of noble metals – is a trade secret.

- Recurring license revenue (formerly called license revenue) involves the sale of the concentrate, royalty (that is a variable payment is earned once the products are sold on the market).
- Non-recurring license revenue (formerly called new license revenue) include mainly initial license fees, milestones and product development fees.

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	Broader orthopaedics portfolio	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: With approved products in these markets, Green: rights

Bactiguard product Portfolio (BPP previously referred to as BIP)

Bactiguard has a broad portfolio of products that protect against and prevent infections. The portfolio includes the Bactiguard infection protection products for the urinary, blood and respiratory tracts (BIP products) as well as our Bactiguard Wound Care product line with wound wash, gel, dressings, and sutures.

Bactiguard's leading offer for infection prevention

Current license partnerships

Bactiguard's coating technology is licensed to partners in strategic therapeutic areas

Bactiguard Product Portfolio

Bactiguard Infection Protection Medical devices

Bactiguard Wound Care

Sutures and dressings



Development in the second quarter

Revenue

MSEK	2023	2022
	Apr-Jun	Apr-Jun
Recurring license revenues	19.1	29.1
Non-recurring license revenues	5.7	7.1
BPP revenues	19.4	15.6
Net sales	44.2	51.8
Other revenues	7.0	8.2
Total revenues	51.2	59.9

Total revenue for the second quarter amounted to SEK 51.2 (59.9) million, a decrease of SEK 8.7 million, or of 15 percent. Net sales amounted to SEK 44.2 (51.8) million, corresponding to a decrease of 15 percent. Adjusted for the positive currency effect of SEK 2.4 million, net sales decreased by 19 percent.

Recurring license revenue amounted to SEK 19.1 (29.1) million, a decrease of 34 percent. After taking the positive currency effects into account the revenue decreased by 38 percent. Revenues from BD amounted to SEK 18.5 (28.0) million, which is a decrease of 34 percent compared with 2022. The license revenues from BD have during the past five quarters been consistently higher compared to pre-covid, which in part was due to BD restoring its security inventory to higher levels than before. Hence, revenues from concentrate are decreasing as BD is adjusting its inventory downward, both of coated catheters and concentrates. We expect that the volumes will be stabilized at a pre-covid level when they have reached the new inventory levels. Recurring license revenues from Zimmer Biomet attributes to SEK 0.6 million and consists of contract manufacturing of ZNN Bactiguard for the EMEA market, and a small but growing share of royalties for the that product, which consists of a percentage of Zimmer Biomet's sale price, where Bactiguard receives a certain amount in connection with manufacturing and when the products reach the market.

Non-recurring license revenues for the second quarter amounted to SEK 5.7 (7.1) million. The revenues are primarily related to development projects attributable to the collaboration with Dentsply Sirona and Zimmer Biomet, where both projects are progressing but where the Dentsply Sirona project will take longer than initially expected.

BPP sales for the second quarter amounted to SEK 19.4 (15.6) million, an increase of SEK 3.8 million, corresponding to an increase of 25 percent. Adjusted for currency effects of SEK 0.9 million, sales increased with 18.4 percent. Sales of catheters in the Nordics and India show continued strong growth. This quarter also MEA region had good momentum with BIP. Revenue of wound care products in Malaysia are unchanged compared to last year, but globally sales are declining, mainly in Europe. The Suture business has also shown good growth this period.

Other revenue amounted to SEK 7.0 (8.2) million, of which SEK 4.0 (5.9) million pertained to currency effects.

Result

EBITDA for the second quarter amounted to SEK -55.7 (-3.8) million. SEK 42 million of the EBITDA loss correspond to a necessary adjustment pertaining mainly to a write-down of inventory, a reservation of receivables and related projects, and an accrual for costs related to restructuring.

Costs for raw materials and consumables for the second quarter amounted to SEK -25.2 (-11.9) million, of which SEK 14.8 million is attributable to the provision the company made this quarter for write-down of inventory and project related material purchases, caused by a reassessment of the products' market value, due to changes in focus in the market. Other external costs amounted to SEK -31.3 (-19.6) million. An increase of SEK 11.6 million, corresponding to a cost increase of 59 percent, where SEK 9.7 million is attributable to the provision primarily attributable to provisions for trade receivables, where the company has made a more thorough assessment of default and also changed its criteria regarding write-downs of customer invoices, for further information see company's accounting principles page 12. The



operational cost increases are mainly attributable to increased marketing activities and customer interactions. Costs for personnel amounted to SEK -46.6 (-26.3) million. An increase of SEK 20.3 million. Of these, SEK 17.2 million is corresponding to the provision made this period and includes project costs and restructuring. The project costs are primarily attributable to development projects where the company has made the reassessment that more investments than previously anticipated will be needed for commercialization. Other operating expenses are related to currency exchange losses/gains, which amounted to SEK -3.8 (-6.9) million.

The operating loss amounted to SEK -67.8 (-14.8) million, in total affected by SEK 41.7 million attributable to the provision. Depreciation impacted operating loss by SEK -12.2 (-11.0) million. Amortization of intangible assets amounted to SEK -8.3 (-7.5) million, attributable primarily to amortization of SEK -6.4 (-6.4) million related to Bactiguard's technology. Depreciation of fixed assets amounted to SEK -3.8 (-3.5) million, primarily attributable to depreciation on leasing of SEK -2.8 (-2.7) million.

Financial items amounted to SEK 0.1 (1.2) million, where SEK 0.0 (0.0) million pertained to interest income and SEK -3.1 (-1.9) million pertained to interest expenses. The remaining amount of SEK 3.2 (3.1) million pertained to other financial expenses.

Tax for the period amounted to SEK 3.3 (0.0) million, of which a change in deferred tax amounted to SEK 3.3 (0.5) million attributable to the 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 second quarter of 2023 amounted to SEK -64.5 (-13.7) million.

Development during the first half year

Revenue

MSEK	2023	2022	2022	2022/23
	Jan-Jun	Jan-Jun	Full year	RTM
Recurring license revenues	56.8	62.7	139.4	133.6
Non-recurring license revenues	7.4	9.9	22.0	19.4
BPP revenues	35.6	30.9	62.2	66.9
Net sales	99.8	103.6	223.6	219.8
Other revenues	12.5	11.6	29.9	30.9
Total revenues	112.4	115.1	253.5	250.7

The Group's revenues for period January- June 2023 amounted to SEK 112.4 (115.1) million, a decrease of SEK 2.8 million, corresponding to 2 percent. Net sales amounted to SEK 99.8 (103.6) million, hence decreased with SEK 3.7 million which correspond to 4 percent. Adjusted for the positive currency effect of SEK 6.9 million, net sales decreased by 10 percent.

Recurring license revenue for the period amounted to SEK 56.8 (62.7) million. After taking the currency effects of SEK 4.6 million into account the revenue decreased with 17 percent. Revenues to BD for the first six months amounted to SEK 54.8 (60.2) million, which correspond to a decrease of SEK 5.4 million or with 8 percent. Currency effects has impacted the BD revenue positive by SEK 4.6 million and the revenue decreased with 15 percent. Revenues from BD has over the past five quarters been consistently higher than before covid, which is partly due to BD restoring safety stock to higher levels than before. We are now seeing a decrease in sales of concentrates as BD adjusts down its stocks, both of coated catheters and concentrates. We expect volumes to stabilize at a pre-covid level once they reach the new

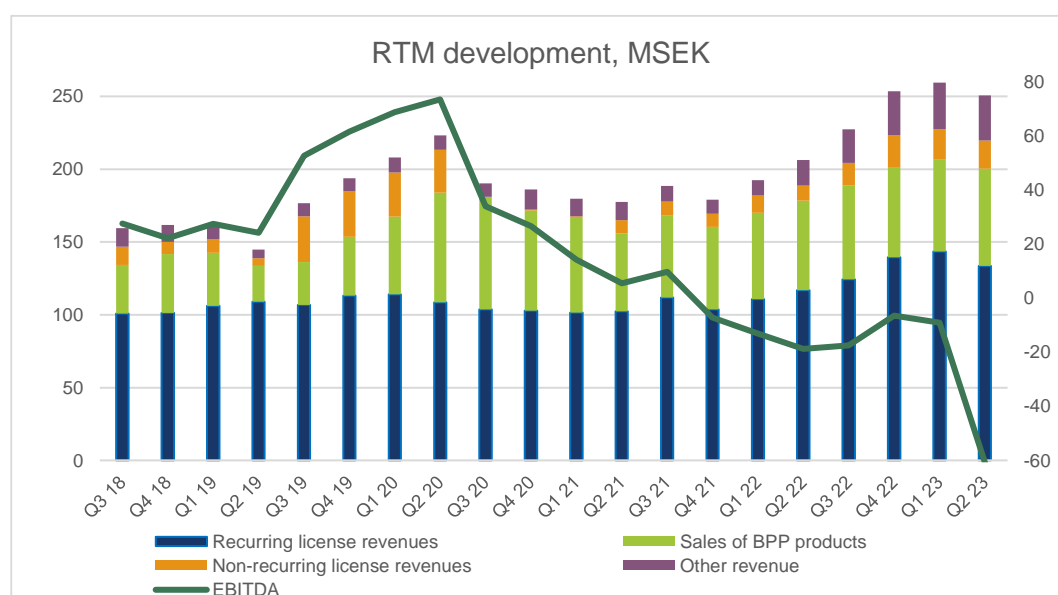
inventory levels. Royalty revenues are in line with last year. Revenue from contract manufacturing and royalty for Zimmer Biomet amounted to SEK 2.0 (2.5) million.

Non-recurring license revenue for the period January-June was SEK 7.4 (9.9) million, a decrease of SEK 2.6 million, corresponding to 26 percent. Adjusted for a positive currency effect revenue decreased by 31 percent. Non-recurring license revenues are primarily related to project revenues and exclusivity revenues for the agreement signed last year with Zimmer Biomet and development revenues for the agreement with Dentsply Sirona, where the decrease primarily attributable to the Regulatory revenue that was received last year from Zimmer Biomet.

BPP revenue for the period amounted to SEK 35.6 (30.9) million, an increase of SEK 4.7 million, corresponding to a growth of 15 percent. Adjusted for currency effects of SEK 1.8 million the growth was 9 percent. The revenue increase is primarily attributable to the BIP-portfolio and sutures.

Other revenue amounted to SEK 12.5 (11.6) million, of which SEK 7.6 (7.9) million pertained to currency effects. The remaining revenue primarily relates to rent income.

Revenues development, rolling 12-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 period January - June amounted to SEK -62.3 (-7.8) million, corresponding to an EBITDA margin of -55.4 percent (-6.8).

Costs for raw materials and consumables for the period amounted to SEK -39.3 (-21.3) million, an increase of SEK 18.0 million, corresponding to a cost increase of 84 percent. SEK 14.8 million is attributable to the provision the company made this quarter for write-down of inventory and project-related material purchases. Excluding the adjustment, the cost increase was 15 percent. Other external costs amounted to SEK -54.3 (-42.5) million, an increase of SEK 11.8 million, corresponding to a cost increase of 28 percent, SEK 9.7 million is attributable to an accrual primarily attributable to a reassessment of the provisions for trade receivables. Other cost increases are mainly explained by market activities and customer interactions in line with the strategic priorities. Costs for Personnel amounted to SEK -73.4 (-48.5) million, an

increase of SEK 24.9 million, or 51 percent, of which SEK 17.2 million is attributable reassessments regarding project costs and restructuring costs. Other operating expenses for the period are mainly attributable to exchange rate losses.

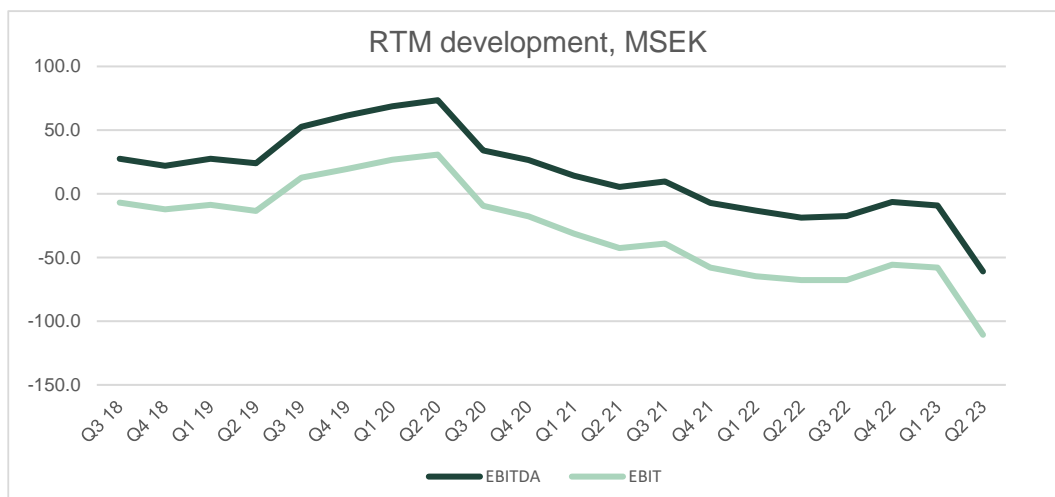
Operating loss for the period January - June amounted to SEK -86.5 (-31.4) million. Depreciation/amortization impacted operating loss by SEK -24.3 (-23.6) million. Amortization of intangible assets amounted to SEK -16.7 (-16.5) million, where the largest item comprised of amortization relating to Bactiguard's technology of SEK -12.7 (-12.7) million. Depreciation of fixed assets amounted to SEK -7.6 (-7.1) million, attributable primarily to deprecation of leases totaling SEK -5.6 (-5.3) million.

Net financial items amounted to SEK -3.6 (-1.2) million, where SEK 0.0 (0.0) million pertained to interest income and SEK -6.0 (-3.8) million pertained to interest expenses. The remaining SEK 2.4 (2.6) million pertained to other financial expenses.

Tax for the period amounted to SEK 3.6 (2.5) million. Of the tax for the period, SEK 3.4 (3.3) million refers to a change in deferred tax attributable to the intangible assets and leasing agreements, 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 profit/loss for the period for the first half of 2023 amounted to SEK -86.6 (-30.2) million, of which SEK 42 million is related to needed adjustments.

Operating profit/loss, rolling 12- months



The diagram shows how the result has developed during a rolling 12-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 BPP sales and the acquisition of Vigilenz. During the pandemic, earnings 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.

In 2022 Bactiguard had a 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 2022. This had a negative impact on earnings for 2022. The reservation made together with the investments in organization, primarily in license and coating development, very focused on the US, and that revenues to BD is dropping imply that profitability has not yet been reached.

Financial targets

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 BPP and with the assumption that the license development projects progress accordingly. 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.

Cash flow

Cash flow from operating activities for the second quarter amounted to SEK -19.7 (-1.9) million and for the period January to June to SEK -27.4 (-13.8) million. Cash flow from changes in working capital was SEK 18.5 (1.5) million for the quarter and SEK 23.5 (3.5) million for the period January - June. Cash flow from investing activities amounted to SEK -0.7 (0.8) million for the quarter and SEK -1.9 (-0.2) million for the period January - June. Cash flow from financing activities for the quarter amounted to SEK -2.0 (-3.5) million and for the period to SEK -5.0 (-6.3) million.

Cash flow for the quarter amounted to SEK -22.4 (-4.7) million and SEK -34.3 (-20.3) million for the period January - June. Cash and cash equivalents at the end of the period of June 30 2023 amounted to SEK 163.3 (201.2) million.

Financial position

Equity on June 30 2023 amounted to SEK 408 (515) million and net debt to SEK 76 (42) million.

The parent company has a credit facility with SEB with a term until December 2024. The total outstanding amount on June 30 2023 amounted to SEK 171 (171) million. As of June 30 2023, the overdraft facility from SEB of SEK 30 million was unutilized. Foreign subsidiaries have credit facilities amounting to SEK 9.2 (9.6) million as of June 30 2023. Total assets amounted to SEK 734 (829) million on June 30 2023.

Other information

The share and share capital

Bactiguard's B share is listed on Nasdaq Stockholm with the shortname "BACTI". The closing price paid for the B share was SEK 71.4 (112) on 30 June 2023 and the market capitalization amounted to SEK 2,217 (3,477) million.

The share capital in Bactiguard on June 30 2023 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 June 30 2023 was 35,043,885 shares and 71,043,885 votes.

Ownership



Shareholders	No. of A shares	No. of B shares	Total no. Of shares	% of capital	% of votes
Thomas von Koch and company*	2,000,000	4,604,182	6,604,182	18.9	34.6
Christian Kinch with family and company	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		1,936,036	1,936,036	5.5	2.7
AMF - försäkring och fonder		1,706,340	1,706,340	4.9	2.4
SEB Life International Assurance (of which 758 140 relates to capital insurance for companies controlled by Thomas von Koch)		1,213,936	1,213,936	3.5	1.7
Avanza Pension		1,057,686	1,057,686	3.0	1.5
UBS AG London Branch, W8IMY		798,936	798,936	2.3	1.1
Total, major shareholders	4,000,000	25,892,671	29,892,671	85.3	92.7
Total, others		5,151,214	5,151,214	14.7	7.3
Total number of shares	4,000,000	31,043,885	35,043,885	100.0	100.0

* Part of Thomas von Kochs holdings can be found in SEB Life, see table above, note these do not have voting rights.

Per June 30 2023 Bactiguard had 3,627 (3,620) shareholders.

Employees

Full-time positions in the Group during the period January - June counted to 218 (192) FTE of which 133 (121) were women. As of the end of June, the number of full-time employed individuals was 220.

Key events during the quarter

Thomas von Koch was appointed Interim CEO for the Bactiguard Group.

Mikael Sander was appointed Global Head of Bactiguard Product Portfolio (BPP) and joined the leadership team.

Zimmer Biomet received regulatory approval in Japan for ZNN Bactiguard trauma nails.

Bactiguard launches a CVC clinical study to compare efficacy of Bactiguard coated central venous catheters with non-coated.

Richard Kuntz, former CMO & Scientific Officer and member of the Executive Committee at Medtronic PLC joined the board of directors.

On 7 July 2023, Bactiguard announced that EBIDTA for Q2 and the full year 2023 would be negatively impacted due to a one-time provision of SEK 42 MSEK.

Key events after the end of the quarter

Anders Göransson, Global Head of Licensing, will leave Bactiguard.



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 2022. The accounting principles are unchanged from previous periods, except for a new assessment-model of clients' risk classification, where more clients are assessed individually due to the change in.

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. Bactiguard 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 52–53 and 66–68 in the Annual Report for 2022.

The geopolitical situation and macro trends

We still expect minor disruptions also in 2023 due to the pandemic and its effect on global supply. Bactiguard does not have suppliers in or sales to neither Russia, Belarus, nor 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 able to change the price to the customer, which can have a negative impact on the financial position. Increased interest rates will also affect the company's cost of credit facility negatively. Some countries are now in or close to recession, which can lead to decreased ability for customers to pay there invoices. The company also has a large exposure to the USD and other currencies, see the Annual Report for 2022.

Group consolidated income statement

Amounts in TSEK	Note	2023	2022	2023	2022	2022	2022/23
		Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full year	RTM
Revenues	1						
License revenues		24,820	36,229	64,204	72,634	161,403	152,973
BPP revenues		19,368	15,553	35,633	30,926	62,157	66,864
Other revenues		7,006	8,151	12,517	11,575	29,935	30,878
Sum		51,194	59,933	112,354	115,135	253,495	250,715
Change in inventory of finished goods		-	931	-	1,367	3,890	2,524
Capitalized expenses for own account		-	12	-	102	540	438
Raw materials and consumables		-25,171	-11,866	-39,317	-21,315	-47,846	-65,847
Other external expenses		-31,273	-19,646	-54,326	-42,499	-83,232	-95,059
Employee benefits expense		-46,591	-26,302	-73,449	-48,513	-105,060	-129,996
Depreciation		-12,163	-11,001	-24,253	-23,569	-49,240	-49,925
Other operating expenses		-3,840	-6,903	-7,559	-12,120	-28,214	-23,654
Sum		-119,038	-74,776	-198,904	-146,547	-309,162	-361,521
Operating profit/loss		-67,844	-14,843	-86,550	-31,412	-55,667	-110,804
Profit/loss from financial items							
Financial income		5,778	3,961	7,723	6,175	11,513	13,061
Financial expenses		-5,691	-2,804	-11,325	-7,419	-15,700	-19,606
Sum		87	1,157	-3,602	-1,244	-4,187	-6,545
Profit/loss before tax		-67,757	-13,686	-90,152	-32,656	-59,854	-117,349
Taxes for the period		3,292	11	3,589	2,504	6,978	8,063
NET PROFIT/LOSS FOR THE PERIOD		-64,464	-13,675	-86,562	-30,152	-52,875	-109,285
Attributable to:							
The parent company's shareholders		-64,464	-13,675	-86,562	-30,152	-52,875	-109,285
Earnings per share, before and after dilution, SEK		-1.84	-0.39	-2.47	-0.86	-1.51	-3.12

Condensed statement of comprehensive income

Amounts in TSEK	Note	2023	2022	2023	2022	2022	2022/23
		Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full year	RTM
Net profit/loss for the period		-64,464	-13,675	-86,562	-30,152	-52,875	-109,285
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		-765	4,104	-1,151	3,302	7,135	2,682
Other comprehensive income, after tax		-765	4,104	-1,151	3,302	7,135	2,682
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-65,229	-9,570	-87,713	-26,850	-45,740	-106,603
Attributable to:							
The parent company's shareholders		-65,229	-9,570	-87,713	-26,850	-45,740	-106,603
Number of shares at the end of period ('000)		35,044	35,044	35,044	35,044	35,044	35,044
Weighted average number of shares ('000)		35,044	35,044	35,044	35,044	35,044	35,044



Group condensed statement of financial position

Amounts in TSEK	2023-06-30	2022-06-30	2022-12-31
Note			
ASSETS			
<i>Non-current assets</i>			
Goodwill	249,795	248,506	250,466
Technology	86,135	111,542	98,838
Brand	25,805	26,341	25,875
Customer relationships	5,863	7,252	6,558
Capitalised development expenditure	10,581	17,489	13,568
Patents	1,201	958	1,315
Intangible fixed assets	379,382	412,088	396,620
Leased assets	55,957	60,820	55,480
Buildings	14,676	14,425	15,097
Improvements, leasehold	5,429	6,212	5,732
Machinery and other technical facilities	17,282	15,869	18,027
Equipment, tools and installations	5,856	4,604	5,293
Tangible assets	99,200	101,930	99,629
Long-term receivables	7,984	1,801	3,095
Financial assets	7,984	1,801	3,095
Total non-current assets	486,566	515,819	499,344
<i>Current assets</i>			
Inventories	35,738	37,884	44,367
Accounts receivable	26,309	52,209	47,126
Other current receivables	5,881	11,359	7,285
Prepaid expenses and accrued income	16,278	10,645	11,854
Cash and cash equivalents	163,334	201,197	197,727
Total current assets	247,541	313,295	308,359
TOTAL ASSETS	734,107	829,114	807,704
EQUITY AND LIABILITIES			
<i>Equity attributable to shareholders of the parent company</i>			
Share capital	876	876	876
Other equity	407,118	513,723	494,832
Total equity	407,994	514,599	495,709
<i>Non-current liabilities</i>			
Deferred tax liability	1,482	2,795	-
Liabilities to credit institutions	179,111	178,852	179,265
Liabilities leasing agreements	47,781	53,633	48,519
Other long-term liabilities	-	-	-
Total non-current liabilities	228,374	235,280	227,785
<i>Current liabilities</i>			
Trade payables	15,993	27,904	33,821
Liabilities leasing agreements	12,236	11,105	10,915
Other current liabilities	5,557	7,548	6,422
Accrued expenses and deferred income	63,954	32,678	33,052
Total current liabilities	97,739	79,235	84,210
TOTAL LIABILITIES	326,113	314,515	311,995
TOTAL EQUITY AND LIABILITIES	734,107	829,114	807,704

Group condensed statement of changes in equity

Amounts in TSEK	Equity attributable to shareholders of the parent company				Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings including net profit for the period	
Opening balance 2022-01-01	876	930,680	-3,841	-386,265	541,450
<i>Adjustment of equity for previous year</i>					
Net profit/loss for the period				-30,153	-30,153
<i>Other comprehensive income:</i>					
Translation differences			3,302		3,302
Total comprehensive income after tax			3,302	-30,153	-26,851
Closing balance 2022-06-30	876	930,680	-539	-416,418	514,599
Opening balance 2023-01-01	876	930,680	3,294	-439,141	495,709
Net profit/loss for the period				-86,563	-86,563
<i>Other comprehensive income:</i>					
Translation differences			-1,151		-1,151
Total comprehensive income after tax			-1,151	-86,563	-87,714
Closing balance 2023-06-30	876	930,680	2,143	-525,704	407,994

Group condensed statement of cash flows

Amounts in TSEK	2023	2022	2023	2022	2022	2022/23
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full year	RTM
Net profit/loss for the period	-64,464	-13,675	-86,563	-30,153	-52,876	-109,287
Adjustments for depreciation and amortisation and other non-cash items	26,203	10,254	35,672	12,854	42,469	65,287
Increase/decrease inventory	483	-431	939	-1,135	-7,936	-5,863
Increase/decrease accounts receivable	3,675	1,161	10,695	-10,569	-2,999	18,266
Increase/decrease other current receivables	-2,671	-722	-4,026	1,542	4,948	-620
Increase/decrease accounts payable	-14,335	-882	-17,580	-929	4,113	-12,538
Increase/decrease other current liabilities	31,363	2,422	33,430	14,586	15,343	34,187
<i>Cash flow from changes in working capital</i>	<i>18,515</i>	<i>1,548</i>	<i>23,458</i>	<i>3,496</i>	<i>13,469</i>	<i>33,432</i>
Cash flow from operating activities	-19,746	-1,873	-27,433	-13,804	3,062	-10,568
Investments in intangible assets	-94	780	-518	-102	-1,076	-1,492
Investments in tangible assets	-607	-16	-1,342	-83	-9,842	-11,101
Cash flow from investing activities	-701	764	-1,860	-186	-10,918	-12,593
Operating cash flow	-20,447	-1,109	-29,293	-13,990	-7,856	-23,162
Amortisation of lease	-1,698	-6,853	-5,537	-5,686	-12,809	-12,660
Amortisation of loan	-129	-189	-288	-435	-900	-754
Change in bank overdraft	-332	4,106	590	715	961	836
Other financing activities	178	-613	252	-905	-1,144	13
Cash flow from financing activities	-1,981	-3,549	-4,983	-6,311	-13,892	-12,565
Cash flow for the period	-22,428	-4,658	-34,276	-20,301	-21,748	-35,726
Cash and cash equivalents at the beginning of the period	186,648	202,305	197,727	217,587	217,588	201,197
Exchange difference in cash and cash equivalents	-887	3,550	770	3,910	1,888	-2,138
Cash and cash equivalents at end of period	163,333	201,197	163,333	201,197	197,727	163,333

Condensed parent company income statement

Amounts in TSEK	Note	2023	2022	2023	2022	2022	2022/23
		Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full year	RTM
Revenues		-	-	846	-	2,271	3,117
Operating costs		-1,988	-1,540	-3,608	-2,826	-5,655	-6,438
Operating profit/loss		-1,988	-1,540	-2,762	-2,826	-3,384	-3,321
Net financial items		1,955	358	3,499	747	2,534	5,286
Income after financial items		-33	-1,182	737	-2,079	-850	1,965
Taxes for the period		-	-	-	-	-	-
Net profit/loss for the period		-33	-1,182	737	-2,079	-850	1,965

The parent company presents no separate statement of comprehensive income since the company has no items in 2023 or 2022 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	Note	2023-06-30	2022-06-30	2022-12-31
ASSETS				
Non-current assets				
Financial assets		902,016	862,806	863,040
Deferred tax asset		15,255	15,255	15,255
Total non-current assets		917,271	878,061	878,295
Current assets		22,332	8,559	16,656
Other current receivables				
Cash and cash equivalents		2,335	8,947	2,331
Total current assets		24,667	17,506	18,987
TOTAL ASSETS		941,938	895,567	897,282
EQUITY & LIABILITIES				
Total equity		696,026	694,060	695,289
Non-current liabilities				
Liabilities to credit institutions		170,941	170,941	170,941
Total non-current liabilities		170,941	170,941	170,941
Current liabilities		74,971	30,566	31,052
Total current liabilities		74,971	30,566	31,052
TOTAL LIABILITIES		245,912	201,507	201,992
Total equity and liabilities		941,938	895,567	897,282

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 defines EBITDA as operating profit/loss excluding depreciation and amortization of tangible and intangible assets.

Amounts in TSEK	2023	2022	2023	2022	2022	2022/23
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full year	RTM
Operating profit/loss	-67,844	-14,843	-86,550	-31,412	-55,667	-110,805
Depreciation	12,163	11,001	24,253	23,569	49,240	49,925
EBITDA	-55,681	-3,842	-62,297	-7,844	-6,426	-60,880

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	2023	2022	2023	2022	2022	2022/23
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full year	RTM
EBITDA	-55,681	-3,842	-62,297	-7,844	-6,426	-60,880
Revenues	51,194	59,933	112,354	115,135	253,495	250,715
EBITDA-margin %	-108.8	-6.4	-55.4	-6.8	-2.5	-24.3

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	2023	2022	2022
	Jan-Jun	Jan-Jun	Full year
Liabilities to credit institutions	179,111	178,852	179,265
Short-term lease debt	47,781	53,633	48,519
Long-term lease debt	12,236	11,105	10,915
Interest-bearing debt	239,128	243,590	238,699
Cash and cash equivalents	-163,334	-201,197	-197,727
Net debt	75,794	42,393	40,972

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	2023	2022	2022
	Jan-Jun	Jan-Jun	Full year
Equity	407,994	514,599	495,709
Balance sheet total	734,107	829,114	807,704
Equity ratio, %	55.6	62.1	61.4

Profit/loss from financial items

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

Note 1 Revenue distribution

Amounts in TSEK	2023	2022	2023	2022	2022	2022/23
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full year	RTM
Type of product/service						
Recurring license revenues	19,140	29,099	56,818	62,684	139,443	133,577
Non-recurring license revenues	5,680	7,130	7,386	9,950	21,960	19,396
BPP revenues	19,368	15,553	35,633	30,926	62,157	66,864
Sum	44,188	51,782	99,837	103,560	223,560	219,837
Time for revenue recognition						
Performance commitment is met at a certain time	38,508	44,652	92,451	93,610	201,600	200,441
Performance commitment is met during a period of time	5,680	7,130	7,386	9,950	21,960	19,396
Sum	44,188	51,782	99,837	103,560	223,560	219,837

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 2022, 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	2023	2022	2022
	2023-06-30	2022-06-30	2022-12-31
	Derivatives (Level 2)	Derivatives (Level 2)	Derivatives (Level 2)
Assets			
Other current receivables	20	-	-
Liabilities			
Other current liabilities	-	2,814	800

Quarterly information

Amounts in TSEK	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	RTM 22/23
Recurring license revenues	19,140	37,678	39,856	36,903	29,099	33,585	24,690	133,577
Non-recurring license revenues	5,680	1,706	6,490	5,520	7,130	2,820	-	19,396
BPP revenues	19,368	16,265	14,928	16,303	15,553	15,373	17,338	66,864
Other revenues	7,006	5,511	10,901	7,460	8,151	3,424	4,023	30,878
Total revenue	51,194	61,159	72,175	66,185	59,932	55,202	46,051	250,713
EBITDA	-55,681	-6,617	-1,118	2,535	-3,842	-4,002	-12,114	-60,881
EBITDA margin, %	-108.8	-10.8	-1.5	3.8	-6.4	-7.2	-26.3	-24.3
EBIT	-67,844	-18,707	-13,300	-10,955	-14,843	-16,569	-23,818	-110,805
Net profit/loss for the period	-64,464	-22,098	-14,178	-8,546	-13,674	-16,476	-25,404	-109,285
Earnings per share, before and after dilution, SEK	-1.84	-0.63	-0.40	-0.24	-0.39	-0.47	-0.72	-3.12
Operating cash flow	-19,746	-7,687	6,963	9,902	-1,874	-11,930	-11,642	-10,568
Operating cash flow per share, SEK	-0.56	-0.22	0.20	0.28	-0.05	-0.34	-0.33	-0.30
Net debt	75,794	55,356	40,972	36,923	42,394	42,859	30,372	75,794
Total shares (pcs)	35,043,885	35,043,885	35,043,885	35,043,885	35,043,885	35,043,885	35,043,885	35,043,885

Forthcoming disclosures of information

October 27 2023

Interim report 1 July-30 September 2023

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The quarterly report is not reviewed by the company auditors.

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, July 18 2023

Christian Kinch
Chairman

Thomas von Koch
Board Member
CEO

Richard Kuntz
Board Member

Anna Martling
Board Member

Magdalena Persson
Board Member

Jan Ståhlberg
Board Member

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 July 18 2023, at 08.00 a.m. CET.

This is a translation of the quarterly report. In the event of any discrepancy, the Swedish version applies.

About Bactiguard

Bactiguard is a global medtech company with a purpose to prevent infections. We provide safe, cost-effective, and easy-to-use infection prevention technology and solutions across five therapeutic areas – orthopedics, urology, intravascular/critical care, dental, and wound care.

Bactiguard's unique technology is based on a thin noble metal coating that prevents bacterial adhesion and biofilm formation on medical devices. Bactiguard's solutions are biocompatible and make a positive impact by decreasing patient suffering, saving lives and healthcare resources, and fighting antimicrobial resistance, one of the most serious threats to global health and modern medicine.

Bactiguard operates through license partnerships with leading global medtech companies, such as BD and Zimmer Biomet, differentiating their medical devices with our technology, and through the Bactiguard Product Portfolio (BPP). BPP includes coated medical devices such as catheters and trauma implants, and wound care products and sutures.

Bactiguard is headquartered in Stockholm, has production in Sweden and Malaysia, and around 220 employees. Listed on Nasdaq Stockholm, the company reported revenues of 253.5 MSEK in 2022.

Read more about Bactiguard: bactiguard.com

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