



VIGMED HOLDING AB

INTERIM REPORT January 1 – June 30, 2014



FIRST HALF YEAR IN BRIEF

- Production starts for the CLiP®Ven Ported line.
- First sale of CLiP®Ven Ported products.
- Seven distribution agreements signed, covering markets in Sweden, Norway, Denmark, Greece, Italy, Spain and Portugal.
- Quality management system established in both design and manufacturing of medical devices.
- The Australian Patent Office announced that they intend to approve the company's Australian patent application for catheter instrument (CLiP®).
- The Organization was strengthened in development and market with two employees.
- Vigmed Holding AB's AGM held on May 13, where the Board was reelected as a whole, and was authorized to decide on a new issue of shares.

FINANCIAL INFORMATION IN BRIEF

- Net Sales for the first six months was SEK 236 thousand (compared to SEK 0 during 2013)
- Operating profit in the first six months for the Group amounted to MSEK -13.5 (MSEK -11.3)
- Net income per share in the first half year was SEK -0.36 (SEK -0.32).
- Cash flow from operating activities during the first six months amounted to MSEK -11.0 (MSEK -14.8).
- Cash flow from investing activities during the first six months amounted to MSEK -5.3 (MSEK -5.8).
- The Group's cash and cash equivalents at end of the period amounted to MSEK 26.2 (MSEK 32.2).
- Consolidated shareholders' equity at the end of the period amounted to MSEK 40.7 (MSEK 38.3).

Key figures Group

	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Net sales (kSEK)	236	-	-
Operating profit/loss (kSEK)	-13 549	-11 269	-22 244
Cash and cash equivalents (kSEK)	26 193	32 190	41 840
Equity capital (kSEK)	40 671	38 257	53 419
Solidity	88,2%	97,0%	94,3%
Total assets (kSEK)	46 096	39 423	56 641
Profit/loss per share	-0,36	-0,32	-0,58
Share price at closing day	19,6	6,95	12,05

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 approximately 30 blood-borne diseases which can be transmitted by needlestick of contaminated needles.

Its significance is underlined by a directive implemented by the European Union as per May 2013. The directive stipulates that all public purchases of needles and syringes should be 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 safety products.

It is on this regulatory transformation that Vigmed, with its unique and patented solutions, builds its establishment on the market. The company's proprietary products are resource efficient and safe combined with excellent ease-of-use and quality.

The Vigmed team consists of members with vast expertise in the product area and several years of experience from the medical technology market. The team is genuinely engaged in eliminating needlestick injuries. The innovation and product development of Vigmed's unique and patented products is driven by this engagement.

A well developed and established network of international partners adds valuable knowledge and experience in the process of establishing Vigmed's products.

To efficiently reach our target groups within the hospital sector, and with the ambition to constantly develop safe and easy to use products, Vigmed strives to establish close relationships with distribution partners and users. The products are manufactured by contract manufacturers in Sweden and in India and sold through well-established distributors in selected markets. Geographically, Vigmed strives to initially establish a strong market position in Europe, while the US and China are seen as potential markets in the future.

After a capital injection of SEK 50 million in late 2012 and listing on the NASDAQ/OMX First North in Stockholm in February 2013, Vigmed has since developed rapidly.

In just a few years, the company has evolved from a few promising prototypes at the end of 2012, to a position where the company currently has three product lines CLiP®Ven Ported/Winged, CLiP®Neo and SWiNG to be launched in 2014. Next products launch on the European market is now being prepared for 2015, and two additional projects are in the prototype stage.

Vigmed AB, based in Helsingborg, Sweden, is a wholly owned subsidiary of Vigmed Holding AB (VIG).

MESSAGE FROM THE CEO

During the first six months, focus has been on fine-tuning products and machinery, and production start of three new assembly lines. The CLiP®Ven Ported assembly line started production in May, and first sale occurred in June. The CLiP®Neo/CLiP®Winged assembly line followed in July. First sale of CLiP®Neo and CLiP®Winged is expected to commence in September 2014. The production line for the SWiNG, which includes safety products for injection, is now ready for production. Market launch of SWiNG products is expected to take place in September 2014 as well.

During the first half of the year, seven distribution agreements were signed, covering markets in Sweden, Norway, Denmark, Greece, Italy, Spain and Portugal. Additional distribution agreements on further European markets are expected to be reached during the second half of 2014.

Vigmed established a quality management system in the first half of the year, in accordance with the requirements of EN ISO 13485: 2012 and EN ISO 9001: 2008. This quality management system includes both design and manufacturing of medical devices and supports the ability of obtaining CE mark on medical devices in Vigmed's name.

The Vigmed team was strengthened in the Product Development and Marketing departments, and Vigmed now has a strong base to support growth of the company.

To summarize the company's development during the first half of the year, Vigmed has moved from a pure development phase to the commercialization of the first product lines. Innovation of new products, further development of existing products and processes as well as upscaling of the production volumes are ongoing processes in parallel with the now initiated commercialization.

FINN KETLER
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SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Vigmed has employed an additional two employees, who will commence their employments during August. The new employees will be working with regulatory affairs and communication.

In July, Vigmed has been granted Quality System Certificate for both EN ISO 13485:2012 and EN ISO 9001:2008. The scope of the Certification includes development & manufacturing of solutions to prevent needle stick injuries.

The Board of Vigmed Holding AB conducted on August 19 its annual strategic review. At this meeting, the Board, as a consequence of a now expanded ambition, decided to form an operating company in China as a subsidiary of Vigmed China Ltd. in Hong Kong. Through the newly formed company Vigmed plans to initiate a registration process of selected products on the Chinese market. The Company intends to communicate an action plan for the Asian market during the autumn.

Furthermore, it was decided to initiate a process to prepare the company for a change of venue for the company's shares from NASDAQ OMX First North to NASDAQ OMX Stockholm Small Cap. This is seen as a natural step considering the anticipated growth linked to the fact that the company now has started selling its products in selected markets and gradually intends to launch new product lines as well as enter a number of additional markets. Additionally, an increased interest among institutional investors, equity analysts and partners is anticipated.

FINANCIAL INFORMATION FOR THE FIRST SIX MONTHS

Sales and result

In June the company has launched its product line CLiP®Ported in the market, and had its first commercial sale of the products. Net sales during the period amounted to SEK 236 thousand, most of which was sold to Mavrogenics in Greece.

During the first six months of the year, the Group has held costs mainly for:

- Consumption material for product- and production development
- Machine and tool adjustments
- Progression of projects in the research stage
- Patents
- Travel expenses in sales and development organization
- Preparation of marketing material to distributors
- Documentation and process work for quality systems
- Initial work with supply chain

The main reason for the increase in costs compared with the same period last year is the increased number of staff within sales, development, quality and administration.

Investments

Investments during the first six months of the year consist of product development (MSEK 3.6), production equipment (MSEK 0.9), patents (MSEK 0.5), and equipment to the laboratory (MSEK 0.1).

Depreciation amounted to MSEK 0.5 related to the depreciation of equipment, development costs and patent to CLiP®Ven (MSEK 0.4), as well as depreciation of equipment, installations and software (MSEK 0.1).

Cash and cash equivalents

The Group's cash and cash equivalents at end of the period amounted to MSEK 26.2 (MSEK 32.2).

There is no interest bearing debts in the company.

Equity

Shareholders' equity for the Group at the end of the period amounted to MSEK 40.7 (MSEK 38.3).

Cash flow

Cash flow from operating activities in the first six months amounted to MSEK -11.0 (MSEK -14.8). The improvement compared with last year was driven by fluctuations in working capital (+ 6.4 million) as accounts payable were reduced significantly during the first half of 2013. Furthermore, operating result impacted the cash flow compared with the same period last year, with MSEK -2.6.

Cash flow from investments during the first six months was MSEK -5.3 (MSEK -5.8).

Employees

On June 30, the number of employees (FTE) amounted to 16 (9), of which one is employed in the parent company.

During the first six months, Vigmed has employed two employees within the R&D and marketing/sales departments.

Compared with the same period previous year, the number of employees increased in all areas, which reflects the high level of activity of the company; product development, quality assurance, marketing/sales and administration.

Accounting principles

The financial statement has been prepared in accordance with IFRS.

Vigmed Holding AB changed its accounting principles as per January 1, 2014 to IFRS (previously K2-rules), which means that the principles of balancing the internal and external development costs have been revised. This fundamental change has had an impact on the opening balance of shareholders' equity in 2013 with MSEK -2.8, and earnings in 2013 with MSEK 1.2.

In all comparative figures and tables 2013 is restated according to IFRS principles, for comparison with 2014.

Definitions

Solidity

Specifies what percentages of the assets that are financed with own funds. Equity and untaxed reserves (net of deferred tax) in relation to total assets.

THE SHARE, PARENT COMPANY AND OWNERSHIP STRUCTURE

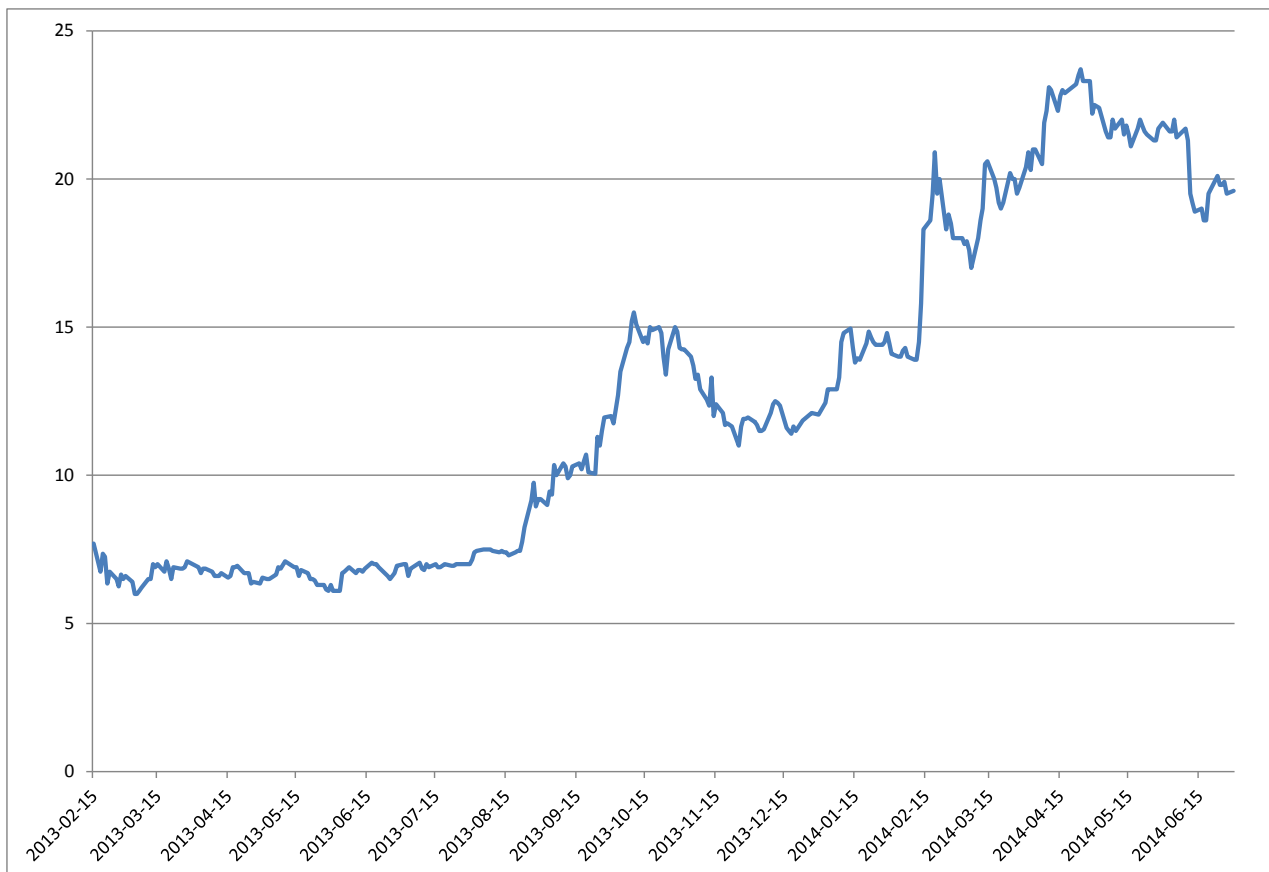
Vigmed's share capital amounted to SEK 758 297.25 divided into 37 571 428 shares. The company has only one class of shares and all shares have equal rights to dividends.

In March 2014 the company issued 755 000 share options to key employees in the subsidiary Vigmed AB, with the right to subscribe for the same number of shares in Vigmed Holding AB to a stock price of SEK 24 per share. Options were traded at market value.

The share options can be exercised during the period from January 15 to January 31, 2017, and may increase the share capital by up to approximately SEK 15 339, corresponding to a maximum of 2% of the current share capital. The incentive program is not expected to incur any significant costs for the company.

Apart from the above mentioned there are no outstanding share options, convertible bonds or similar financial instruments that may be eligible to subscribe for new shares or otherwise affect the share capital.

Vigmed Holding AB was listed on the NASDAQ OMX First North in Stockholm in February 2013. Below is a chart showing the price trend for the stock since the listing.



Development of share capital and ownership as of June 30 is shown below.

	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 June 30, 2014 was 37,571,428.

Shareholder	Shares	Percentage
Per Knutsson (via comp.)	6 020 263	16,0%
Bure Equity AB (publ)	3 761 045	10,0%
UBS AG Client Account	1 920 963	5,1%
Finn Ketler (incl. family and comp.)	1 795 477	4,8%
Nomura Securities Co. Ltd.	1 800 000	4,8%
Rikard Roos	1 598 262	4,3%
Maria Mosserg Ahlström	1 450 190	3,9%
Lennart Holm (incl. family and comp.)	1 469 784	3,9%
SI Technology Investments AB	1 380 595	3,7%
Cecilia Karlsson	1 299 373	3,5%
Others	15 075 476	40,1%
Total	37 571 428	100,0%

(Official share register and nominee list as well as information known to the company as of June 30, 2014)

Parent Company

Vigmed Holding AB only covers executive functions and governance, and the management of its wholly owned subsidiary Vigmed AB. The operating profit for the first six months was MSEK -1.3 (MSEK -0.8).

FOR FURTHER INFORMATION

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FUTURE REPORTS

Interim Management Statement Q3 2014	November 12, 2014
Year End Report 2014	February 25, 2015
Interim Management Statement Q1 2015	May 12, 2015
Annual General Meeting	May 12, 2015

This report has not been audited by the auditor.

Helsingborg, August 20, 2014
Vigmed Holding AB (publ) The Board of Directors

Income statement (Group) SEK

	Q2 2014	Q2 2013	Jan-Jun 2014	Jan-Jun 2013
Net Sales	236 053	-	236 053	-
Cost of goods sold	-151 985	-	-151 985	-
Gross Profit	84 068	-	84 068	-
Freight & logistics	-169 148	-	-169 148	-
Sales and marketing	-1 878 285	-2 212 702	-3 222 078	-3 940 738
Administration & quality	-4 540 629	-3 038 975	-7 669 287	-5 217 130
Research, development & patent	-1 485 119	-680 583	-2 572 764	-2 110 707
Total operating expenses	-8 073 181	-5 932 260	-13 633 277	-11 268 575
Operating profit/loss	-7 989 113	-5 932 260	-13 549 209	-11 268 575
Net financial income/expense	66 186	97 100	166 639	234 916
Profit/loss after financial items	-7 922 927	-5 835 160	-13 382 570	-11 033 659
Number of shares	37 571 428	34 000 000	37 571 428	34 000 000
Profit/loss per share	-0,21	-0,17	-0,36	-0,32

Balance sheet (Group) SEK

	2014-06-30	2013-06-30	2013-12-31
<i>Fixed assets</i>			
Intangible fixed assets	8 090 410	1 572 346	4 042 838
Tangible fixed assets	10 386 785	5 115 360	9 721 061
Financial assets	-	5 884	-
Total fixed assets	18 477 195	6 693 590	13 763 899
<i>Current assets</i>			
Short-term receivables	1 425 942	538 954	1 037 762
Cash and bank balances	26 192 707	32 190 450	41 839 716
Total current assets	27 618 649	32 729 404	42 877 478
Total assets	46 095 844	39 422 994	56 641 377
Equity capital	40 671 329	38 257 238	53 419 699
Short-term liabilities	5 424 516	1 165 756	3 221 679
Total equity capital & liabilities	46 095 844	39 422 994	56 641 377

Cash flow analysis (Group) SEK

	Q2 2014	Q2 2013	Jan-Jun 2014	Jan-Jun 2013
Net cash flow from op. act. before changes in work. capital	-7 402 055	-5 891 668	-12 799 693	-10 169 578
Changes in working capital	649 940	-7 522	1 808 773	-4 599 725
Net cash flow from operating activities	-6 752 115	-5 899 190	-10 990 920	-14 769 303
Net cash flow from investing activities	-2 355 249	-3 365 217	-5 290 289	-5 812 062
Amortizations	-	-	-	397
Share options 14/17	-	-	634 200	-
Net cash flow from financing activities	-	-	634 200	397
Cash flow for the period	-9 107 364	-9 264 408	-15 647 009	-20 580 967
Cash & cash equivalents at the beginning of the period	35 300 071	41 454 857	41 839 716	52 771 417
Cash & cash equivalents at the end of the period	26 192 707	32 190 450	26 192 707	32 190 450

Equity capital (Group) SEK

	2014-06-30	2013-06-30	2013-12-31
Equity capital at the start of the period	53 419 699	52 046 113	52 046 113
Adjustment due to change to IFRS	-	-2 805 216	-2 805 216
Non-cash issue Vigmed AB	-	11 406 474	11 406 474
Cost of non-cash issue	-	-11 356 474	-11 356 474
Issue of new shares	-	-	24 999 996
Issuance cost	-	-	-297 000
Share options 14/17	634 200	-	-
Profit/loss for the period	-13 382 570	-11 033 659	-20 574 194
Equity capital at the end of the period	40 671 329	38 257 238	53 419 699

Income statement (parent company) SEK

	Q2 2014	Q2 2013	Jan-Jun 2014	Jan-Jun 2013
Net Sales	625 000	749 999	1 249 999	1 499 999
Administration & Management	-1 302 122	-1 162 759	-2 528 749	-2 337 844
Total operating expenses	-1 302 122	-1 162 759	-2 528 749	-2 337 844
Operating profit/loss	-677 123	-412 760	-1 278 750	-837 845
Net financial income/expense	64 615	-3 555	123 268	-3 501
Profit/loss after financial items	-612 508	-416 315	-1 155 482	-841 346

Balance sheet (parent company) SEK

	2014-06-30	2013-06-30	2013-12-31
<i>Fixed assets</i>			
Tangible fixed assets	45 834	55 833	58 333
Financial assets	157 600 000	157 600 000	157 600 000
Total fixed assets	157 645 834	157 655 833	157 658 333
<i>Current assets</i>			
Short-term receivables	149 099	1 001 456	1 005 735
Cash and bank balances	24 096 243	920 208	25 262 510
Total current assets	24 245 342	1 921 664	26 268 245
Total assets	181 891 176	159 577 497	183 926 578
Equity capital	180 988 716	156 808 654	181 509 998
Short-term liabilities	902 460	2 768 843	2 416 580
Total equity capital & liabilities	181 891 176	159 577 497	183 926 578

Equity capital (parent company) SEK

	2014-06-30	2013-06-30	2013-12-31
Equity capital at the start of the period	181 509 998	-	-
Cash, new share issue	-	50 000	50 000
Non-cash issue Vigmed AB	-	157 600 000	157 600 000
New Emission	-	-	24 999 996
Issuance cost	-	-	-297 000
Share options 14/17	634 200	-	-
Profit/loss for the period	-1 155 482	-841 346	-842 998
Equity capital at the end of the period	180 988 716	156 808 654	181 509 998