

## Bactiguard makes its first acquisition by acquiring Vigilenz

**Bactiguard deepens the partnership that was initiated in 2015 by acquiring Vigilenz Medical Devices and Vigilenz Medical Supplies (together Vigilenz) in Malaysia. The acquisition strengthens Bactiguard's position in infection control and wound management, as well as innovation and product development capability and capacity. The consideration consists of a cash payment of USD 4.5 million payable at closing and, subject to approval by the annual general meeting of shareholders (AGM), 241 512 new class B-shares in Bactiguard, equivalent to a value of USD 2 million.**

Bactiguard Holding AB (publ) (Bactiguard) has entered an agreement to acquire Vigilenz, a Malaysian manufacturer and supplier of medical devices and consumables, primarily active in wound management and infection control. Bactiguard and Vigilenz have been partners since 2015, when an agreement to develop Bactiguard-coated orthopaedic trauma implants was signed. The implants were CE-marked in late 2018, which paved the way for Bactiguard's global license agreement with Zimmer Biomet.

Vigilenz has a portfolio of products ranging from surgical sutures, mesh, wound wash and dressings, to orthopaedic trauma implants. One product which Bactiguard considers has significant potential is HYDROCYN aqua®, for advanced wound management of acute and chronic wounds. The product is CE-marked and has been registered by the US FDA. Vigilenz's research and development activities focus on biomaterials for medical application, urology, cardiovascular and wound management products, with the aim of reducing device related infections. It also has a strong regional distribution network in South East Asia.

“Acquiring Vigilenz makes perfect sense. Together we will have a much stronger offer for infection control and will be able to access the market for advanced wound care, which has a global potential of over USD 5 billion”, says Christian Kinch CEO.

“The transaction will result in substantial synergies both in revenues and cost, by pooling our distribution networks, product development teams, staff functions and production facilities. I am glad that Professor Choudhury has agreed to stay in the business and become a shareholder in Bactiguard, as I see great potential in jointly developing new products and license applications for improved patient outcomes. This is a clear win-win for both companies,” Christian Kinch continues.

In 2019, Vigilenz had a preliminary, consolidated pro forma turnover of approximately MYR 18 million (approx. SEK 42 million), EBITDA of MYR 2.6 million (approx. SEK 6 million) and an EBITDA-margin of 14 percent.



As a result of the acquisition, joint revenues are expected to grow faster than on a stand-alone basis, as the product portfolios are complementary and can be offered throughout both companies' footprint. In a three to five year perspective, Bactiguard also expects cost synergies of SEK 5-10 million.

The transaction is therefore financially compelling and significantly accretive to revenues, earnings and cash flow.

### **Highlights of the acquisition**

The shareholders of Vigilenz, including the founder, Chief Executive and majority shareholder Professor Choudhury, have unanimously accepted Bactiguard's offer. The total consideration consists of:

- a cash payment of USD 4.5 million, payable at closing and;
- subject to approval by the shareholders in Bactiguard at the AGM on 28 April 2020, 241 512 new class B-shares in Bactiguard, equivalent to a value of USD 2 million.
- As a result of the acquisition, Bactiguard also assumes net debt of close to SEK 12 million (approximately USD 1.2 million).

The new class B-shares will be subject to a lock-up period of 12 months, during which period the shares may not be sold.

The cash portion will be financed through bank facilities provided by Skandinaviska Enskilda Banken (SEB), with a term of three years. At the same time, the term of Bactiguard's current bank facility with SEB will be extended and have the same tenor.

Closing of the acquisition and payment of the cash portion of the purchase price shall take place 10 business days after the following condition precedents have been fulfilled:

- (i) Bactiguard has received approval from SEB with firm and unconditional commitment regarding the financing of the cash portion of the purchase price; and
- (ii) Vigilenz's bank approves the change of control of Vigilenz.

It is expected that these conditions precedent will be fulfilled no later than 14 February 2020 and, hence, that closing will occur before the end of February 2020.

The Bactiguard Board of Directors has approved the transaction and shareholders including Christian Kinch, Thomas von Koch, Jan Ståhlberg, The Fourth Swedish National Pension Fund (AP4) and Nordea Investment Funds, together representing approximately 66 percent of the capital and 84 percent of the votes in Bactiguard have declared that they will support the issuance of new class B-shares at the AGM.

### **About Vigilenz**

Vigilenz is a privately-owned, manufacturer and supplier of medical devices and consumables, incorporated in Malaysia in 2002. From its home market, Vigilenz has expanded to covering over 26 countries. The company has approximately 100 employees and a modern ISO class 8 production facility located at the company headquarters in Penang. Its field sales force covers the entire Malaysian market, whereas export sales are handled through distributors.

Vigilenz offers a wide range of products, primarily in wound management and infection control. The product range consists of absorbable and non-absorbable sutures, hernia mesh, HYDROCYN aqua®, an innovative wound wash, debridement agent & cleaning solution for acute & chronic wounds, as well as Bactiguard-coated orthopaedic trauma implants.



Vigilenz is ISO 13485:2016 certified and designs and develops Class II and III CE marked products. It was the first Malaysian company to attain a Class III CE marked product. Some of the products are FDA registered and the company has also received HALAL certification.

For more information please visit [www.vigilenzmd.com](http://www.vigilenzmd.com)

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On February 5, Bactiguard publishes the year end report for 2019. In connection with this, a web conference for investors, analysts and media will be held at 10:00 CET, where CEO Christian Kinch and CFO Cecilia Edström will present the year end report and answer questions, as well as comment on the acquisition.

Please visit <http://www.bactiguard.com> for more information about the web conference.

**About Bactiguard**

Bactiguard is a Swedish medical device company with a mission to save lives. To achieve this mission we develop and supply infection prevention solutions which reduce the risk of healthcare associated infections and the use of antibiotics. This way, we save significant costs for healthcare and the society at large.

The Bactiguard technology prevents bacterial adhesion and biofilm formation on medical devices. Bactiguard offers the technology through licence agreements and our BIP (Bactiguard Infection Protection) portfolio of products. Through our licence partner BD, urinary catheters with Bactiguard's coating are market leading in the USA and Japan. Bactiguard's own product portfolio of urinary catheters, endotracheal tubes and central venous catheters prevent some of the most common infections, which appear in the urinary tract, the blood stream and the respiratory tract.

Bactiguard is in a strong expansion phase in the European markets, China, India and the Middle East as well by establishing license agreements in new therapeutic areas. The company has about 70 employees around the world. Its headquarters and one of two production facilities are located in Stockholm, the other one in Malaysia. Bactiguard is listed on Nasdaq Stockholm.

Read more about how Bactiguard saves lives at [www.bactiguard.com](http://www.bactiguard.com)



*CEO Christian Kinch and Professor Choudhury at Vigilenz.*



*CEO Christian Kinch, Innovator Billy Södervall and Professor Choudhury.*