

Interim report for Q1 2016

Bactiguard started the year by increasing sales of its own product portfolio and delivered approx. 87,600 units, which is more than half of the total volume in 2015. License revenues were lower due to the adjusted order from C.R Bard, but as of March the order situation is back at a stable level. Operating profit was negative, but mayor payments of accounts receivable contributed to a positive cash flow.

First quarter (January-March 2016)

- During the first quarter, a total of approx. 87,600 (4,650) BIP products were delivered, 100 % of which generated revenues.
- Revenues amounted to SEK 26.0 (29.0) million. The decrease is mainly related to the adjustment of the additional one-off order from C.R. Bard which led to lower license revenues in the quarter.
- EBITDA amounted to SEK -1.6 (0.2) million.
- Operating profit amounted to SEK -9.9 (-7.9) million.
- Reported net profit amounted to SEK -11.2 (-3.6) million, corresponding to SEK -0.34 (-0.11) per share. Net profit for the quarter has been positively affected by market valuation of the bond of SEK 0.7 (6.9) million.
- Operating cash flow for the quarter amounted to SEK 1.8 (-8.7) million, corresponding to SEK 0.05 (-0.26) per share. Major payments of accounts receivable contributed to the positive cash flow.

Key events during the first quarter

- First order from China of 100,000 units
- Bactiguard wins tender in Halland
- Laboratory study indicates that Bactiguard's coating may reduce the risk of thrombosis
- Minister of Enterprise and Innovation inaugurated Bactiguard's headquarters

Key events after the end of the first quarter

- Research grant aimed at developing a new generation of vascular access catheters
- New clinical study to help people with spinal cord injury



Comments by the CEO

It is encouraging to report that we start the year by increasing sales of our own portfolio of infection prevention products for the healthcare sector. The largest shipment went to India as a result of the order we received during the fourth quarter of 2015. We have also made an initial partial delivery of the order we received from China in January, in connection with the product approval. The remaining part of this order will be delivered during the second quarter of 2016. Furthermore, a considerable volume of products were shipped to the European market during the quarter, which means that we are expanding the number of markets and regions that regularly order products. During the first quarter we delivered approx. 87,600 units, which is more than half of the total volume in 2015. Thereby, we are well on our way towards our goal of at least doubling the sales volume this year.

Compared with the first quarter of 2015, however, we have lower revenues. This is explained by lower revenues from C.R. Bard, which is a direct result of the adjustment of the one-off order we received in 2015. The adjustment meant that part of the additional order has been used for regular production, which has affected subsequent deliveries in a negative way. The main impact of this adjustment was felt in the fourth quarter of 2015, but it also affected the first quarter of this year. As of March, the order situation is back at a stable level, which is positive.

In addition to increasing sales volumes and revenues, we focus on keeping costs under control to generate positive earnings and cash flow. Costs are developing according to plan, but the lower revenues mean that we despite this report a negative EBITDA.

In sales- and marketing, we have had an intense quarter, particularly with preparations for the launch of our urinary catheters in the Chinese market. The extent of the launch in China has no equivalent in Bactiguard's history. Our distributor Jian An has some 1 500 sales reps and product specialists, who will be trained prior to approaching the Chinese hospitals. In India, sales- and marketing activities have also accelerated. We have participated in two major congresses for specialists, established dealers in several metropolitan areas, started deliveries to end customers and expanded the clinical study involving a total of 1000 patients, at six different hospitals.

In Sweden, work has intensified and we now have two full-time sales reps in the market. In February we received confirmation that we have won a tender for incontinence products in Region Halland, which now includes anti-infective products within their range of products. Bactiguard's urinary catheters can be ordered within the framework agreement, which enters into force on October 1, 2016. We see a trend in increasing demand for anti-infective products from other Swedish counties.



The clinical evidence has strengthened in a new area in the quarter. A laboratory study by researchers at the Karolinska Institute and Bactiguard indicates that the Bactiguard technology, in addition to reducing the number of infections, may also reduce the risk of thrombosis (blood clots). The study, published in the Journal of Biomedical Materials in January, was welcomed by the market and paves the way for in-depth studies of the effect on this serious condition for the patient. In late April, another clinical trial was initiated, for a new group of patients, together with the Centre for Spinal Cord Injury in Stockholm. The purpose of the study is to evaluate Bactiguard's anti-infective catheter, to improve the quality of life for patients with spinal cord injuries.

The cooperation with our new license partner in orthopaedic implants, Vigilenz Medical Devices, is in full progress and the process of product approval has been initiated. The debate and reporting on superbugs and antibiotic resistance have been accentuated and get broad exposure in all media. This combined with the fact that we have allocated more internal resources and have started working in a new therapeutic area has opened up for new potential partnerships and licensing opportunities.

Politically, we have received considerable attention during the spring and the interest in Bactiguard from a local and labour market policy perspective has been great. In March, the Minister of Enterprise- and innovation, Mikael Damberg and the Mayor of Botkyrka, Mrs Ebba Östlin, inaugurated our headquarters. Bactiguard's collaboration with Samhall has been highlighted as a role model in several different contexts, of which we are very proud.

In April the Swedish government presented a new strategy to combat antibiotic resistance, where prevention is at the top of the agenda. Governments around the world have taken similar initiatives in promoting the subject, which is to be discussed at a high-level meeting in the UN General Assembly this autumn. Antibiotic and other forms of antimicrobial resistance is a major and growing threat to both human and animal health, as well as the economy and trade, where Bactiguard's solutions for infection prevention can contribute to the solution to this global challenge. Our main goal is to win the war against healthcare associated infections.

Christian Kinch

CEO

The interim report for Bactiguard Holding AB (publ) for the period January-March 2016 is available as a PDF at www.bactiguard.com

A telephone conference for investors, analysts and media will be held at 10:00 CET today, where CEO Christian Kinch and CFO Fredrik Järsten will present the interim report and answer questions.

To participate in the conference, please dial +46 8 566 427 00



This is information that Bactiguard Holding AB (publ) is required to publish in compliance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on May 12, 2016, at 08.00.

For further information, please contact:

Ulrika Berglund, Head of External Affairs, mobile: +46 708 800 407

About Bactiguard

Bactiguard is a Swedish medtech company with a global presence, offering a solution that prevents healthcare associated infections caused by medical devices. By preventing infections, we contribute to a reduced use of antibiotics and the spread of multi-resistant bacteria, which is a growing problem worldwide. We save lives, increase patient safety and significantly reduce the cost for the healthcare and society. Our technology is well-proven, safe and tissue friendly and consist of a thin layer of noble metals that prevents bacterial growth. The coating can be applied on almost all medical devices. Bactiguard-coated urinary catheters are market leading in the US and Japan and the company has also its own product portfolio consisting of Foley catheters, central venous catheters and endotracheal tubes. Bactiguard is a growth company, focused on markets in Europe, Middle East, Asia and Latin America. The company has about 60 employees worldwide, mainly at the headquarters in Stockholm and the production facility in Malaysia and is listed on Nasdaq Stockholm. Read more about Bactiguard at www.bactiguard.com