

# Interim report for Bactiguard Holding AB (publ)

Corporate registration number 556822-1187

## Stable development following a very strong second quarter

### Third quarter (July-September 2018)

- Revenues amounted to SEK 35.7 (34.8) million, an increase of 3%.
- BIP sales amounted to SEK 3.9 (5.2) million, a decrease of 24%, which is explained by the fact that this quarter did not contain any deliveries to China, which the corresponding quarter in 2017 did.
- EBITDA<sup>1</sup> amounted to SEK 7.9 (8.4) million, with an EBITDA margin<sup>1</sup> of 22% (24%).
- Operating profit amounted to SEK -0.2 (-0.3) million.
- Net profit/loss for the quarter amounted to SEK -0.5 (-0.4) million, or SEK -0.02 (-0.01) per share.
- Operating cash flow<sup>1</sup> for the quarter amounted to SEK 4.1 (5.2) million, or SEK 0.12 (0.15) per share.

### Nine-month period (January-September 2018)

- Revenues amounted to SEK 121.0 (112.3) million, an increase of 8% driven by higher BIP sales, while new license revenues were lower than previous year.
- BIP sales amounted SEK 26.1 (14.5) million, an increase of 80%. Increased sales volumes to China and India and a change in product mix explain the increase.
- EBITDA for the period amounted to SEK 18.8 (25.6) million, with an EBITDA margin of 16% (23%). The decrease is attributable to higher license revenues from the deal with Smartwise last year and one-off costs of SEK 11.5 million for early termination of the distribution agreement for China 2018.
- Operating profit amounted to SEK -6.9 (-0.7) million, a decrease explained by the above.
- Net profit/loss for the period amounted to SEK -9.4 (-2.3) million, or SEK -0.28 (-0.07) per share.
- Operating cash flow for the period amounted to SEK 0.1 (5.7) million, or SEK 0.0 (0.17) per share.

### Key events during the third quarter

- New distribution agreement for Germany
- First CVC tender won in Sweden
- Another Foley tender won in Sweden
- Launch of line extensions to BIP Foley Catheter
- Broadened shareholder base

### Key events after the end of the third quarter

- Partners with Mediplast in Scandinavia
- Product approval in Egypt
- Nomination Committee appointed

Key figures <sup>1</sup>	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Full year
	2018	2017	2018	2017	2017
Revenues <sup>2</sup> , SEKm	35,7	34,8	121,0	112,3	153,6
EBITDA, SEKm	7,9	8,4	18,8	25,6	34,4
EBITDA margin, %	22%	24%	16%	23%	22%
Operating profit, SEKm	-0,2	-0,3	-6,9	-0,7	-0,6
Net profit/loss for the period <sup>2</sup> , SEKm	-0,5	-0,4	-9,4	-2,3	-3,3
Operating cash flow, SEKm	4,1	5,2	0,1	5,7	-0,1
Earnings per share <sup>2</sup> , SEK	-0,02	-0,01	-0,28	-0,07	-0,10
Operating cash flow per share, SEK	0,12	0,15	0,00	0,17	0,00
Equity ratio <sup>1</sup> , %	63%	61%	63%	61%	62%
Net debt <sup>1</sup> , SEKm	151,9	144,8	151,9	144,8	152,4
Number of shares at the end of period	33 302 373	33 302 373	33 302 373	33 302 373	33 302 373

<sup>1</sup> Definition and reconciliation of performance measures see page 18-20.

<sup>2</sup> Defined according to IFRS

## Comments by the CEO

### Stable development following a very strong second quarter

**Following a very strong second quarter, the third quarter was a bit calmer, which is natural. Total revenues were somewhat higher than last year primarily due to increased license revenues from our largest partner BD, while BIP sales were lower. It is therefore reassuring that, so far this year, BIP sales have risen by as much as 80 percent. Even though the third quarter was not as strong as the second, developments so far this year are very positive.**

EBITDA amounted to almost SEK 8 million in the quarter, with a margin of 22%. It is good, although slightly lower than last year, mainly due to proactive investments in sales and marketing. For the first nine months, we report an EBITDA of close to 19 million and a margin of 16%, despite the cost of just over SEK 11 million to terminate our previous distribution agreement in China. Excluding these one-off costs, the EBITDA result and margin are at par with 2017.

Net profit is still negative, which is explained by the annual depreciation of nearly SEK 25 million we make on our technology. It doesn't affect cash flow and the real value rises as we increase sales and develop new license deals.

An important part of our strategy is to develop new **licensing applications**. Last year we concluded an agreement with Smartwise Sweden AB regarding advanced vascular injection catheters intended for, among other things, cancer treatment. This year we have signed an agreement with Well Lead, one of the world's largest manufacturers of catheters, to broaden our offer in the Chinese market. At the same time, we are actively working with the CE marking of orthopedic trauma implants with Bactiguard's coating. This process has been going on for more than a year and we are approaching the end. We see great opportunities in improving the quality of life for severely injured patients, while opening opportunities for us to enter into new licensing agreements in this area with significant market potential.

Our cooperation with Well Lead for China is developing well. The process of seeking regulatory approval for central venous catheters and endotracheal tubes, locally produced in China with Bactiguard's infection preventive technology, is ongoing at high intensity. So far, it has gone faster than expected and we have generated a further SEK 3 million of revenues in the quarter, totaling SEK 8 million this year, of approximately SEK 10 million in total initial license revenue from Well Lead. Once the products are approved, sales will generate recurring license revenue, so in the long term, the value of the partnership is significantly greater than the initial revenue.

**BIP sales** are developing well although still vary between quarters. This is primarily because sales to end customers take place through distributors who place orders to meet demand for several months. Therefore, to see clear trends, we need to focus on longer periods of time.

During the first nine months of this year, sales to China more than doubled. We now have full focus on shifting the responsibility for existing customers from our former distributor to our new partner. Simultaneously, Well Lead has developed plans for penetrating the top-rated hospitals in three to four regions and continues to train their staff.

In Sweden, developments are positive. In the past year, we have won important tenders in all major and several smaller regions. The tenders won for urinary catheters now cover 70 percent of Sweden's population and region Skåne's procurement of central venous catheters more than 10 percent of the population. Against this background, it is a natural step to go from direct sales with two own sales reps, to a cooperation with Mediplast, who with a much larger sales force in the Swedish market can cover hospitals more effectively. The cooperation also means that we will be able to launch the BIP portfolio in Norway and Denmark, markets that we have not yet approached.

In India, sales have multiplied this year, from a low level 2017. This is due to that the entire product portfolio is now approved, which opens new opportunities for our partners to approach hospitals, especially intensive care units. Therefore, we are investing in seminars and training of staff at the major hospitals in the largest metropolitan areas

In Europe and the Middle East, sales so far this year are at about the same level as in 2017. Therefore, it is important that we move our positions forward. Activities in the German market, together with our partner Asid Bonz, are gradually increasing during the autumn in this important market. Just recently, we also received notification that our urinary catheters are approved in Egypt, which opens a significant potential in this giant market, so we are looking forward to developments in all regions.

Finally, I want to take this opportunity to welcome Nordea Funds and the Fourth AP Fund as major shareholders. This is positive for Bactiguard and their representatives will join the nomination committee that prepares decisions for the 2019 annual general meeting.

Christian Kinch, CEO

## Key events during the third quarter

### **Bactiguard enters new partnership for Germany**

Bactiguard has entered a new distribution agreement for Germany with Asid Bonz GmbH (Asid Bonz), including all products in Bactiguard's portfolio. Asid Bonz has been supplying solutions to the German healthcare sector since 1811 and is a leading provider of medical consumables with focus on anesthesia, urology, surgery and ward supplies. The new distribution agreement replaces a previous agreement with Roeser Medical GmbH which was signed in December 2016.

### **Bactiguard wins tender for central venous catheters in Sweden**

Bactiguard has won its first Swedish tender for central venous catheters (CVC), covering the Skåne region. The contract enables hospitals in the region to purchase Bactiguard's anti-infective central venous catheters (BIP CVC), for at least two years.

### **Bactiguard launches line extension to BIP Foley Catheter**

Bactiguard is launching two line extensions to its BIP Foley Catheter; Female, adapted to the female anatomy and Tiemann, which facilitates catheterization of men.

### **The shareholder base in Bactiguard is broadened through a transaction comprising 6.6 million shares**

The main shareholders in Bactiguard Holding AB (publ) broaden the shareholder base and increase the free float in the company's share through a secondary sale of existing shares to three Swedish institutional owners. The transaction means that the two principal shareholders Christian Kinch and Thomas von Koch each sell 3 315 000 B shares at the price of SEK 39 per share and the total value amounts to SEK 258.6 million. The total number of shares in the company amounts to 33 302 373 and the total number of votes to 69 302 373. Consequently, the two main shareholders now each own shares corresponding to 18.4 percent of the capital and 34.8 percent of the votes in the company. Together they continue to control the majority of the votes in the company.

### **Bactiguard wins another tender in Sweden**

Bactiguard has won a tender for urinary catheters for the Östergötland region in Sweden, which enable healthcare providers in the region to purchase Bactiguard's urinary catheter for infection prevention in both latex and silicone, during at least two years.

## Key events after the end of the third quarter

### **Bactiguard partners with Mediplast in Scandinavia**

Bactiguard partners with Mediplast, a medical device company and healthcare supplier in the Nordic region, for sales and distribution in Sweden, Norway and Denmark. By using Mediplast sales force, the Swedish healthcare providers can be covered with more efficiently. At the same time, the collaboration provides a platform for launching the BIP portfolio in Norway and Denmark, markets where Bactiguard is not present today.

### **Bactiguard receives product approval in Egypt**

The product approval for Bactiguard's urinary (Foley) catheters was completed in October. This opens new opportunities for Bactiguard in providing effective infection prevention in the country and launch activities are now about to start together with the distributor Heal Pharma. Egypt is the most populous country in North Africa and the Middle East with a population of more than 90 million people. Heal Pharma, based in Cairo, has a nationwide reach and was established in 2008 by Dr Mohamed Khalifa.

# Nomination Committee appointed for the Annual General Meeting 2019

The Nomination Committee for the Annual General Meeting of Bactiguard Holding (publ), to be held on Wednesday 15 May at 14.00, at the company’s head office in Botkyrka, has been appointed. The Nomination Committee for the 2019 AGM in Bactiguard Holding AB (publ) will consist of the following members: Jan Ståhlberg (Chairman of the Board of Directors); Helena Borglund, appointed by KK Invest AB; Thomas von Koch, appointed by Bactiguard B.V.; Mats J Andersson, appointed by Nordea Fonder and Per Colleen, appointed by Fjärde AP Fonden.



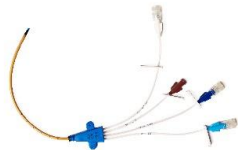
## Consolidated revenues and earnings

### Revenues

Bactiguard has two revenue streams, sales of BIP products and license revenues.

#### Sales of BIP products

Bactiguard's BIP (Bactiguard Infection Protection) product portfolio currently includes sales of the BIP Foley, BIP ETT and BIP CVC products.

BIP Foley Catheter	BIP ETT	BIP CVC
 <p>BIP Foley Catheter is the company’s urinary catheter, which uses the Bactiguard coating to reduce the risk of patients contracting catheter-associated infections of the urinary tract.</p>	 <p>BIP ETT is the company’s endotracheal tube, which uses the Bactiguard coating to reduce the risk of patients contracting ventilator-associated pneumonia.</p>	 <p>BIP CVC is the company’s central venous catheter, which uses the Bactiguard coating to reduce the risk of patients contracting catheter-associated blood infections.</p>

#### License revenues

License revenues are attributable to sales of products under license, which currently includes the Group's licensing agreement with BD (formerly C.R. Bard) regarding Foley catheters for the USA, Japan, the UK, Ireland, Canada and Australia, a license agreement with Vigilenz Medical Devices for orthopedic trauma implants, covering the ASEAN region, a global license agreement with Smartwise Sweden AB (Smartwise) for vascular injection catheters as well as a license agreement with Well Lead Medical covering all products in Bactiguard’s portfolio for the Chinese market, all with the Bactiguard technology.

#### Other revenue

Other revenue mainly comprises foreign exchange differences and other operating income.

## Revenue distribution

### Third quarter (July-September)

Consolidated revenues for the third quarter amounted to SEK 35.7 (34.8) million, an increase by 3% compared to the corresponding quarter last year.

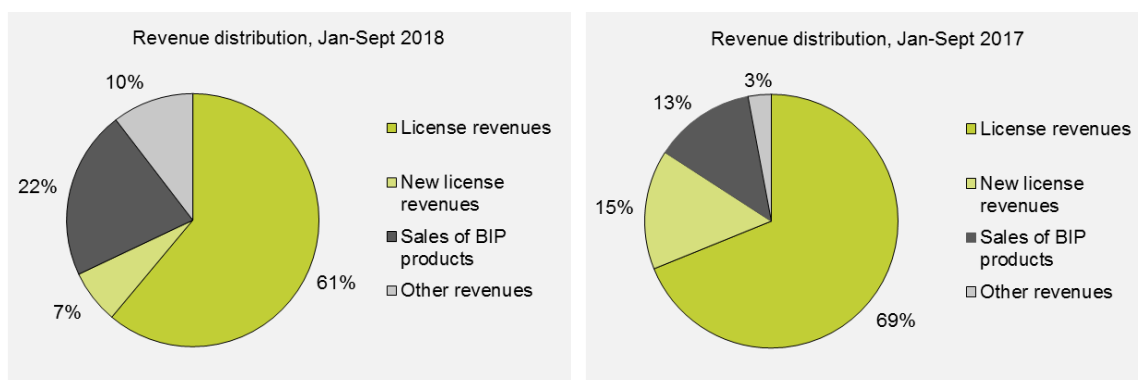
The major share of revenues was related to license revenues from BD (formerly C.R. Bard), which amounted to SEK 27.0 (24.3) million. The increase is explained to higher royalty payments and a stronger USD rate than corresponding quarter last year.

In June, a new license agreement with Well Lead Medical in China, was signed, which initially generates SEK 10 million in license revenues, whereof SEK 3.1 million has been recognized as revenue in the third quarter. The corresponding quarter last year included new license revenues of SEK 4.0 million, which were generated by the license agreement with Smartwise for the exclusive and global right to the Bactiguard technology for advanced vascular injection catheters.

Through the license agreement, Well Lead is granted the right to use Bactiguard's technology for local production of the products currently included in Bactiguard's product portfolio in the Chinese market. The remaining part of the initial license fee (approximately SEK 2 million) will be recognized as revenue during the remaining part of the collaborative phase, which is expected to last by mid-year 2019.

Sales of BIP products was lower than corresponding quarter last year and amounted to SEK 3.9 (5.2) million. The decrease of 24% is entirely explained by the fact that the third quarter previous year included a major order from China. During the second quarter of this year, many products were delivered to China, which means that no new deliveries were made during the third quarter. In Europe, India and MEA (the Middle East and Africa) the value of BIP sales increased compared to corresponding quarter last year. In the quarter, the BIP revenues represent 11% of total revenues.

Other revenues during the quarter amounted to SEK 1.6 (1.4) million, whereof about half were grants for development projects. The item has also been affected by balance sheet related currency effects.



### Nine-month period (January-September)

Consolidated revenues for the period January to September amounted to SEK 121.0 (112.3) million, an increase of 8% compared to the corresponding period previous year.

The increase in revenue is mainly due to the sale of BIP products, which amounted to SEK 26.1 (14.5) million. The increase of 80% is mainly attributable to increased sales volumes in China and India, but also the fact that the product mix has changed during the year and the value of BIP sales thus has increased. Year to date revenues from BIP sales accounted for 22% of total revenues.

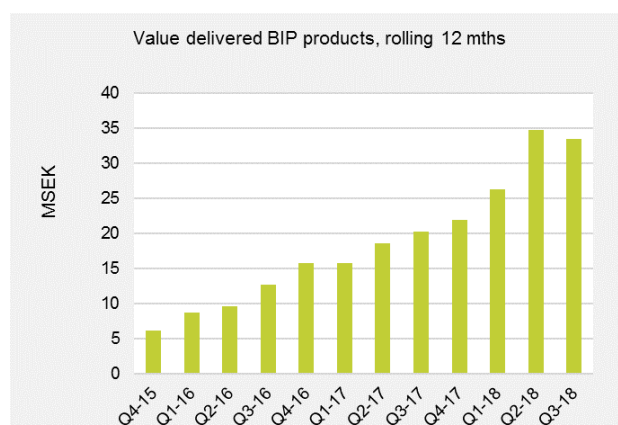
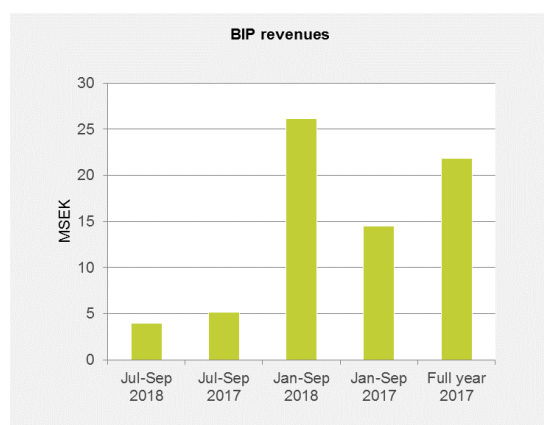
The bulk of the revenue 61% or SEK 73.9 (77.3) million was attributable to license revenues from BD. The decrease is due to somewhat lower volumes in the beginning of this year. The underlying business is stable, but volumes vary between the quarters without following a clear seasonal pattern.

New license revenues from the agreement with Well Lead amounted to SEK 8.3 million and was 7% of total revenues. The corresponding period previous year included new license revenue from Smartwise of SEK 17.1 million which corresponds to 15% of the revenues.

Other revenues during the period January to September amounted to SEK 12.6 (3.3) million whereof about half were currency effects. In addition, the item has been affected by SEK 2.4 million in grants for development projects, SEK 1.8 million from changes in inventories of finished goods and work in progress and SEK 1.3 million is attributable to the termination of agreement with the former distributor in China.

Revenue split	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
License revenues	76%	70%	61%	69%	68%
New license revenues	9%	11%	7%	15%	14%
Sales of BIP products	11%	15%	22%	13%	14%
Other revenues	5%	4%	10%	3%	4%

## BIP revenues



During the third quarter of 2018, BIP products at a value of SEK 3.9 million were delivered, compared to SEK 5.2 million in the corresponding quarter of 2017. During the first half year, BIP products at a value of 26.1 (14.5) million have been sold. During the full year 2017, the value of BIP products sold amounted to SEK 21.8 million.

The chart to the right above, shows the development per quarter, value in MSEK for delivered BIP products, rolling 12 months.

## Financial results

### Third quarter (July-September)

EBITDA for the third quarter amounted to SEK 7.9 (8.4) million, corresponding to an EBITDA margin of 22% (24%). The decrease in EBITDA is attributable to the cost of raw materials and consumables is higher since the product mix has changed over the years and the current product mix generates more direct costs. Also, the costs for marketing have increased, which is a deliberate effort.

Personnel costs are in line with last year. Other operating expenses includes currency effects, which had a negative effect of SEK -1.0 (-1.0) million in the quarter.

Consolidated operating profit for the third quarter amounts to SEK -0.2 (-0.3) million. Depreciations, which do not have any impact on cash flow, have affected the operating profit by SEK -8.1 (-8.7) million, whereof depreciations on the Bactiguard technology of SEK -6.0 (-6.0) million.

Financial net amounted to SEK -1.6 (-1.5) million in the quarter. Interest expense related to interest bearing loans amounted to SEK -1.1 (-1.5) million.

Tax for the third quarter amounted to SEK 1.2 (1.3) million.

Consolidated net profit for the third quarter amounted to SEK -0.5 (-0.4) million.

#### Nine-month period (January-September)

EBITDA for the period January to September amounted to SEK 18.8 (25.6) million, corresponding to an EBITDA margin of 16% (23%). The change compared with the same period last year is essentially attributable to higher revenues from new licenses previous year and that we have taken one-off costs this year. The nine-month period last year included new license revenues of SEK 17.1 million from Smartwise, while the corresponding period in 2018 included new license income from Well Lead of SEK 8.3 million. While signing a new agreement with Well Lead Medical for China, the agreement with former distributor (Jian AN) was terminated ahead of time. One-off costs for early termination of the agreement amounted to SEK 11.5 million, which has impacted year to date EBITDA negatively. SEK 8.4 million of the one-off cost is attributable to compensation to Jian AN for investments made in the marketing and product approval process and is included in the item Other external expenses. The remaining part, SEK 3.1 million refers to repurchases of inventory and is included in the item Raw materials and consumables.

Financial net amounted to SEK -7.1 (-5.5) million in the period January to September. The early termination of the contract with Jian AN has affected both financial income and financial expenses but has not impacted the financial net in the period. Other financial items consist, among other things, of value changes in forward hedging which had a negative impact year to date, as well as interest expenses on the bank loan.

Taxes for the period refers to the change in deferred taxes attributable to temporary differences relating to the Group's intangible assets. Deferred tax is recalculated to new future tax rates and the effect of changes in deferred tax has been taken in its entirety during the second quarter 2018, which means that the tax year to date of SEK 4.7 (3.8) is higher compared to corresponding period last year.

Consolidated net profit for the nine-month period amounted to SEK -9.4 (-2.3) million. Depreciations have affected the net profit by SEK -25.8 (-26.3) million, whereof depreciations on the Bactiguard technology of SEK -17.9 (-17.9) million.

## **Cash flow**

#### Third quarter (July-September)

Operating cash flow (cash flow from operating activities after investments and changes in working capital) for the third quarter amounted to SEK 4.1 (5.2) million. Cash flow from operating activities contributed positively by SEK 5.5 (7.4) million but was negatively affected by cash flow from changes in working capital with SEK -0.2 (-1.4) million. Investing activities generated a cash flow of SEK -1.2 (-0.9) million.

Cash flow from financing activities amounted to SEK -1.6 (-0.4) million, which is explained by the fact that the utilized amount of the overdraft facility during last quarter was repaid. The total cash flow for the third quarter amounted to SEK 2.6 (4.8) million.

#### Nine-month period (January-September)

Operating cash flow for the nine-month period 2018 amounted to SEK 0.1 (5.7) million. Cash flow from operating activities before change in working capital contributed positively by SEK 12.3 (21.1) million and was affected by a negative working capital of SEK -8.7 (-12.7). Most of the change in working capital comes

from increased prepaid expenses, including an up-front fee for the bank loan and prepayment to suppliers, as well as short term liabilities regarding one-off costs for early termination of the contract with Jian AN.

Total cash flow year to date was SEK -3.5 million (4.7).

## Investments

Investments in property, plant and equipment during the third quarter amounted to SEK 0.1 (0.0) million. Investments in intangible assets, mainly related to capitalized development expenditures, amounted to SEK 1.2 (0.8) million. No investments were made in financial non-current assets during the quarter.

## Financial position

The consolidated equity ratio was 63% on 30 September 2018 (61% on 30 September 2017) and equity amounted to SEK 376.4 (388.3) million.

Interest-bearing debt consist of a financial lease of SEK 11.3 million, and a three-year term loan of SEK 147.5 million, with a maturity of three years to December 2020. The term loan carries a base interest rate of STIBOR 90, but no less than 0 %, and a margin of 3.0 %. The bank loan will be amortized by SEK 35 million until maturity, whereof SEK 2.5 million has been amortized to date 2018.

Consolidated cash position on 30 September 2018 amounted to SEK 8.4 million (SEK 19.5 million on 30 September 2017). Out of a granted overdraft facility of SEK 30 million, SEK 0 million was utilized as of 30 September 2018 (SEK 0 million as of 30 September 2017). Net debt amounted to SEK 151.9 million as of 30 September 2018 (SEK 144.8 million on 30 September 2017).

The total assets of the Group on 30 September 2018 amounted to SEK 600.1 million (SEK 634.4 million on 30 September 2017). The largest asset items in the balance sheet are goodwill of SEK 226.3 million (226.3) and technology related to Bactiguard's product portfolio, which is depreciated over 15 years, amounted to SEK 195.0 (218.8) million.

Accounts receivable amounted to SEK 52.1 million on 30 September 2018, a decrease of SEK 4.8 million since 31 December 2017.

## Other disclosures

### The share and share capital

Trade in the Bactiguard share takes place on Nasdaq Stockholm under the ticker symbol "BACTI". The last price paid for the listed B share on 30 September 2018 was SEK 42.80, and the market capitalization amounted to SEK 1 425 million.

The share capital of Bactiguard on 30 September 2018 amounted to SEK 0.8 million divided into 29,302,373 B shares, each with one vote (29,302,373 votes) and 4,000,000 A shares, each with ten votes (40,000,000 votes). The total number of shares and votes in Bactiguard on 30 September 2018 amounted to 33,302,373 shares and 69,302,373 votes.



## Ownership

On 30 September 2018 Bactiguard had 3,063 shareholders.

Shareholders	No. of A shares	No. of B shares	Total number	% of capital	% of votes
CHRISTIAN KINCH AND COMPANY	2 000 000	4 125 977	6 125 977	18,4%	34,8%
THOMAS VON KOCH AND COMPANY	2 000 000	4 125 878	6 125 878	18,4%	34,8%
NORDEA INVESTMENT FUNDS		3 148 095	3 148 095	9,4%	4,5%
STÅHLBERG, JAN		2 956 831	2 956 831	8,9%	4,3%
FJÄRDE AP FONDEN		2 800 000	2 800 000	8,4%	4,0%
HANDELSBANKEN INVESTMENT FUNDS		1 600 000	1 600 000	4,8%	2,3%
FÖRSÄKRINGSBOLAGET, AVANZA PENSION		836 895	836 895	2,5%	1,2%
LANCELOT ASSET MANAGEMENT AB		590 000	590 000	1,8%	0,8%
SWEDBANK FÖRSÄKRING		587 577	587 577	1,8%	0,8%
FRÖAFALL INVEST AB		502 000	502 000	1,5%	0,7%
<b>Total, major shareholders</b>	<b>4 000 000</b>	<b>21 273 253</b>	<b>25 273 253</b>	<b>75,9%</b>	<b>88,4%</b>
Total, others	0	8 029 120	8 029 120	24,1%	11,6%
<b>Total number of shares</b>	<b>4 000 000</b>	<b>29 302 373</b>	<b>33 302 373</b>	<b>100%</b>	<b>100%</b>

## Human resources

The average number of employees in the Group during the period January to September amounted to 66 (64), of which 40 (39) are women.

## Accounting and valuation principles

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The interim report has been prepared in accordance with IAS 34 Interim Reporting and the Annual Accounts Act. Disclosures in accordance with IAS 34 Interim Reporting are submitted both in notes and elsewhere in the interim report. The parent company's financial statements have been prepared in accordance with the Annual Accounts Act and the Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The accounting and valuation principles are unchanged from those applied in the Annual Report 2017, in addition to what is explained below.

### IFRS 9 Financial Instruments

As of January 1, 2018, the Group applies IFRS 9 Financial Instruments. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and measurement. IFRS 9 involves changes in how financial assets are classified and valued, introduces a model for expected credit losses and changes in principles for hedge accounting.

According to IAS 39, the company's financial assets were categorized as "Loan receivables and account receivables" at amortized cost. According to IFRS 9, the financial assets are categorized as "Hold to collect" at accrued amortized cost.

The new standard has not affected the accounting of the company's financial assets other than account receivables. The group is affected by the new expected credit loss model regarding the calculation of the credit reserves for accounts receivables. The model proceeds from expected credit losses and ends up in an estimated loss for all account receivable, including the ones not yet expired. Bactiguard has chosen to apply the modified retroactive model, e.g. the reservation will correspond to the expected loss covering the entire life span of the account receivables. Bactiguard has chosen not to calculate comparative figures for the 2017 financial year, in accordance with the transitional rules of the standard. Opening balance of Equity

per 1 January 2018 has been adjusted with SEK -0.9 million as an effect of the new standard, which is also clearly shown in Condensed consolidated statement of changes in equity in page 14. The expected loss model has been adjusted with changes in account receivables as per 30 September 2018 and the effect is shown as other external cost in the Income Statement.

As in the past, the Group does not apply hedge accounting.

#### IFRS 15 Revenue from contracts with customers

As of January 1, 2018, the Group applies IFRS 15 Revenue from contracts with customers. Bactiguard has chosen the modified retroactive model and has not calculated comparative figures for the comparison year. IFRS 15 replaces IAS 18 Revenues, IAS 11 Construction contracts and related interpretations. The new standard means a new model of revenue recognition based on when the control of a product or service is transferred to the customer.

Bactiguard has evaluated the group's agreement with customers and the assessment is that the accounting of revenues will not be affected by the transition to IFRS 15, why no change in the opening balance of Equity has been made. Further information regarding the group's revenue distribution is to be found in Note 1.

#### **New IFRS standards from 1 January 2019**

##### IFRS 16 Leasing agreements

IFRS 16 Leasing agreements will be replacing IAS 17 Leasing agreements as of January 1, 2019. IFRS 16 has a leasing model for the lessees, which means that virtually all leasing agreements are to be recognized in the statement of financial position. Bactiguard holds leasing agreements primarily for premises. The management's assessment is that IFRS 16 will affect the recognized amounts in the statement of financial position. A detailed analysis of IFRS 16 is in progress but has not been completed, why there is an inability to quantify the effects.

## **Segment reporting**

An operating segment is a component of an entity that engages in business activities from which it may derive revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which there is separate financial information. The company's reporting of operating segments is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function that assesses the operating segment performance and decides how to allocate resources. The company has determined that the Group executive management constitutes the chief operating decision maker.

The company is considered in its entirety to operate within one business segment.

## **Related-party transactions**

Transactions between the company and its subsidiaries, which are related parties to the company, have been eliminated on consolidation.

Services and other transactions between companies within the Group are charged according to commercial principles.

Bactiguard has since 2017 a license agreement with Smartwise Sweden AB, a company owned by a group of private investors, including Bactiguard's CEO and main shareholder Christian Kinch and main shareholder Thomas von Koch.

Other than as described above, neither Bactiguard nor its subsidiaries have granted loans, guarantees or sureties to, or for the benefit of, any directors or senior managers of the Group. None of these persons have any direct or indirect participation in any other business transaction with any entity of the Group which is, or was, unusual in its nature or with regard to its terms.

## **Parent company**

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

## **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 29 and 48-49 in the Annual Report for 2017.

## **Financial targets**

Bactiguard's goal is to create value and generate good returns for the shareholders. One financial target is to have an average growth of 20 % per year over a five-year period, with 2015 as the base year, and adjusted revenues of SEK 118.5 million as the starting point. Another target is to achieve an EBITDA margin of at least 30 % at the end of the five-year period (year 2020). Bactiguard will continue to expand the business by strengthening the sales- and marketing organization, developing new products to the existing BIP portfolio and by entering new license agreements in new therapeutic areas. Other financial targets are to have an equity ratio of at least 30 % and a long-term objective of a dividend of 30-50 % of profit after tax, taking into consideration the company's financial position. The company is in an expansion phase and will therefore in the coming years, prioritize growth over dividends.

## Condensed consolidated income statement

Amounts in TSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
<i>Revenues</i>					
License revenues	30 143	28 270	82 258	94 464	125 609
Sales of BIP products	3 939	5 161	26 135	14 499	21 849
Other revenues	1 610	1 360	12 630	3 321	6 181
	35 691	34 790	121 023	112 283	153 639
Raw materials and consumables	-4 633	-3 637	-18 250	-14 036	-20 262
Other external expenses	-9 917	-9 443	-40 909	-30 411	-42 329
Personnel costs	-12 279	-12 278	-39 424	-38 542	-51 475
Depreciation and amortisation	-8 074	-8 699	-25 750	-26 309	-35 015
Other operating expenses	-957	-1 003	-3 617	-3 652	-5 141
	-35 859	-35 059	-127 950	-112 951	-154 221
<b>Operating profit/loss</b>	<b>-167</b>	<b>-269</b>	<b>-6 927</b>	<b>-668</b>	<b>-582</b>
<i>Profit/loss from financial items</i>					
Financial income	430	762	3 602	1 228	1 378
Financial expenses	-2 001	-2 211	-10 740	-6 705	-9 088
	-1 571	-1 450	-7 137	-5 477	-7 710
<b>Profit before tax</b>	<b>-1 738</b>	<b>-1 719</b>	<b>-14 064</b>	<b>-6 145</b>	<b>-8 292</b>
Taxes for the period	1 212	1 281	4 661	3 813	5 042
<b>Net profit/loss for the period</b>	<b>-526</b>	<b>-439</b>	<b>-9 404</b>	<b>-2 332</b>	<b>-3 251</b>
<b>Attributable to:</b>					
Shareholders of the parent	-526	-438	-9 404	-2 332	-3 251
Earnings per share, SEK*	-0,02	-0,01	-0,28	-0,07	-0,10

## Condensed consolidated statement of comprehensive income

Amounts in TSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
Net profit/loss for the period	-526	-439	-9 404	-2 332	-3 251
<i>Other comprehensive income:</i>					
<u>Items that will be reclassified to profit or loss for the year</u>					
Translation differences	243	136	-389	335	28
Other comprehensive income, after tax	243	136	-389	335	28
Total comprehensive income for the period	-283	-303	-9 794	-1 997	-3 223
<b>Attributable to:</b>					
Shareholders of the parent	-283	-303	-9 794	-1 997	-3 223
Total earnings per share, SEK*	-0,01	-0,01	-0,29	-0,06	-0,10
Number of shares at the end of period ('000)	33 302	33 302	33 302	33 302	33 302
Weighted average number of shares ('000)	33 302	33 302	33 302	33 302	33 302
* no dilution effect					

## Condensed consolidated statement of financial position

Amounts in TSEK	2018-09-30	2017-09-30	2017-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	226 292	226 292	226 292
Technology	194 950	218 757	212 805
Brands	25 572	25 572	25 572
Customer relationships	9 663	10 843	10 548
Capitalised development expenditure	20 298	17 911	18 568
Patents	477	668	571
<b>Intangible assets</b>	<b>477 252</b>	<b>500 042</b>	<b>494 355</b>
Improvements, leasehold	11 083	13 806	13 031
Machinery and other technical plant	17 370	18 217	19 580
Equipment, tools and installations	2 377	2 995	3 107
<b>Property, plant and equipment</b>	<b>30 830</b>	<b>35 018</b>	<b>35 717</b>
Long-term receivables	173	16 692	17 263
Investments in associates	-	1 228	-
<b>Financial assets</b>	<b>173</b>	<b>17 920</b>	<b>17 263</b>
<b>Total non-current assets</b>	<b>508 255</b>	<b>552 981</b>	<b>547 336</b>
<b>Current assets</b>			
Inventory	14 394	15 337	13 608
Accounts receivable	52 059	35 110	39 596
Other current receivables <i>Note 2</i>	16 968	11 501	13 300
Cash and cash equivalents	8 407	19 483	11 550
<b>Total current assets</b>	<b>91 828</b>	<b>81 431</b>	<b>78 054</b>
<b>TOTAL ASSETS</b>	<b>600 084</b>	<b>634 412</b>	<b>625 390</b>
<b>Equity attributable to shareholders of the parent</b>			
Share capital	833	833	833
Other equity	375 548	387 499	386 273
<b>Total equity</b>	<b>376 380</b>	<b>388 331</b>	<b>387 105</b>
<b>Non-current liabilities</b>			
Advance payments from customers	-	17 112	17 263
Deferred tax liability	20 582	26 472	25 243
Liabilities to credit institutions	135 000	-	142 500
Other long-term liabilities	11 330	12 849	12 476
<b>Total non-current liabilities</b>	<b>166 911</b>	<b>56 433</b>	<b>197 482</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	12 500	150 000	7 500
Accounts payable	4 686	4 219	4 832
Other current liabilities <i>Note 2</i>	16 690	6 334	6 855
Accrued expenses and deferred income	22 915	29 094	21 616
<b>Total current liabilities</b>	<b>56 792</b>	<b>189 647</b>	<b>40 803</b>
<b>Total liabilities</b>	<b>223 703</b>	<b>246 081</b>	<b>238 285</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>600 084</b>	<b>634 412</b>	<b>625 390</b>

## Condensed consolidated statement of changes in equity

Amounts in TSEK	Equity attributable to shareholders of the parent				Total equity
	Share capital	Other capital contributions	Translation reserve	Retained earnings including net profit for the period	
<b>Opening balance, 1 January 2017</b>	833	675 690	88	-286 283	390 328
Profit/loss for the period	-	-	-	-2 332	-2 332
<i>Other comprehensive income:</i>					
Translation differences	-	-	335	-	335
<b>Total comprehensive income after tax</b>	<b>0</b>	<b>0</b>	<b>335</b>	<b>-2 332</b>	<b>-1 997</b>
<b>Transactions with shareholders</b>					
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Closing balance, 30 September 2017</b>	<b>833</b>	<b>675 690</b>	<b>423</b>	<b>-288 614</b>	<b>388 331</b>
<b>Adjustments 1 October - 31 December 2017</b>					
Profit/loss for the period	-	-	-	-919	-919
<i>Other comprehensive income:</i>					
Translation differences	-	-	-307	-	-307
<b>Closing balance, 31 December 2017</b>	<b>833</b>	<b>675 690</b>	<b>116</b>	<b>-289 533</b>	<b>387 105</b>
Adjustment opening balance 1 January 2018, change in accounting principle, IFRS 9	-	-	-	-932	-932
<b>Adjusted opening balance, 1 January 2018</b>	<b>833</b>	<b>675 690</b>	<b>116</b>	<b>-290 465</b>	<b>386 173</b>
Profit/loss for the period	-	-	-	-9 404	-9 404
<i>Other comprehensive income:</i>					
Translation differences	-	-	-389	-	-389
<b>Total comprehensive income after tax</b>	<b>0</b>	<b>0</b>	<b>-389</b>	<b>-9 404</b>	<b>-9 794</b>
<b>Transactions with shareholders</b>					
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Closing balance, 30 September 2018</b>	<b>833</b>	<b>675 690</b>	<b>-273</b>	<b>-299 869</b>	<b>376 380</b>

## Condensed consolidated statement of cash flows

Amounts in TSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
<b>Cash flow from operating activities</b>					
Net profit/loss for the period	-526	-438	-9 404	-2 332	-3 251
Adjustments for depreciation and amortisation and other non-cash items	6 044	7 854	21 658	23 432	31 791
	5 518	7 416	12 254	21 100	28 540
<b>Cash flow from changes in working capital</b>					
Increase/decrease inventory	-1 069	-1 120	-572	-300	1 565
Increase/decrease accounts receivable	5 733	2 554	5 938	-7 564	-12 476
Increase/decrease other current receivables	182	1 690	-4 102	1 416	1 231
Increase/decrease accounts payable	-4 044	-1 659	-151	-662	-56
Increase/decrease other current liabilities	-955	-2 820	-9 780	-5 621	-12 687
	-154	-1 355	-8 666	-12 731	-22 424
<b>Cash flow from investing activities</b>					
Investments in intangible assets	-1 153	-839	-3 055	-2 592	-3 661
Investments in property, plant and equipment	-85	-64	-423	-78	-2 571
	-1 238	-903	-3 478	-2 671	-6 233
<b>Operating cash flow</b>	<b>4 126</b>	<b>5 158</b>	<b>110</b>	<b>5 698</b>	<b>-117</b>
<b>Cash flow from financing activities</b>					
Amortisation of financial lease	-333	-351	-1 093	-1 042	-1 398
Change in bank overdraft	-1 235	-	-	-	-
Amortisation of loan	-	-	-2 500	-	-150 000
Debt incurred	-	-	-	-	150 000
Up-front fee loan	-	-	-	-	-1 800
	-1 569	-351	-3 593	-1 042	-3 198
<b>Cash flow for the period</b>	<b>2 557</b>	<b>4 806</b>	<b>-3 483</b>	<b>4 656</b>	<b>-3 315</b>
<b>Cash and cash equivalents at start of period</b>	<b>5 731</b>	<b>14 905</b>	<b>11 550</b>	<b>15 645</b>	<b>15 645</b>
Exchange difference in cash and cash equivalents	119	-228	340	-817	-780
<b>Cash and cash equivalents at end of period</b>	<b>8 407</b>	<b>19 483</b>	<b>8 407</b>	<b>19 483</b>	<b>11 550</b>

## Condensed parent company income statement

Amounts in TSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
Revenues	1 536	1 386	5 277	4 822	6 464
	1 536	1 386	5 277	4 822	6 464
Operating expenses	-2 440	-2 336	-7 857	-7 471	-9 941
	-2 440	-2 336	-7 857	-7 471	-9 941
<b>Operating profit/loss</b>	-904	-950	-2 580	-2 648	-3 477
Net financial items	-510	-563	-1 517	-1 687	-2 245
<b>Profit/loss after financial items</b>	-1 413	-1 513	-4 097	-4 335	-5 722
Tax for the period	-	-	-	-	-
<b>Net profit/loss for the period</b>	-1 413	-1 513	-4 097	-4 335	-5 722

## Condensed parent company statement of comprehensive income

The parent company has no items in 2018 or 2017 recognized in other comprehensive income. Net profit/loss for the period for the parent company thereby also constitutes the comprehensive income for the period. The parent company therefore presents no separate statement of comprehensive income.



## Condensed parent company balance sheet

Amounts in TSEK	2018-09-30	2017-09-30	2017-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets	612 989	596 589	622 989
<b>Total non-current assets</b>	<b>612 989</b>	<b>596 589</b>	<b>622 989</b>
<b>Current assets</b>			
Receivables from group companies	-	18 783	-
Prepayments and accrued income	1 620	227	1 962
Other current receivables	4	4	4
Cash and cash equivalents	2 193	1 112	374
<b>Total current assets</b>	<b>3 816</b>	<b>20 126</b>	<b>2 340</b>
<b>TOTAL ASSETS</b>	<b>616 806</b>	<b>616 715</b>	<b>625 329</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Total equity</b>	<b>458 712</b>	<b>464 196</b>	<b>462 809</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	135 000	-	142 500
<b>Total non-current liabilities</b>	<b>135 000</b>	<b>0</b>	<b>142 500</b>
<b>Current liabilities</b>			
Liabilities to group companies	8 120	-	9 775
Liabilities to credit institutions	12 500	150 000	7 500
Other liabilities	2 474	2 519	2 746
<b>Total current liabilities</b>	<b>23 094</b>	<b>152 519</b>	<b>20 020</b>
<b>Total liabilities</b>	<b>158 094</b>	<b>152 519</b>	<b>162 520</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>616 806</b>	<b>616 715</b>	<b>625 329</b>

## Note 1 Revenue distribution

Amounts in TSEK	Total Group	
	Jul-Sep 2018	Jan-Sep 2018
<b>Type of product/service</b>		
License	30 143	82 258
<u>BIP-products</u>	<u>3 939</u>	<u>26 135</u>
<b>Total</b>	<b>34 082</b>	<b>108 393</b>
<b>Time for revenue recognition</b>		
Performance commitment is met at a certain time	30 974	105 285
<u>Performance commitment is met during a period of time</u>	<u>3 108</u>	<u>3 108</u>
<b>Total</b>	<b>34 082</b>	<b>108 393</b>

## Note 2 Financial assets and liabilities measured at fair value

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 2017, note 4. Fair value of financial assets and liabilities is estimated to be substantially consistent with book values.

The group holds derivative instruments for foreign exchange contracts which are recognized at fair value through profit or loss, considering the current exchange rate on the foreign exchange market and the remaining maturity of respective instruments.

Amounts in TSEK	Jan-Sep 2018		Jan-Sep 2017		Full year 2017	
	Derivatives (level 2)	Fair value	Derivatives (level 2)	Fair value	Derivatives (level 2)	Fair value
<b>Assets</b>						
Other current receivables	-	-	152	152	-	-
<b>Liabilities</b>						
Other current liabilities	993	993	-	-	-	-

## 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 it is 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	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
Operating profit/loss	-167	-269	-6 927	-668	-582
Depreciation and amortisation	<u>8 074</u>	<u>8 699</u>	<u>25 750</u>	<u>26 309</u>	<u>35 015</u>
<b>EBITDA</b>	<b>7 906</b>	<b>8 429</b>	<b>18 823</b>	<b>25 641</b>	<b>34 432</b>

## 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	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
EBITDA	7 906	8 429	18 823	25 641	34 432
Revenue	<u>35 691</u>	<u>34 790</u>	<u>121 023</u>	<u>112 283</u>	<u>153 639</u>
<b>EBITDA-margin</b>	<b>22%</b>	<b>24%</b>	<b>16%</b>	<b>23%</b>	<b>22%</b>

## Net debt

Net debt is a measure used to describe the group's indebtedness and its ability to repay its debt with cash generated from the group's operating activities if the debts matured today. The company considers this key figure interesting for creditors who want to understand the group's debt situation.

The company defines net debt as interest-bearing liabilities less cash and cash equivalents at the end of the period.

Interest-bearing liabilities consist of debt to credit institutions and shareholders, as well as interest-bearing part of other long-term and current liabilities.

Amounts in TSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
Interest-bearing part of other long-term liabilities	11 330	12 849	11 330	12 849	12 476
Non interest-bearing part of other long-term liabilities	-	-	-	-	-
<b>Other long-term liabilities</b>	<b>11 330</b>	<b>12 849</b>	<b>11 330</b>	<b>12 849</b>	<b>12 476</b>

Amounts in TSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
Interest-bearing part of other current liabilities	1 519	1 449	1 519	1 449	1 466
Non interest-bearing part of other current liabilities	<u>15 171</u>	<u>4 886</u>	<u>15 171</u>	<u>4 886</u>	<u>5 389</u>
<b>Other current liabilities</b>	<b>16 690</b>	<b>6 334</b>	<b>16 690</b>	<b>6 334</b>	<b>6 855</b>

Amounts in TSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
Liabilities to credit institutions	147 500	100 000	147 500	100 000	150 000
Debt to shareholders	-	50 000	-	50 000	-
Interest-bearing part of other long-term liabilities	11 330	12 849	11 330	12 849	12 476
<u>Interest-bearing part of other current liabilities</u>	<u>1 519</u>	<u>1 449</u>	<u>1 519</u>	<u>1 449</u>	<u>1 466</u>
Interest-bearing liabilities	160 349	164 298	160 349	164 298	163 942
Cash and cash equivalents	<u>-8 407</u>	<u>-19 483</u>	<u>-8 407</u>	<u>-19 483</u>	<u>-11 550</u>
<b>Net debt</b>	<b>151 942</b>	<b>144 815</b>	<b>151 943</b>	<b>144 815</b>	<b>152 392</b>

## Equity ratio

Equity ratio is a measure that the company considers important for creditors who want to understand the company's long-term ability to pay. The company defines equity ratio as equity and untaxed reserves (less deferred tax), in relation to the balance sheet total.

Amounts in TSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
Equity	376 380	388 331	376 380	388 331	387 105
Balance sheet total	600 084	634 412	600 084	634 412	625 390
<b>Equity ratio</b>	<b>63%</b>	<b>61%</b>	<b>63%</b>	<b>61%</b>	<b>62%</b>

### **Earnings per share**

Profit attributable to holders of ordinary shares in the Parent Company divided by the weighted average number of outstanding ordinary shares during the period, in accordance with IFRS.

### **Operating cash flow**

Cash flow from operating activities after investments and changes in working capital. Direct reconciliation against financial report possible.

### **Profit/loss from financial items**

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

## Forthcoming disclosures of information

7 February 2019	Year-end report 2018
17 April 2019	Annual report 2018
9 May 2019	Interim report, 1 Jan – 31 Mar 2019
15 May 2019	Annual General Meeting
8 August 2019	Interim report, 1 Apr – 30 Jun 2019
7 November 2019	Interim report, 1 Jul – 30 Sep 2019

## Contacts

For additional information, please contact:

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Cecilia Edström, CFO: +46 72 226 23 28

## Signatories to 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, 6 November 2018

Jan Ståhlberg

Chairman

Mia Arnhult

Board member

Svante Östblom

Board member

Marie Wickman-Chantereau

Board member

Christian Kinch

CEO and Board member

Bactiguard is a Swedish medtech company with a mission to save lives. To achieve this mission, we develop and supply infection protection solutions which reduce the risk of healthcare associated infections and the use of antibiotics. This way, we save significant costs for healthcare and the society at large. The Bactiguard coating prevents healthcare associated infections through reducing bacterial adhesion and formation on medical devices. Bactiguard-coated urinary catheters are market leading in the US and Japan through our license partner BD and the company has also its own product portfolio consisting of urinary catheters, endotracheal tubes and central venous catheters. Bactiguard is in a strong expansion phase focused on the European markets, Middle East, Asia and Latin America. The company has about 70 employees worldwide. Its headquarters and production facility is in Stockholm. Bactiguard is listed on Nasdaq Stockholm. Read more about Bactiguard at [www.bactiguard.com](http://www.bactiguard.com).

This information is information that Bactiguard Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above 2018-11-06, at. 08.00.

# Review report

## Introduction

We have reviewed the interim report for Bactiguard Holding AB (publ) for the period 1 January 2018 – 30 September 2018. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 6 November 2018

DELOITTE AB

Kent Åkerlund

Authorized Public Accountant