



VIGMED HOLDING AB (PUBL)

INTERIM MANAGEMENT REPORT
1 January - 31 March, 2016



JANUARY - MARCH IN BRIEF

- Sales of the first quarter were the best so far for Vigmed. Sales were up 34 percent compared to the first quarter of 2015.
- Efforts to reduce the Group's cost base and focus on cost management have resulted in significantly reduced costs in the first quarter.
- During the first quarter Vigmed, together with its distributors, won smaller tenders in several countries and started participating in a couple of major tender processes with expected completion during the second half of the year.

FINANCIAL INFORMATION FOR JANUARY – MARCH IN BRIEF

- Net sales for the first quarter amounted to SEK 2,039 thousand (SEK 1,523 thousand in the first quarter of 2015).
- Operating result in the first quarter for the Group amounted to SEK -7.0 million (SEK -9.1 million).
- Net income per weighted number of shares for the first quarter amounted to SEK -0.12 (SEK -0.21).
- Cash flow from operating activities during the first quarter amounted to SEK -10.8 million (SEK -18.8 million).
- Cash flow from investing activities during the first quarter amounted to SEK -1.4 million (SEK -2.4 million).

Key figures Group	Q1 2016	Q1 2015	Jan-Dec 2015
Net Sales (kSEK)	2,039	1,523	4,179
Operating profit/loss (kSEK)	-7,026	-9,056	-48,168
Cash & cash equivalents (kSEK) at closing day	53,547	42,354	65,360
Equity capital (kSEK) at closing day	66,313	64,589	74,314
Solidity at closing day	54.4%	79.6%	55.8%
Total assets (kSEK) at closing day	121,850	81,128	133,189
Profit/loss per share (SEK)	-0.12	-0.21	-1.14
Share price at closing day (SEK)	1.90	8.90	3.14

MESSAGE FROM THE CEO

The fact that the first quarter of 2016 is our best quarter ever is a clear indication that the focus areas we adopted during the end of 2015 are the right ones. During this quarter, we have also managed to significantly reduce our cost base and we expect this trend to continue during 2016. I strongly feel that we have secured a sound new start for the business thanks to the changes we have implemented. We are now fully focused on our core business and on delivering results.

Currently we have reduced the efforts to develop new products and reallocated our resources to sales and customer support. This is aligned with our efforts to focus on important activities and current products. Our development team has proven to be a valuable resource in relation to our customers. The team has detailed product knowledge and the ability to communicate actively with our end users about technology and applications issues. There are clear indications that our more proactive approach towards a closer collaboration with our distributors and end-users lead to a growing confidence in Vigmed and our products, which is positive for future procurement processes.

Our distributors are now conducting a number of product evaluations at end-users and key stakeholders. These activities can be seen as the preliminary stage before major product procurement contracts can be won. In close cooperation with our distributors, we are actively monitoring and supporting a number of these procurement processes and are excited about their outcome. For sure far from all will be won at this stage, but distributors on our main markets have already won some smaller tenders. We see them as entry tickets and first proof of acceptance ahead of larger tenders to be won in a not too distant future.

During our transformation work towards the end of 2015 and beginning of 2016, we succeeded in launching the unique needle protected arterial catheter – SWiTCH. Market tests are now well under way in most of our markets, and we are receiving very positive responses. Several of our distributors have stated that they see this product as an effective door-opener for Vigmed's other products.

We believe that we are finally taking the right steps going forward, which is strengthened by the positive response to the improved versions of the CLiP products and our new SWiTCH product. Vigmed has an important mission: to eliminate needle-stick injuries and the risk of transmission of harmful diseases within healthcare, and thereby the transmission of the blood-borne diseases that can result from needle-stick injuries. Healthcare safety issues are more and more in focus all over the world, and during the last year alone, our products have attracted the attention of completely new markets. Vigmed's products can help the healthcare sector to achieve major cost savings by reducing the number of needle-stick injuries, so that more money can be devoted to actual healthcare.

Now that we have begun to move forward it's with a market-focused strategy and a strong, motivated and very competent Vigmed-team. We are determined to create long-term value for our shareholders, distributors, customers and employees.

2016 is the year in which we dedicate all our time and efforts towards participating in and winning an increasing number of international procurement contracts!

Henrik Olsen, CEO

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In April the US Patent and Trademark Office announced that it intends to grant Vigmed an additional patent for its needle-protecting solution in the CLiP® and SWiTCH product lines.

After a thorough evaluation process, including assessing a number of external candidates, the Board of Vigmed Holding AB (publ) appointed Henrik Olsen as CEO of the company. Since autumn 2015 he has served as acting CEO.

FINANCIAL INFORMATION FOR JANUARY – MARCH

Sales and result

Sales for the first quarter amounted to SEK 2.0 million, which was 34 percent higher than in the first quarter of 2015. Sales relate mainly to the CLiP® Ported, CLiP® Winged, CLiP® Neo and SWiTCH products.

Internal and external development expenses are aligned with the Group's increased focus on sales of existing products in priority markets, and decreased compared to 2015 and amounted in the first quarter to SEK 0.3 million (SEK 1.7 million in the first quarter of 2015).

Raw materials and consumables in the period cover costs for purchase of goods and freight from contract manufacturers to the warehouse for sold products.

In addition to current operating expenses and production costs, the Group's other external costs in the period mainly consisted of:

- Sales and marketing expenses
- Further development of the patent portfolio for existing products
- Consumables to product and production upgrades

Other external expenses for the quarter amounted to SEK 2.5 million, which is SEK 1.7 million lower than the same period last year. Employee costs for the quarter amounted to SEK 3.7 million, which is a decrease of SEK 0.8 million compared with the same period last year. The decrease in other external costs and employee costs is an effect of the cost reductions implemented during the fourth quarter of 2015 and the Group's continuous efforts for cost control.

Depreciation of product development and patents amounted to SEK 0.7 million (SEK 0.4 million during the first quarter of 2015). Depreciation for production equipment used in the manufacture of products (including leased assets) is volume based and amounted to SEK 1.4 million (SEK 0.5 million).

Other depreciations relate to furniture, installations and software and amounted to SEK 0.1 million (SEK 0.1 million).

Interest debt for financial leasing of equipment is reported under results from financial items and amounted for the quarter to SEK 1.0 million (SEK 0.2 million). Equipment consists of manufacturing tools for SWiNG and tools and production equipment for SWiCH.

Investments

Investments in product development includes capitalized internal and external costs of projects in the development phases. Costs for progression of projects in research stage are expensed immediately. Total investments in the quarter amounted to SEK 1.4 million (SEK 2.4 million) of which SEK 0.8 million are investments in tools for manufacturing SWiCH products, and SEK 0.2 million are patents.

Cash, cash equivalents & debts

At end of the period the cash and cash equivalents amounted to SEK 53.5 million (SEK 65.4 million at the beginning of the period).

Short-term liabilities for financial leasing contracts for manufacturing SWiNG and SWiCH are recognized in the Group's balance sheet. The liabilities are amortized through the purchase of goods and the cost is recognized as cost of goods in Vigmed AB and interest and amortization in the Group.

Financial leasing debt of SEK 43.3 million at the end of the period is interest bearing (SEK 43.0 million at the beginning of the period). SEK 40.5 million of the financial leasing debt is a long term debt.

There are no other interest bearing debts in the Group.

Equity

The Group's equity capital at the end of the period amounted to SEK 66.3 million (SEK 74.3 million at the beginning of the period).

Cash Flow

Cash flow from operating activities during the first quarter amounted to SEK -10.8 million (SEK -18.8 million) of which SEK -3.6 million (SEK 2.4 million) relates to payment of issue costs included in the change of working capital. Cash flow from operating activities during the first quarter, excluding payment of issue costs amounted to SEK -7.2 million (SEK - 16.4 million).

Cash flow from investing activities in the quarter amounted to SEK -1.4 million (SEK -2.4 million). This amount is mainly related to investments in manufacturing tools for the production of SWITCH products.

Employees

On 31 March the number of employees amounted to 13 (19 as of 31 January 2015), of which one is employed in the parent company.

The Group's former CEO has a notice period of 12 months from October 2015, during which he will take on specific project assignments.

Accounting principles

The financial statement has been prepared in accordance with IFRS.

Vigmed's agreement with the contract manufacturer for the CLiP range is classified as operational leasing agreement, and the leasing fee consists of the goods purchased from the manufacturer, which are expensed as incurred.

Vigmed's agreement with the contract manufacturer for manufacturing the SWITCH range is classified as finance leasing agreement.

Manufacturing tools for the production of SWiNG products are reported as finance leases in the balance sheet.

Definitions

Solidity

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

SHARE CAPITAL, OWNERSHIP AND PARENT COMPANY

Share capital

Share capital at the end of the quarter amounted to SEK 1,327,020.16 divided into 65,749,998 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 (publ) at a share price of 24 SEK per share. The options were issued at market terms. After the latest rights issue in December 2015, the share price are recalculated and amounts at December 31, 2015 to approximately SEK 21.8 and each warrant entitles the holder to approximately 1.1 share. The warrants can be exercised during the period 15 January to 31 January 2017 and can increase the share capital by up to approximately SEK 16,766 corresponding to 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.

Ownership structure

Vigmed Holding AB (publ) was listed on NASDAQ OMX First North in Stockholm in February 2013. Development of share capital and ownership as of 31 March 2016 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	636,869	686,869	+31,525,000	34,000,000	0.02
Issue new shares 2013	71,429	758,297	+3,571,428	37,571,428	0.02
Issue new shares 2014	126,383	884,680	+6,261,904	43,833,332	0.02
Issue new shares 2015	442,340	1,327,020	+21,916,666	65,749,998	0.02

Shareholders as per March 31, 2016	Shares	Percentage
Per Knutsson (incl. Comp.)	6,581,827	10.0%
Bure Equity AB (publ)	6,515,081	9.9%
Ulf Mossberg	2,584,040	3.9%
Nomura Securities Co. Ltd.	2,503,662	3.8%
Rikard Roos	2,100,000	3.2%
Lennart Holm (incl. Family and comp.)	1,803,918	2.7%
Cecilia Karlsson	1,764,806	2.7%
SI Technology Investments AB	1,705,935	2.6%
UBS AG Client Account	1,552,316	2.4%
Finn Ketler (incl. Family and comp.)	1,259,653	1.9%
Others	37,378,760	56.8%
Total	65,749,998	100.0%

(Official share register and nominee list as well as information known to the company as per March 31, 2016)

Parent Company

Vigmed Holding AB (publ) covers executive functions and governance, and the management of its wholly owned subsidiary Vigmed AB. The operating profit for the first quarter was SEK -0.5 million (SEK -0.4 million).

The Parent Company has provided a shareholder contribution to Vigmed AB of SEK 7.5 million (SEK 8.9 million) during the first quarter, which is included in net financial costs.

THE COMPANY IN BRIEF

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, Ebola or any other of the approximately 60 blood-borne diseases which can be transmitted by an infected needle.

Every year more than 1 million doctors, nurses and other health care staff in Europe alone are reported injured, while the unreported cases remain substantial.

Vigmed develops and markets patented needle protected products with the aim of protecting healthcare staff from needlestick injuries.

The significance of needlestick injuries is underlined by a directive implemented by the European Union in 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, intends to build its establishment on the market. The Company's develops patented safety products with high quality.

Vigmed's business idea is based around one central thought: through deep understanding of the user's requirements we develop, manufacture and deliver products that are convenient to use, safe and cost effective while meeting the market needs of today and tomorrow.

The aforementioned require not only technical and medical expertise, but also a well-developed ability to cooperate with other leading partners in the value chain, in order to effectively combine various players' resources and abilities. In concrete terms, this entails that Vigmed actively implements its solutions via outsourcing of manufacturing and distribution to end-users.

Today Vigmed's products are produced by selected manufacturers in Sweden and India and are sold through well renowned and established distributors in strategically chosen countries. Establishment on the European market and achieving volume sales is currently the Company's highest priority. Vigmed's sales team is currently fully focused on supporting the distributors in all markets in efforts to bring existing product offerings and assist in the necessary preparatory work and the tests preceding the procurement processes in each market. In parallel, Vigmed also has begun preparatory work for establishing its presence in Asia, where the market for needle-protected products is now growing rapidly.

The following product lines have been launched on the market: CLiP® Ported, CLiP® Winged, CLiP® Neo, SWiNG Clic-on and SWiTCH.

Vigmed AB is a wholly owned subsidiary of Vigmed Holding AB (publ) based in Helsingborg, Sweden. Via its wholly owned subsidiary Vigmed AB, Vigmed Holding AB (publ) holds a company, Vigmed Asia Ltd. in Hong Kong (70% ownership) and a subsidiary to this in China; Vigmed Medical Device (Beijing) Co. Ltd. Vigmed was listed on NASDAQ First North in February 2013, under the ticker VIG, and is traded since April 2015 on the First North Premier segment.

FOR FURTHER INFORMATION

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The share:

Ticker: VIG
ISIN-kod: SE0005034576

REPORTS

Half-year report 2016	25 August, 2016
Interim report Q3 2016	9 November, 2016

This report has not been audited by the auditor.

Helsingborg, 12 May, 2016

Vigmed Holding AB (publ) The Board of Directors

Income statement (Group) kSEK	Q1 2016	Q1 2015	Jan-Dec 2015
Net Sales	2,039	1,523	4,179
Capitalized development costs	296	1,704	5,970
Other operating income	14	35	795
Raw materials and consumables	-1,028	-2,546	-12,348
Other external costs	-2,453	-4,150	-18,224
Employee costs	-3,734	-4,562	-17,188
Depreciations and write-downs	-2,150	-1,040	-10,840
Other operating costs	-10	-17	-513
Operating profit/loss	-7,026	-9,056	-48,168
Net financial income/expense	-978	-175	-1,975
Profit/loss after financial items	-8,004	-9,231	-50,143
Profit/loss for the year attributable to:			
Vigmed Holding AB (publ) shareholders	-7,997	-9,231	-50,110
Non-controlling interest	-7	-	-33
Number of shares (weighted average in period)	65,749,998	43,833,332	44,133,560
Profit/loss per share	-0.12	-0.21	-1.14

Balance sheet (Group) kSEK	2016-03-31	2015-12-31
<i>Fixed assets</i>		
Intangible fixed assets	12,808	13,056
Tangible fixed assets	49,561	50,098
Total fixed assets	62,369	63,154
<i>Current assets</i>		
Inventories	3,126	2,219
Short-term receivables	2,808	2,456
Cash and bank balances	53,547	65,360
Total current assets	59,481	70,035
Total assets	121,850	133,189
Equity capital	66,313	74,314
Long term liabilities	40,539	40,203
Short-term liabilities	14,998	18,672
Total equity capital & liabilities	121,850	133,189

Equity capital (Group) kSEK	2016-03-31	2015-12-31
Equity capital at the start of the period	74,314	73,820
Issue of new shares	-	56,983
Issuance cost	-	-6,358
Share options 14/17	-	-
Profit/loss for the period	3	12
Equity capital at the end of the period	-8,004	-50,143
	66,313	74,314

Cash flow analysis (Group) kSEK	Q1 2016	Q1 2015	Jan-Dec 2015
Net cash flow from op. act. before changes in work. capital	-5,851	-8,191	-36,059
Changes in working capital	-4,933	-10,600	-4,218
Net cash flow from operating activities	-10,784	-18,791	-40,277
Net cash flow from investing activities	-1,365	-2,355	-7,380
Increase in lease borrowings			
Repayment of lease borrowings	336	-	-
Issue of new shares	-	-	56,983
Issuance cost	-	-	-6,358
Share options 14/17	-	-	-
Net cash flow from financing activities	336	0	49,516
Cash flow for the period	-11,813	-21,146	1,860
Cash & cash equivalents at the beginning of the period	65,360	63,500	63,500
Cash & cash equivalents at the end of the period	53,547	42,354	65,360

Income statement (parent company) kSEK	Q1 2016	Q1 2015	Jan-Dec 2015
Net Sales	725	730	2,900
Other operating income	-	-	39
Other external costs	-361	-443	-2,359
Employee costs	-834	-663	-2,326
Depreciations and write-downs	-	-6	-25
Operating profit/loss	-470	-382	-1,772
Net financial income/expense	-7,448	-8,860	-47,553
Profit/loss after financial items	-7,918	-9,242	-49,324

Balance sheet (parent company) kSEK	2016-03-31	2015-12-31
<i>Fixed assets</i>		
Tangible fixed assets	-	-
Financial assets	157,600	157,600
Receivables group companies	31,000	18,500
Total fixed assets	188,600	176,100
<i>Current assets</i>		
Short-term receivables	1,201	1,541
Cash and bank balances	34,146	58,457
Total current assets	35,347	59,998
Total assets	223,947	236,098
Equity capital	223,107	231,025
Short-term liabilities	840	5,073
Total equity capital & liabilities	223,947	236,098

Equity capital (parent company) kSEK	2016-03-31	2015-12-31
Equity capital at the start of the period	231,025	229,725
Issue of new shares	-	56,983
Issuance cost	-	-6,358
Share options 14/17	-	-
Profit/loss for the period	-7,918	-49,325
Equity capital at the end of the period	223,107	231,025