

VIGMED HOLDING AB

Interim Report
January 1 – June 30, 2015

FIRST SIX MONTHS IN BRIEF

- Sales to distributors in Germany, France, Italy, Switzerland, Austria, Belgium and Australia/New Zealand were initiated.
- Feedback from some customers in February pointed out a detail in the design affecting the robustness of the CLiP Winged product line. After thorough analysis, the product design was modified and updated. All distributors were offered a replacement of the products in question.
- Vigmed signed an exclusive distribution agreement for Belgium with Hospithera.
- Vigmed won through their partner, CODAN DEHA ApS, a tender for the patented safety catheter, Vigmed® CLiP® Neo, in Region Nord of Denmark.
- The Swedish Patent and Registration Office (PRV) announced that it intends to grant Vigmed a Swedish patent for a needle safe product within the area of blood collection.
- Vigmed Holding AB (publ) was approved for listing on the segment First North Premier. First day of trade was April 28, 2015.
- The Annual General Meeting in May resolved that the Board of Directors will consist of Lennart Holm, Per Knutsson, Rikard Roos, Mikael Karlsson, Lennart Dreyer, Thomas Baier, Axel Sjöblad and Philip Nyblaeus.
- The Annual General Meeting furthermore decided to grant the Board of Directors authorization to decide on a new share issue. The number of shares to be issued may not exceed a total of 10,958,333 which equals a dilution of capital by maximum 20%.

FINANCIAL INFORMATION FOR THE FIRST SIX MONTHS IN BRIEF

- Net Sales for the first six months amounted to SEK 2.0 million (0.2 SEK in the first six months 2014).
- Operating result in the first six months for the Group amounted to SEK -17.7 million (SEK -13.5 million).
- Net income per weighted number of shares for the first six months amounted to SEK -0.37 (SEK -0.36).
- Cash flow from operating activities during the first six months amounted to SEK -26.8 million (SEK -11.0 million). Cash flow from operating activities is mainly driven by the negative result (SEK -16.0 million) and purchase of inventory of finished goods for SEK -5.4 million.
- Cash flow from investing activities during the first six months amounted to SEK -3.9 million (SEK -5.3 million).
- Cash and cash equivalents at end of period amounted to SEK 31.8 million (SEK 26.2 million).
- The shareholders' equity at the end of the period amounted to SEK 55.7 million (SEK 40.7 million).

Key figures Group	Q2 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014
Net Sales (kSEK)	496	236	2 019	236
Operating profit/loss (kSEK)	-8 672	-7 993	-17 728	-13 547
Cash & cash equivalents (kSEK) at closing day	31 802	26 193	31 802	26 193
Equity capital (kSEK) at closing day	55 728	40 671	55 728	40 671
Solidity at closing day	78,2%	88,2%	78,2%	88,2%
Total assets (kSEK) at closing day	71 252	46 096	71 252	46 096
Profit/loss per share	-0,20	-0,21	-0,37	-0,36
Share price at closing day (SEK)	6,80	19,60	6,80	19,60

THE COMPANY

Vigmed is a Swedish medical technology company founded in 2009 whose mission is to reduce the risk of disease transmission to healthcare workers by **eliminating needlestick injuries** in health care.

Needlestick injuries is a major problem for doctors, nurses and other healthcare professionals, who are at risk of becoming infected with HIV, hepatitis or any other of the approximately 30 blood-borne diseases which can be transmitted by an infected needle. Every year more than 2 million doctors, nurses and other health care staff in the US and Europe are injured.

Its significance is underlined by a directive implemented by the European Union as per May 2013. The directive stipulates that all public purchased needles and syringes should be equipped with a safety mechanism preventing needlestick injuries. The directive, carried through by national laws in each EU country, requires that the market, during a limited period of time, has to transfer into these new types of safety products.

It is on this regulatory transformation that Vigmed, with its unique and patented safety 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.

Three product lines have been launched on the market this year: Vigmed® CLiP® Ported, Vigmed® CLiP® Winged and Vigmed® CLiP® Neo. In December 2014 the Company received CE mark for their new product line, Vigmed® SWiNG. All CLiP products have been launched and sold to Spain, Greece, Sweden, Denmark, Norway, Portugal, Italy, France, Germany, Austria, Switzerland, Belgium and Australia/New Zealand. With this distributor network in place, the company now covers most of the priority markets in Europe and some parts of Australia/New Zealand.

As a natural element of further expansion within the company's primary function area and in order to cover both the venous and arterial sides of the cardiovascular system, in September 2015 Vigmed intends to launch a unique, protected arterial catheter – SWiATCH.

Vigmed owns broad patent rights internationally for two innovation platforms and builds its product development primarily on these two patent platforms.

The Company's business model is based on a cost-effective outsourcing concept that embodies partnerships with carefully selected partners.

This strategy enables manufacturers to directly invest in their own production equipment in order to manufacture Vigmeds products.

Hindustan Syringes & Medical Device Ltd. (HMD), Vigmeds manufacturing and sales partner, launched safety I.V. catheters in India using SIPCLIP to describe Vigmeds technology. The launch is expected to give Vigmed an income stream from royalty payments in smaller numbers as of this year and thereafter expected to increase continuously in the years to come.

Establishing on the European market is currently the main focus, while products and partnerships for the US and China markets are being prepared. During the past two years a number of new projects and prototypes have been developed, enabling Vigmed to expect reaching the ambition of launching new product lines every year.

In December 2014, a rights issue of 6,261,904 new shares was conducted in which Vigmed Holding AB raised SEK 52.1 (net of the issuance costs of SEK 4.2) in cash and equity. Vigmed AB, based in Helsingborg, Sweden, is a wholly owned subsidiary of Vigmed Holding AB (VIG).

MESSAGE FROM THE CEO

As previously communicated in press releases earlier this year, we received some product complaints on our CLiP Winged product in February, which made us adjust our Vigclip[®] design slightly. Consequently, and as expected in the previous quarterly report, the sales development during the second quarter of 2015 was significantly lower than budgeted. We have now resolved this problem through a design improvement, but the consequence is that we unfortunately, again, lost several months of sales. Only a few users experienced some issues and these were not of the kind that would affect patient safety. The delay was our choice and primarily a result of the fact that Vigmed is a company that does not compromise on quality or safety. We chose to inform all distributors and offered them to replace the affected products.

First sales of CLiP Neo with the improved Vigclip[®] design has taken place during the beginning of July, and the reactions from the market are very positive. The improved versions of the remaining CLiP assortment will be delivered during the second half of this year. Although the fact that we once again have been delayed has been an unfortunate and stressful experience for the company, I am very satisfied with how my team, in such a short period of time, managed to make both design and manufacturing adjustments as well as handled all upcoming challenges through the entire supply chain.

Our brand new safety product - the arterial catheter SWiTCH - is on track for a pre-launch on the market as planned in September/October of this year. Previously, we have expressed a strong belief in the SWiTCH-concept, and this enthusiasm seems to be shared by our distributors. Several markets are impatiently waiting for the release of SWiTCH. We even have large international players who have expressed interest in signing agreements for marketing this product globally.

Alongside of our catheter ranges we have developed a somewhat simpler needle protected product within the injection area - the SWiNG products.

This product line, and in particular SWiNG Universal, has not achieved sales volume yet. The fact that these products have not made it to the market is primarily a result of technical issues and the assembly machine is still not ready and approved for production. Meanwhile less sophisticated and cheaper versions of injection safety products are making their way in to the market which is then subsequently moving away from our safety concept. This has resulted in the need to revisit our SWiNG strategy.

When it comes to market coverage, we have partnered with some of the best distributors in Western Europe within the infusion segment. The only large market in Europe for which we do not yet have an agreement in place, is the UK. This is due to the fact that the company we have been negotiating with wants more markets, and in principle a global deal. We hope we can find a solution during the second half of 2015.

In June this year we initiated our first step of establishing a distributor network in Eastern Europe by signing a Letter of Intent for Poland with Medica - a distributor based in Lubin.

For non-European markets, we are, as previously communicated, continuing the process of registering Vigmed's products in China. We are in the process of conducting an extensive analysis of alternative ways of establishing within this region as well as developing a market strategy.

We have learned a lot through our experiences during the past years. A lot has been dealt with the correct way but there are times where we could have acted in a different way, with today's experience in mind. Despite the extensive experience of our team, we have acquired additional knowledge on product design in relation to rational manufacturing. Equally important is the conclusion that our market knowledge today is significantly better than it was a few years ago. This is perhaps obvious and quite natural for a company in a start-up phase.

It is important for Vigmed to absorb these lessons learned and adapt the strategy and tactics ahead. Our learnings will carry consequences on how we prioritise product types and future markets. We have also gained a greater understanding of how we can, and must work together with our distributors. There is a limit to how many product launches required resources can manage per year. We therefore need to improve our planning and for some products, even consider alternative sales channels for new product niches.

During the autumn, Vigmed will evaluate a number of important adjustments to our current strategy. We believe that a key cornerstone is the company's proven ability to innovate, and this can expand the overall market for the company's products.

In the near future and on an operational level, we will focus on re-launching our CLiP-range with the improved design as quickly and smoothly as possible, successfully introduce our arterial catheter SWiTCH to the market, signing a distribution agreement with UK as well as presenting a new strategy for our SWiNG-range.

Vigmed Holding AB (publ)
Finn Ketler, CEO

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Vigmed has hired Donya Gholamifar as CFO for Vigmed Holding AB and Vigmed AB. She will work on a part-time basis as per October 1, 2015, to be engaged full time from the end of the year. Donya is a chartered accountant and senior manager at PwC, where she has worked with the audit of Vigmed since 2013. She replaces Mette Gross, who has been interim CFO since 2012.

FINANCIAL INFORMATION FOR THE FIRST SIX MONTHS

Sales and results

Sales for the first six months amounted to SEK 2.0 million. Sales in the first quarter amounted to SEK 1.5 million, and the second quarter sales amounted to SEK 0.5 million. Sales in both quarters were negatively influenced by the fact that Vigmed chose to replace existing CLiP Winged products on the market with the upgraded version. Furthermore sales were negatively influenced by the delay of the SWiNG Universal packaging line.

Raw materials and consumables in the period cover costs for purchase of goods and freight from contract manufacturers to the warehouse. Further, raw materials and consumables cover costs for replacement products and scrapping of inventory of CLiP Winged products, at a total cost of SEK 1.1 million.

Apart from recurring operating expenses, other external expenses during the first six months mainly cover:

- External development expenses
- Travel expenses within sales and development organizations
- Expenses for Audit and Annual Report
- Further development of patent portfolio
- Registration costs in China
- Market data and consultancy expenses for business development
- Market- and product study in the US

Other external expenses during the first six months are SEK 1.6 million less than the same period last year. This is mainly explained by 1.4 million SEK expensed in the same period last year, as a part of a one-off fee to our Supply Chain partner MBH A/S. Furthermore, the external development costs were SEK 0.5 million lower during the first six months of 2015 compared to the same period during 2014.

Vigmed has initiated a pension scheme for all employees during the first six months. The cost for this period amounted to SEK 0.2 million (SEK 0) and is reported under Employee costs.

Interest expense for financial leasing of equipment amounted during the first six months to SEK 0.4 million (SEK 0).

Investments & depreciations

Investment in product development includes capitalized internal costs and external product development of projects in the development phases. Costs for progression of projects in research stage are expensed immediately. Continuous investments in SWITCH and CLiP has been made during the first six months.

Depreciation of product development and patents for the product lines CLiP Ported, CLiP Winged, CLiP Neo and SWiNG amounted to SEK 0.8 million (SEK 0.1 millions). Depreciation of production equipment is volume based and amounted to SEK 1.0 million (SEK 0.3 million). Other depreciations relate to furniture, installations and software and amounted to SEK 0.3 million (SEK 0.1 million).

Cash, cash equivalents & debts

At end of the period the cash and cash equivalents amounted to SEK 31.8 million (SEK 26.2 million).

Financial leasing debt of SEK 6.5 million at the end of the period is interest bearing (of which SEK 3.7 million is a long term debt). There are no other interest bearing debts in the Company.

Equity

Shareholders' equity for the Group at the end of the period amounted to SEK 55.7 million (SEK 40.7 million).

Cash Flow

Cash flow from operating activities during the first six months amounted to SEK -26.8 million (SEK -11.0 million). In January 2015, Vigmed has taken ownership of the inventory of finished goods, previously held by the supply chain partner MBH A/S, with a negative impact on the cash flow from operating activities of SEK -5.4 million.

During the first six months Vigmed has paid SEK 3 million of the total onetime fee of SEK 6.5 million to the Supply Chain partner MBH A/S. During 2014 SEK 1.5 million was paid and the remaining debt of SEK 2 million is expected to be paid during the coming six months, when the partnership comes to an end.

Cash flow from investing activities in the first six months was SEK -3.9 million (SEK -5.3 million). This amount is related to internal and external product and patent development.

The first amortization of SEK -0.9 million of the financial leasing debt relating to SWiNG manufacturing tools was paid in the period, which lowered the interest bearing debt.

Employees

On 30 June the number of employees amounted to 19 (17), of which one is employed in the parent company.

Accounting principles

The financial statement has been prepared in accordance with IFRS.

Vigmeds agreement with the contract manufacturer HMD (India) is classified as operational leasing agreement, and the leasing fee consists of the goods purchased from the manufacturer which are expensed as incurred.

Vigmed has signed agreements with additionally two contract manufacturers that are classified as financial leasing agreements. Agreement with AB Euroform regarding production equipment for the manufacturing of SWiNG products, and agreement with AMB Industri regarding production equipment for the manufacturing of SWiTCH. Both production units are expected to be operational later 2015.

In the 2014 interim reports Vigmed presented a function-based income statement. In preparation of the 2014 annual report according to IFRS principles, Vigmed decided to present the income statement by cost type in the annual report and future interim reports.

Definitions*Solidity*

Specifies the percentage of the assets that are financed with Equity capital. Calculated as Equity capital divided with total assets.

THE SHARE, PARENT COMPANY AND OWNERSHIP STRUCTURE

Share capital at June 30 amounted to SEK 884 680.11 divided into 43,833,332 shares. The Company has one class of shares and all shares have equal rights to dividends.

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

The options are exercisable from 15 January to 31 January 2017 and may increase the share capital by up to approximately 15,339 SEK, 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 which may be eligible to subscribe for new shares or otherwise affect the share capital.

Vigmed Holding AB was listed on NASDAQ OMX First North in Stockholm in February 2013.

Development of share capital and ownership as of June 30 2015 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 2013	71 428,56	758 297,25	+3 571 428	37 571 428	0,02
Issue new shares 2014	126 382,86	884 680,11	+6 261 904	43 833 332	0,02

Shareholder	Shares	Percentage
Per Knutsson (incl. comp.)	6 314 985	14,4%
Bure Equity AB (publ)	4 387 885	10,0%
Ulf Mossberg	2 401 040	5,5%
Nomura Securities Co. Ltd.	2 100 000	4,8%
Rikard Roos	1 708 262	3,9%
Lennart Holm (incl. family & comp.)	1 669 302	3,8%
UBS AG Client Account	1 563 310	3,6%
Cecilia Karlsson	1 515 935	3,5%
SI Technology Investments AB	1 455 591	3,3%
Finn Ketler (incl. family & comp.)	1 330 024	3,0%
Övriga	19 386 998	44,2%
Total	43 833 332	100,0%

(Official share register and nominee list as well as information known to the company as of June 30, 2015)

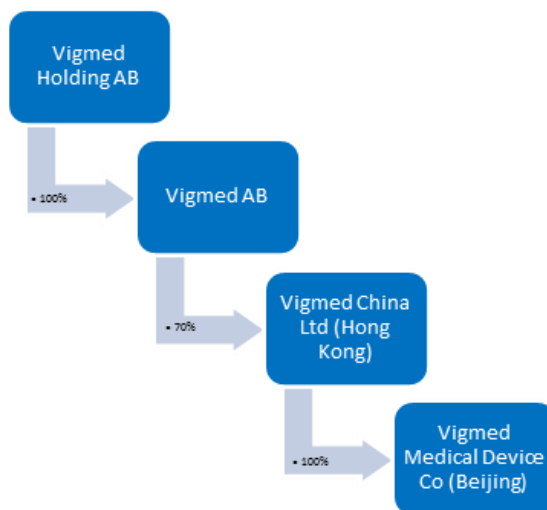
Parent Company

Vigmed Holding AB covers executive functions and governance, and the management of its wholly owned subsidiary Vigmed AB. The operating profit for the first six months was SEK -1.2 million (SEK -1.3 million).

The Parent Company has provided a shareholder contribution to Vigmed AB of SEK 17.5 million during the first six months, which is included in net financial costs.

Group Structure

Via its wholly owned subsidiary Vigmed AB, Vigmed Holding AB holds a company in Hong Kong (70% ownership) and a subsidiary to this in China; Vigmed Medical Device (Beijing) Co. Ltd. An additional company is under establishment in Taiwan. The structure is established to initiate product registrations in China as well as to enable future financing of operations in Asia.



FOR FURTHER INFORMATION

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ISIN code: SE0005034576

FUTURE REPORTS

Interim Management Statement Q3 2015
Year-end Report 2015
Annual General Meeting 2016
Interim Report Q1 Report 2016

November 4, 2015
February 18, 2016
May 12, 2016
May 12, 2016

This report has not been audited by the auditor.

Helsingborg, August 20, 2015

Vigmed Holding AB (publ) The Board of Directors

Income statement (Group) kSEK

	Q2 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014
Net Sales	496	236	2 019	236
Capitalized development costs	1 081	1 536	2 785	3 590
Raw materials and consumables	-895	-152	-3 442	-152
Other external costs	-3 836	-5 152	-7 986	-9 615
Employee costs	-4 443	-3 942	-9 005	-7 032
Depreciations and write-downs	-1 048	-515	-2 088	-577
Other operating costs	-28	-4	-11	2
Operating profit/loss	-8 672	-7 993	-17 728	-13 547
Net financial income/expense	-189	70	-365	165
Profit/loss after financial items	-8 861	-7 923	-18 092	-13 383
Number of shares (weighted average in period)	43 833 332	37 571 428	48 833 332	37 571 428
Profit/loss per share	-0,20	-0,21	-0,37	-0,36

Balance sheet (Group) kSEK

	2015-06-30	2014-12-31	2014-06-30
<i>Fixed assets</i>			
Intangible fixed assets	12 950	10 560	8 090
Tangible fixed assets	18 794	19 348	10 387
Total fixed assets	31 744	29 908	18 477
<i>Current assets</i>			
Inventory	5 443	-	-
Short-term receivables	2 263	1 826	1 426
Cash and bank balances	31 802	63 500	26 193
Total current assets	39 508	65 326	27 619
Total assets	71 252	95 234	46 096
Equity capital	55 728	73 820	40 671
Long-term liabilities	3 698	4 623	-
Short-term liabilities	11 826	16 791	5 425
Total equity capital & liabilities	71 252	95 234	46 096

Cash flow analysis (Group) kSEK

	Q2 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014
Net cash flow from op. act. before changes in work. capital	-7 814	-7 402	-16 004	-12 800
Changes in working capital	-245	650	-10 844	1 809
Net cash flow from operating activities	-8 058	-6 752	-26 849	-10 991
Investments tangible assets	-332	-605	-675	-1 119
Investments intangible assets	-1 238	-1 750	-3 250	-4 171
Net cash flow from investing activities	-1 569	-2 355	-3 925	-5 290
Issue of new shares	-	-	-	0
Share options 14/17	-	-	-	634
Amortization leasing debt	-925	-	-925	0
Net cash flow from financing activities	-925	-	-925	634
Cash flow for the period	-10 552	-9 107	-31 698	-15 647
Cash & cash equivalents at the beginning of the period	42 354	35 300	63 500	41 840
Cash & cash equivalents at the end of the period	31 802	26 193	31 802	26 193

Equity capital (Group) kSEK

	2015-06-30	2014-12-31	2014-06-30
Equity capital at the start of the period	73 820	53 420	53 420
Issue of new shares	-	56 357	-
Issuance cost	-	-4 242	-
Share options 14/17	-	515	634
Profit/loss for the period	-18 092	-32 230	-13 383
Equity capital at the end of the period	55 728	73 820	40 671

Income statement (parent company) kSEK

	Q2 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014
Net Sales	725	625	1 455	1 250
Other external costs	-844	-576	-1 287	-1 165
Employee costs	-733	-720	-1 396	-1 352
Depreciations and write-downs	-6	-6	-13	-12
Operating profit/loss	-858	-677	-1 240	-1 279
Net financial income/expense	-8 384	64	-17 244	123
Profit/loss after financial items	-9 242	-613	-18 484	-1 156

Balance sheet (Parent Company) kSEK

	2015-06-30	2014-12-31	2014-06-30
<i>Fixed assets</i>			
Tangible fixed assets	21	33	46
Financial assets	157 600	157 600	157 600
Receivables group companies	40 000	17 500	-
Total fixed assets	197 621	175 133	157 646
<i>Current assets</i>			
Short-term receivables	1 281	273	149
Cash and bank balances	13 851	57 736	24 096
Total current assets	15 132	58 009	24 245
Total assets	212 753	233 142	181 891
Equity capital	211 241	229 725	180 989
Short-term liabilities	1 512	3 417	902
Total equity capital & liabilities	212 753	233 142	181 891

Equity capital (parent company) kSEK

	2015-06-30	2014-12-31	2014-06-30
Equity capital at the start of the period	229 725	181 510	181 510
Issue of new shares	-	56 357	-
Issuance cost	-	-4 242	-
Share options 14/17	-	515	634
Profit/loss for the period	-18 484	-4 416	-1 155
Equity capital at the end of the period	211 241	229 725	180 989