



Vigmed Holding AB (PUBL)

Year-End Report

January 1 – December 31, 2013

March 3, 2014



Fourth quarter in brief

Operations:

- A License Agreement was signed with HMD (the company's Contract Manufacturer of I.V. Catheters) covering India on an exclusive basis, and a number of countries in South Asia, Middle East and Sub-Saharan Africa on a semi-exclusive basis.
- Vigmed was granted the Vigclip "one hook" patent in the US, one of the base patents of the CLiP® product line.
- Preparations for full scale production of the CLiP®Ven product progressed, but difficulties in the fine-tuning of the assembly lines have resulted in a launch delay, from as earlier communicated first quarter 2014, into second quarter 2014.
- The management team of Vigmed was strengthened by the employment of Henrik Olsen as Director, Sales & Business Development, with sales responsibility for Americas, Middle East and Africa. Henrik has also been given an interim responsibility for Operations and Capacity planning.

Financials:

- Operating profit in the fourth quarter for the Group amounted to MSEK -5.5 (vs. MSEK 6.0 in 2012) which was in line with the forecast.
- Net income per share in the fourth quarter was SEK -0.14.
- Cash flow from operating activities during the fourth quarter amounted to MSEK -4.9 (MSEK -0.6).
- Cash flow from investing activities during the fourth quarter amounted to MSEK -3.5 (MSEK -2.7).
- The Group's cash and cash equivalents at end of the period amounted to MSEK 41.8 (MSEK 52.7).
- Consolidated shareholders' equity at the end of the period amounted to MSEK 55.0 (MSEK 52.0).

The year in brief

Operations:

- The EU Council Directive 2010/32/EU (preventing medical sharps injuries) came into force on May 11, 2013, which means that the market is materializing for the unique products which Vigmed offers.
- Cooperation with Hindustan Syringes & Medical Devices Ltd. (HMD) in India deepened and progressed.
 - Assembly lines for the CLiP® product line are now in place in India. Further fine-tuning of the CLiP® assembly lines are required, which unfortunately means a further delay of 2 months compared to what previously has been communicated.
 - A License Agreement was signed with HMD covering India on an exclusive basis, and a number of countries in South Asia, Middle East and Sub-Saharan Africa on a semi-exclusive basis.
- Due to the above-mentioned delay in production, first deliveries to customers are now expected to take place in May 2014 and not as originally targeted during the fourth quarter of 2013.
- Several important patents were granted during 2013:
 - Following the first two Swedish approved patents for Vigclip® from 2011 and 2012, Vigmed was granted patent for the injection protection device SWiNG.
 - Vigmed was granted its first patent in Europe for protected I.V. catheters.
 - Vigmed was granted a utility patent in China for a Y-type I.V. catheter, a catheter designed for the large Chinese market.
 - Vigmed was granted the Vigclip® “one hook” patent in the US, one of the base patents of the CLiP® product line.
- Through the cooperation partner MBH International A/S, Vigmed received CE marking for its product family CLiP® I.V. catheters.
- Two new partnerships were formed:
 - A Contract Manufacturing Agreement for SWiNG, a unique protection mechanism for injection needles was signed with Swedish AB Euroform.
 - A Contract Manufacturing Agreement was signed with AMB Industri AB for a third product line, which is planned to be launched in 2015.

- The management team of Vigmed was strengthened over the year, and now consists of:
 - Finn Ketler, CEO
 - Mette Gross, CFO
 - Henrik Olsen, Director, Business Development & Sales in Americas, Middle East and Africa
 - Mike Dooley, Director, Sales and Marketing, Europe & Asia Pacific
 - Fredrik Thörne, Director, R&D
 - Ola Lindau, Director, QA & RA

Financials:

- Vigmed Holding was listed on Nasdaq OMX First North on 15 February 2013.
- 3.6 million new shares were issued to Bure Equity AB, which added SEK 25 million in equity, in August 2013.
- Group sales amounted to MSEK 0.0.
- Operating profit for the Group amounted to MSEK -22.2 (MSEK -9.3).
- Net income per share was SEK -0.58.
- Cash flow from investing activities amounted to MSEK -12.3 (MSEK -4.7).
- The Group's cash and cash equivalents at end of the period amounted to MSEK 41.8 (MSEK 52.7).
- Consolidated shareholders' equity at the end of the period amounted to MSEK 55.0 (MSEK 52.0).

The company

Vigmed is a Swedish medical technology company whose mission is to "eliminate needlestick injuries" in healthcare. Needlestick injuries are a major concern for doctors, nurses and other healthcare professionals, at risk of becoming infected with HIV, hepatitis or any other of the around 30 blood-borne diseases which can be transmitted by needlestick of contaminated needles.

The problem is so significant that the European Union, from May 2013, has implemented a directive that requires all public purchases of needles and syringes to be of products equipped with a safety mechanism to prevent needlestick injuries. The directive, followed up by national laws in each EU member state, requires that the market during a limited period of time has to transfer into the new types of safe products.

It is on this transformation that Vigmed, with its unique and patented solutions, builds its establishment in the market. The company's proprietary products are resource efficient and safe with excellent ease-of-use and quality. Vigmeds staff has years of experience in the product area as well as in the medical technology market. To Vigmed, innovative thinking, partnership and responsiveness to the needs of the user are key values to live by.

Vigmed Holding AB was formally established on January 9, 2013, and at an Extraordinary General Meeting on February 1 it was resolved to carry through a non-cash acquisition of previously active Vigmed AB.

Vigmed AB shareholders received through cash issue shares, which represented approximately 93 percent of the share capital of Vigmed Holding AB. Since the acquired business owners thereby obtained controlling influence of the new company, the transaction is accounted for under the rules of "reverse takeover" of the Annual Accounts Act. The consolidated financial statements are prepared in accordance with this. The acquired company Vigmed Holding AB is the legal parent company and the consolidated financial statements are published in the name of Vigmed Holding AB, but the accounting is de facto a continuation of the financial reporting of Vigmed AB.

In September 2013, a share issue of 3.6 million shares (9.5% of 37.6 million shares) was conducted, in which Vigmed Holding AB raised SEK 25 million in cash and equity. The shares were subscribed by Bure Equity AB.

Message from the CEO

Our ambitions to deliver products to the market during the fourth quarter, after a record short preparation phase, turned out to be too optimistic. Fine-tuning of the product itself and the high-tech assembly lines at the new HMD plant in Faridabad, India, challenged our launch plans. Work has progressed, but it has become obvious during the process, that there has been a need for additional fine tuning, mainly of the assembly lines. This process is expected to require some 4-6 weeks after which commercial production can begin. We therefore expect to deliver the first products to customers in Europe during May 2014, which unfortunately is a couple of months later than what we have communicated earlier.

In order to capitalize on the value of our Intellectual Property Rights (IPR), with the aim of creating an additional income stream, Vigmed signed a License Agreement with our Indian partner, Hindustan Syringes & Medical Device Co. (HMD), where Vigmed grants HMD the right to utilize Vigmed patents on non-integrated safety I.V. Catheters and market these products under HMD's brand in a selected number of markets. In return, Vigmed will receive an agreed volume-related license fee. An exclusive License Agreement has been agreed for India. Additionally, for South Asia, Sub-Saharan Africa and the Middle East (excluding the Gulf States), HMD has been offered a semi-exclusive License Agreement. Vigmed has retained all rights to enter agreements with International Donor Agencies regardless of place of business.

Other license agreements could follow, possibly for the markets in US and China, but in general we seek to build up our own distribution partnerships with focus on Europe, selling the Vigmed brands. The first important formalized distribution agreements were signed with companies in the Codan Group in February 2014.

In November 2013 Vigmed was granted its first US patent covering our Vigclip[®] technology. This patent is one of our base patents, and offers not only opportunities within the CLiP[®] line, but also opportunities within similar product lines involving safety for healthcare workers.

Significant progress was made during the fourth quarter in the areas of testing the supply chain, establishing work routines with key partners, and preparing for the coming launch of the CLiP[®] Ven Ported.

To summarize everything in two sentences: Substantial progress has been made, well according to plan in most areas, but with technical challenges in manufacturing. This has now resulted in a further delay in the launch of the CLiP-line of safety I.V. catheters, but to be clear, our vision, direction and objectives remain!

Finn Ketler
CEO

Outlook for 2014

Management continues to strongly believe in Vigmeds potential, expectations are increasing when considering the growing pipeline of new innovations and products.

The year of 2014 will be a truly historical year for Vigmed, since it is the year when the company will achieve its first commercial sales and initiate deliveries to customers. As the company during the second quarter 2014 expects to enter into a phase of continuous business, the degree of predictability with regard to sales and financial forecasts will increase.

Significant events after the reporting period

At the Company's Extraordinary General Meeting on January 14, 2014, the meeting decided unanimously, in accordance with the Board's proposal, to introduce an incentive program 2014/2017 and directed issue of warrants towards key employees in the company, with the exception of the CEO and the CFO, as they are already significant shareholders in Vigmed Holding AB.

The decision in short means the issuance of a maximum of 760, 000 warrants with the right to subscribe for shares in Vigmed Holding AB (publ), with which the share capital may be increased by a maximum of about SEK 15, 339.

In February 2014 Vigmed AB signed its first distribution agreements for the Scandinavian markets with companies in the Codan Group.

During the process of validating the new assembly lines in India and verifying the products for release, Vigmed has experienced difficulties with fine-tuning of the products and assembly lines. This has meant that the ramp-up phase of the new assembly lines has been delayed and now will take place during March and April. First sales to customers are therefore not expected to take place until May 2014.

Financial information full year

Vigmed Holding's financial development in 2013 has been as expected. We have accomplished the planned investments and organizational growth, all within the expected costs.

Further, we have strengthened the Group's financing when Bure Equity entered as a significant shareholder through the issue of new shares. Our financial platform is strong, and the development of products and markets continues in a rapid pace.

The coming years, we will focus on fast but controlled volume growth with a view of delivering a satisfactory margin.

The Group has not had any revenue in 2013.

During 2013, the Group has held costs mainly for:

- machine and tool design and product development
- test materials
- research and development
- development of new brand, visuals and web
- preparation of marketing documentation
- initial sales efforts
- administration

Capital expenditures in 2013 mainly consist of production molds (tools) and machinery to CLiP®Ven (MSEK 7.7), external development costs (MSEK 2.8) and patents (MSEK 1.1).

Internal costs for research and development have not been balanced; only external costs for prototypes, tools, materials, testing and similar.

Depreciation amounted to MSEK 1.4; this related to depreciation of balanced expenses for R&D, patents and equipment.

For further information see pages 12-14.

Cash and cash equivalents

The Group's cash and cash equivalents at end of the period amounted to MSEK 41.8 (MSEK 52.7).

Equity

For the Group, the shareholders' equity at the end of the period amounted to MSEK 55.0 (52.0).

Cash flow

Cash flow in the fourth quarter was slightly better than expected, as the final investments in machinery and tools were delayed. Cash flow from operating activities in the fourth quarter amounted to MSEK -4.9 (-0.6), and cash flow from investments MSEK -3.5 (-2.7).

Cash flow from operating activities for the full year amounted to MSEK -23.4 (MSEK -3.0). During 2013, investment in research and development, patents and production equipment amounted to MSEK -12.3 (MSEK-4.7).

Employees

At the end of the year the number of employees (FTE) amounted to 12 (4), of which one in the parent company.

During the year, Vigmed has employed within R&D, sales, QA and administration.

Accounting principles

The financial statement has been prepared in accordance with the Annual Accounts Act and in accordance with Accounting Standards Board except BFNAR 2008:1 Årsredovisning i mindre aktieföretag (K2-rules).

The Board has decided that Vigmed Holding AB will change accounting principle as of January 1, 2014 to IFRS. We have not yet finalized the analysis of the differences that will arise when compared to current accounting principles.

The share, parent company and ownership structure

Number of shares

	Change capital (SEK)	Accumulated share capital (SEK)	Change (number of shares)	Accumulated number of shares	Par Value
Incorporation	50 000	50 000	+50 000	50 000	1
Split		50 000	+2 425 000	2 475 000	0,02
Issue in kind	636 868,69	686 868,69	+31 525 000	34 000 000	0,02
Issue new shares	71 428,56	758 297,25	+3 571 428	37 571 428	0,02

The number of shares at the end of the year was 37,571,428.

The Annual General Meeting February 1, 2013 has authorized the issues.

Parent company

The parent company was formed in preparation for listing on NASDAQ OMX First North. The newly formed company Vigmed Holding AB, without previous operations, acquired Vigmed AB through a share issue and became the parent company of the Group.

Vigmed Holding AB only covers executive functions and governance, and the management of its wholly owned subsidiary Vigmed AB. The operating profit for the year was MSEK -0.9.

Ownership structure

(Official share register and nominee list as well as information known to the company as of December 31, 2013)

Shareholder	Shares	Percentage
Per Knutsson	5 958 263	15,9
Bure Equity AB (publ)	3 571 428	9,5
Barbro Roos	2 595 262	6,9
Finn Ketler (incl. family & comp.)	1 795 477	4,8
UBS AG Client accounts (CH)	1 770 636	4,7
SI Technology Investments AB	1 650 284	4,4
Maria Mossberg Ahlström	1 550 190	4,1
JP Morgan Bank (UK)	1 477 777	3,9
Lennart Holm (incl. family & comp.)	1 466 584	3,9
Cecilia Karlsson	1 299 373	3,5
Övriga	14 436 154	38,4
Total	37 571 428	100

Future reports

Annual General Meeting: May 13, 2014
Interim Management statement Q1 2014: May 13, 2014
Half year report 2014: August 20, 2014
Interim Management statement Q3 2014: November 12, 2014

For further information

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This report has not been audited by the auditor.

Helsingborg, March 3, 2014
Vigmed Holding AB (publ) The Board of Directors

Income statement (Group) SEK

	Q4 2013	Q4 2012	FY 2013	FY 2012
Net Sales	0	0	0	0
Manufacturing	-393 356	-3 839 322	-5 298 797	-3 861 733
Administration & sales	-3 981 708	-1 295 756	-12 824 094	-4 237 013
Research & development	-1 081 725	-911 009	-4 120 708	-1 194 403
Total operating expenses	-5 456 789	-6 046 087	-22 243 599	-9 293 149
Operating profit/loss	-5 456 789	-6 046 087	-22 243 599	-9 293 149
Net financial income/expense	133 766	122 177	464 468	95 474
Profit/loss after financial items	-5 323 023	-5 923 910	-21 779 131	-9 197 675
Number of shares	37 571 428	6 179	37 571 428	6 179
Profit/loss per share	-0,14	-958,72	-0,58	-1488,54

Balance sheet (Group) SEK

	2013-12-31	2012-12-31
<i>Fixed assets</i>		
Intangible fixed assets	5 643 117	2 805 216
Tangible fixed assets	9 721 061	1 739 726
Financial assets	5 884	5 884
Total fixed assets	15 370 062	4 550 826
<i>Current assets</i>		
Short-term receivables	1 031 878	1 579 675
Cash and bank balances	41 839 716	52 721 417
Total current assets	42 871 594	54 301 092
Total assets	58 241 656	58 851 918
Equity capital	55 019 978	52 046 113
Short-term liabilities	3 221 679	6 805 805
Total equity capital & liabilities	58 241 656	58 851 918

Equity capital (Group) SEK

	2013-12-31	2012-12-31
Equity capital at the start of the period	52 046 113	2 909 196*
Non-cash issue Vigmed AB	11 406 474	-
Cost of non-cash issue	-11 356 474	-
Issue of new shares	24 999 996	5 999 984
Issuance cost	-297 000	-
Current issue of new shares	-	50 000 000
Unconditional shareholders contribution	-	500 000
Profit/loss for the period	-21 779 131	-7 363 067**
Equity capital at the end of the period	55 019 978	52 046 113

* Equity Capital at the start of the period regards 2012-05-01

** Profit/loss for the period regards 2012-05-01-2012-12-31

Cash flow analysis (Group) SEK

	Q4 2013	Q4 2012	FY 2013	FY 2012
Net cash flow from op. act. before changes in work. capital	-4 924 118	-5 521 370	-20 336 629	-8 412 363
Changes in working capital	-14 535	4 914 520	-3 036 726	5 439 600
Net cash flow from operating activities	-4 938 652	-606 850	-23 373 356	-2 972 762
Net cash flow from investing activities	-3 480 336	-2 739 601	-12 261 738	-4 683 901
Amortizations	0	-204 562	397	-292 063
Shareholders' contribution	0	0	0	2 500 000
Issue new shares	0	55 999 984	24 999 996	55 999 984
Issuance cost	-297 000	0	-297 000	0
Net cash flow from financing activities	-297 000	55 795 422	24 703 393	58 207 921
Cash flow for the period	-8 715 988	52 448 971	-10 931 701	50 551 258
Cash & cash equivalents at the beginning of the period	50 555 704	272 446	52 771 417	2 170 159
Cash & cash equivalents at the end of the period	41 839 716	52 721 417	41 839 716	52 721 417

Income statement (parent company) SEK

	Q4 2013	Q4 2012	FY 2013	FY 2012
Net Sales	750 000	-	3 000 000	-
Administration & Management	-641 334	-	-3 921 189	-
Total operating expenses	-641 334	-	-3 921 189	-
Operating profit/loss	108 666	-	-921 189	-
Net financial income/expense	73 999	-	78 191	-
Profit/loss after financial items	182 664	-	-842 998	-

Balance sheet (parent company) SEK

	2013-12-31	2012-12-31
<i>Fixed assets</i>		
Tangible fixed assets	58 333	-
Financial assets	157 600 000	-
Total fixed assets	157 658 333	-
<i>Current assets</i>		
Short-term receivables	1 033 735	-
Cash and bank balances	25 262 510	-
Total current assets	26 296 245	-
Total assets	183 954 578	-
Equity capital	181 509 998	-
Short-term liabilities	2 444 580	-
Total equity capital & liabilities	183 954 578	-

Equity capital (parent company) SEK

	2013-12-31	2012-12-31
Equity capital at the start of the period	-	-
Cash, new share issue	50 000	-
Non-cash issue Vigmed AB	157 600 000	-
New Emission	24 999 996	-
Issuance cost	-297 000	-
Profit/loss for the period	-842 998	-
Equity capital at the end of the period	181 509 998	-