



VIGMED HOLDING AB (PUBL)

INTERIM REPORT
1 January – 30 June 2016



FINANCIAL INFORMATION IN BRIEF

Second quarter: 1 April – 30 June 2016

- Sales for the second quarter amounted to SEK 0.7 (0.5) million.
- Operating result in the second quarter amounted to SEK -8.4 (-8.7) million.
- Cash flow from operating activities during the second quarter amounted to SEK -9.2 (-8.1) million.
- On 30 June 2016 cash and cash equivalents amounted to SEK 44.1 (31.8) million.

First six months: January-June 2016

- Sales for the first six months amounted to SEK 2.8 (2.0) million.
- Operating result for the first six months amounted to SEK -15.4 (-17.7) million.
- Cash flow from operating activities during the first six months amounted to SEK 20.0 (-26.8) million.
- On 30 June 2016 cash and cash equivalents amounted to SEK 44.1 (31.8) million.

Significant events during the second quarter

- During the second quarter, Vigmed has continued to win smaller tenders and has intensified the interaction with distributors in countries where procurement procedures are expected to begin during next year.
- Vigmed's products have received the highest ranking in quality tests conducted by independent parties in the procurement processes that have been under way in the first six months of this year.
- The company's operating profit and cash flow are improving as a result of the ongoing efforts in managing cost reduction and cost-control.
- In April 2016 the Board of Vigmed Holding AB (publ) appointed Henrik Olsen as CEO of the company. Since autumn 2015 he has served as acting CEO.
- At the Annual General Meeting held on 12 May 2016 Sten Dahlborg was elected as new Board member and Chairman of the company. Lennart Holm, Lennart Dreyer and Per Knutsson declined re-election and left the Board.
- Furthermore, the General Meeting authorised the Board to issue new shares. The number of shares to be issued shall be a maximum of 7,305,555, which corresponds to a dilution of about 10 % of the registered share capital at the time for the utilisation of the authorisation.

KEY FIGURES- GROUP (kSEK)	2016	2015	2016	2015	2015
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net sales	713	496	2,752	2,019	4,179
Operating result	-8,423	-8,673	-15,449	-17,728	-48,168
Cash flow from operating activities	-9,191	-8,058	-19,975	-26,848	-40,270
Cash and cash equivalents	44,147	31,802	44,147	31,802	65,360
Equity	56,209	55,728	56,209	55,728	74,314
Solvency (%)	50	78.2	50	78.2	55.7
Earnings per share (SEK)	-0.15	-0.20	-0.28	-0.41	-1.14

MESSAGE FROM THE CEO

Following the close of the second quarter, I'm pleased to report that we continue seeing positive results from our decision to shift focus to commercial operations and organisational cost containment.

Our sales increased 44 % to SEK 0.7 million in the second quarter of 2016 compared to the same period in 2015. In parallel, our external expenses and personnel costs decreased 16 % compared to the same period of previous year. Our cash flow improved by approximately SEK 1.2 million during the quarter.

Additionally, our decision to pull back on some development activities and focus efforts on our existing product portfolio and diligent tender management has proven to be the right way forward. We have already won smaller tenders in some markets. While the volumes in these tenders have been relatively small, they are valuable to us, since winning them in competition with large established alternatives clearly point to the strength of Vigmed's products in terms of quality and ease of use. We have, however, fallen short in some tender processes due to price. We are now, together with our distributors, assessing how to increase the competitiveness of our tenders in procurement processes in relation to pricing.

At the AGM in May 2016, Sten Dahlborg was elected as chairman and the Vigmed Board was slightly reduced in size. The board of the company now has an outspoken strategic business development and commercial profile within life science. I believe this will help the management to continue an effective agenda and support an agile decision process.

Our mission remains the same, however: to eliminate needlestick injuries and the risk of transmission of harmful diseases within healthcare, and thereby the transmission of the blood-borne diseases that can result from needlestick injuries.

We continue forward with our strong team with a clear focus to be successful with our current products on existing markets. We are determined to create long-term value for our shareholders, distributors, customers and employees.

Henrik Olsen, CEO

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No significant events occurred after the reporting period.

COMMENTS ON THE FINANCIAL DEVELOPMENT

Sales and result

Net sales in the second quarter of 2016 amounted to SEK 0.7 (0.5) million, which was a 44 per cent increase compared to the same period 2015. Sales relate mainly to the CLiP® Ported, CLiP® Winged, CLiP® Neo and SWiTCH products. Net sales for the first six months amounted to SEK 2.8 (2.0) million.

In line with the Group's increased focus on sales of existing products in priority markets expenses on internal and external development decreased compared to 2015 and amounted in the second quarter to SEK 0.3 (1.1) million. For the first six months internal and external development costs amounted to SEK 0.6 (2.8) million.

Other external expenses for the quarter amounted to SEK 3.0 (3.8) million, which is SEK 0.8 million lower than the same period last year. Employee costs for the quarter amounted to SEK 4.0 (4.4) million, which is a decrease of SEK 0.4 million compared with the same period last year. The first six months other external expenses and employee costs amounted to SEK 5.5 (8.0) million and SEK 7.7 (9.0) million respectively. The total decrease in other external costs and employee costs compared to the equivalent period last year of SEK 3.8 million is an effect of the Group's efforts of cost reductions and cost control.

Depreciation of product development and patents amounted to SEK 0.7 (0.4) million during the quarter. Depreciation for production equipment used in the manufacture of products (including leased assets) is volume based and amounted to SEK 0.8 (0.6) million for the quarter.

Interest debt for financial leasing of equipment is recognised under results from financial items and amounted for the quarter to SEK 1.7 (0.2) million. Equipment consists of manufacturing tools for SWiNG and tools and production equipment for SWiTCH. The increase compared with the same quarter last year is primarily due to the leasing liability for tools and machinery for the manufacture of SWiTCH first emerged in the third quarter of 2015

Investments

Total investments in the second quarter amounted to SEK 0.5 (1.6) million and relate primarily to capitalised internal hours and patent costs.

Cash, cash equivalents & debts

At the end of the period the Group's cash and cash equivalents amounted to SEK 44.1 (31.8) million.

Shareholders' equity for the Group at the end of the period amounted to SEK 56.2 (55.7).

Short-term and long-term liabilities for financial leasing contracts for manufacturing SWiNG and SWiTCH are recognised in the Group's balance sheet. The total finance leasing liabilities amount at the end of the period SEK 43.6 (6.5) million, which is interest bearing. The increase from 30 June 2015 consists of leasing liability for the SWiTCH machine and tools that first were recognised during the third quarter of 2015. SEK 37.0 (3.7) million of the finance leasing debt is a long-term debt.

There are no other interest-bearing debts in the Company.

Cash flow

During the quarter cash flow from operating activities amounted to SEK -9.2 (-8.1) million. Cash flow from operating activities during the quarter includes two items with a total of SEK -1.8 million, which is affecting comparability. First, capitalised development costs decreased by SEK 0.8 million in the quarter compared with the same period last year, which has a negative impact on cash flow from operating activities, but opposite effect on cash flow from investment activities. Furthermore, an investment from the first quarter of 2016 was paid during the second quarter, resulting in a negative effect on cash flow from operating activities. Cash flow from operating activities excluding items affecting comparability amounted to SEK -7.5 million.

Cash flow for the second quarter amounted to SEK -9.4 (-10.6) million, which includes a paid deposition of SEK 0.9 million, which will be refunded during the third quarter 2016.

Cash flow for the first six months amounted to SEK -21.2 (-31.7) million. The improvement compared to the same period last year of SEK 10.5 million primarily relates to a decrease in costs for the first six months 2016 as well as one-time payments made in the first half of 2015.

Employees

On 30 June the number of employees amounted to 12 (19), of which two are employed by the parent company.

The Group's former CEO has been given notice and will end his employment in October 2016.

SHARE CAPITAL, SHARE AND OWNERSHIP

Share capital

Share capital at the end of the quarter amounted to SEK 1,327,020 divided into 65,749,998 shares. The Company has one class of shares and all shares have equal rights to dividends.

	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

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. After the latest rights issue in December 2015, the share price are restated and amounts at 31 December 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. Since the exercise price of the options exceeds the average market price of shares for the different periods in this report, there is no dilution effect.

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.

Dividend

No dividend has been made in 2015 and at the Annual General Meeting on 12 May 2016 the AGM decided that no dividend is to be paid in 2016.

Ownership structure

Vigmed Holding AB was listed on NASDAQ OMX First North in Stockholm in February 2013. Development of share capital and ownership as of 30 June 2016 is shown below.



As of 30 June, 2016 the share price was SEK 1.95 (SEK 6.80).

SHAREHOLDERS, 30 JUNI 2016	SHARES	PERCENTAGE
Bure Equity AB (publ)	6 581 827	10,0%
Per Knutsson (incl. company)	6 515 081	9,9%
Ulf Mossberg	2 584 040	3,9%
Rikard Roos	2 503 662	3,8%
Nomura Securities Co. Ltd.	2 100 000	3,2%
UBS AG Client Account	1 863 306	2,8%
Lennart Holm (incl. family and company)	1 803 918	2,7%
Cecilia Karlsson	1 705 935	2,6%
SI Technology Investments AB	1 552 316	2,4%
Finn Ketler (incl. family and company)	1 259 653	1,9%
Others	37 280 260	56,7%
Total	65 749 998	100,0%

(Official share register and nominee list as well as information known to the company as of 30 June, 2016)

THE COMPANY IN BRIEF

Vigmed is a Swedish medical technology company founded in 2009 whose mission is to eliminate needlestick injuries and to reduce the risk of disease transmission to healthcare workers and patients.

Needlestick injuries is a major problem in health care for patients, 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 safety solutions that protect 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 purchases of 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.

This change supports the establishment of Vigmed on the market. The Company develops patented protected safety products that are user-friendly and of 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 functional, safe and cost effective while meeting the market needs of safe solutions 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.

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 prioritised 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 based in Helsingborg, Sweden. The Group also includes a company, Vigmed Asia Ltd. in Hong Kong (70 % ownership) and a subsidiary 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.

OTHER INFORMATION

Risk and uncertainty factors

The Group's business is affected by a number of factors, which may pose a risk for the Group's operations and results. Those risks that might have an impact on Vigmed are accounted on in the 2015 Annual Report (pp. 26-28). Except for the paragraph below, this description is still relevant.

The ongoing discussion with the manufacturer of the SWiNG-Universal product, which has been considered an uncertainty factor for the Group, was terminated in July 2016 after the parties came to an agreement. The outcome is in line with the estimate made in the annual report for 2015.

Transactions with related parties

Vigmed purchases services for patents, legal services and other consulting services from companies in which board members have significant influence. All transactions are made on market terms. In the second quarter, no transactions have taken place between Vigmed and related parties that have significantly affected the Group's earnings and financial position.

Segment reporting

The Group constitutes a single operating segment, reporting by segment is therefore not included in the consolidated financial statements. This assessment is based on the reporting chief operating decision maker (CEO) obtains to follow and analyse the operations as well as the information collected to make strategic decisions.

Seasonal effects

So far Vigmed's sales has had no significant seasonal effects. There is a smaller impact in the third quarter as several European distributors have a lower level of activity during the summer months of July and August.

Parent Company

Vigmed Holding AB covers executive functions and governance, and the management of its wholly owned subsidiary Vigmed AB. Net sales for the second quarter amounted to SEK 0.7 (0.7) million and relate to invoiced management within the Group. Operating profit for the second quarter amounted to SEK -1.1 (-0.9) million.

The Parent Company paid shareholders' contributions to Vigmed AB of SEK 10.0 (8.5) million during the second quarter, which are reported under financial items.

Accounting principles

This interim report is prepared in accordance with IAS 34, Interim Financial Reporting. The report for the parent company has been prepared in accordance with the ninth chapter of the Swedish Annual Accounts Act and RFR 2, Accounting rules for legal entities.

The interim report has been prepared according to the same accounting policies and methods of calculation as the 2015 Annual Report (Note 2, pp. 38-40).

Definitions

Solidity

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

Future reports

Interim Report Q3 2016	15 November 2016
Year-End Report 2016	16 February 2017
Annual Report 2016	7 April 2017
Annual General Meeting 2016	11 May 2017
Interim Report Q1 2017	11 May 2017

FINANCIAL OVERVIEW

CONDENSED INCOME STATEMENT - GROUP (kSEK)					
	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Sales	713	496	2,752	2,019	4,179
Capitalized expenditure for development work	294	1,081	590	2,785	5,970
Other operating income	4	-	17	-	414
Total operating income	1,011	1,577	3,360	4,804	10,563
Raw materials and consumables	-915	-895	-1,943	-3,442	-12,346
Gross profit/loss	96	682	1,417	1,362	-1,783
Other external expenses	-3,027	-3,836	-5,480	-7,986	-18,224
Personnel costs	-3,956	-4,443	-7,690	-9,005	-17,188
Other operating expenses	-6	-28	-16	-11	-132
Operating result before depreciation	-6,893	-7,625	-11,770	-15,640	-37,327
Depreciation and impairment	-1,530	-1,048	-3,679	-2,088	-10,841
Operating result	-8,423	-8,673	-15,449	-17,728	-48,168
Net financial income and expenses	-1,681	-188	-2,659	-364	-1,975
Net loss for the period	-10,104	-8,861	-18,108	-18,092	-50,143
Net loss for the period attributable to:					
Shareholders in the Parent company	-10,096	-8,861	-18,094	-18,092	-50,110
Non-controlling interests	-8	-	-15	-	-33
Weighted average number of shares in the period	65,749,998	43,833,332	65,749,998	43,833,332	44,133,560
Earnings per share, SEK	-0.15	-0.20	-0.28	-0.41	-1.14

STATEMENT OF COMPREHENSIVE INCOME - GROUP (kSEK)					
	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Net loss for the period	-10,104	-8,861	-18,108	-18,092	-50,143
Items which can later be reversed in the income statement:					
Foreign exchange differences on translation of foreign operations	2	-	3	-	12
Total other comprehensive income, net after tax	2	-	3	-	12
Total comprehensive income for the period	-10,102	-8,861	-18,105	-18,092	-50,131
Total comprehensive income for the period attributable to:					
Shareholders in the Parent company	-10,094	-8,861	-18,091	-18,092	-50,101
Non-controlling interests	-8	-	-14	-	-30

STATEMENT OF CHANGES IN EQUITY - GROUP (kSEK)			
	2016 30 Jun	2015 30 Jun	2015 31 Dec
Opening balance equity	74,314	73,820	73,820
Comprehensive income for the period	-18,105	-18,092	-50,131
Issue of new shares	-	-	56,983
Issuance cost	-	-	-6,358
Closing balance equity	56,209	55,728	74,314

CONDENSED BALANCE SHEET - GROUP (kSEK)			
	2016 30 Jun	2015 30 Jun	2015 31 Dec
Assets			
<i>Non-current assets</i>			
Intangible assets	12,546	12,950	13,056
Property, plants and equipment	48,806	18,794	50,098
Total non-current assets	61,352	31,744	63,154
<i>current assets</i>			
Inventories	3,875	5,443	2,219
Accounts receivable	521	589	157
Other current receivable	1,116	1,051	1,630
Prepaid expenses and accrued income	1,534	623	862
Cash and cash equivalents	44,147	31,802	65,360
Total current assets	51,193	39,508	70,228
Total assets	112,545	71,252	133,382
Equity and liabilities			
<i>Equity</i>			
Equity attributable to shareholders in the Parent company	56,171	55,728	74,344
Non-controlling interests	38	-	-30
Total equity	56,209	55,728	74,314
<i>Non-current liabilities</i>			
Borrowings regarding financial lease, long-term portion	36,968	3,698	40,203
Total non-current liabilities	36,968	3,698	40,203
<i>Current liabilities</i>			
Trade payables	5,174	3,097	7,863
Borrowings regarding financial lease, short-term portion	6,648	2,774	2,774
Other current liabilities	460	2,352	1,046
Accrued expenses and deferred income	7,086	3,603	7,182
Total liabilities	56,336	15,524	59,068
Total equity and liabilities	112,545	71,252	133,382

CONDENSED CASH FLOW STATEMENT - GROUP (kSEK)					
	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Operating loss after financial items	-10,104	-8,861	-18,108	-18,092	-50,143
Depreciation and impairment	1,530	1,048	3,679	2,088	10,841
Other items	-	-	-	-	3,236
Total changes in working capital	-617	-245	-5,546	-10,844	-4,204
Cash flow from operating activities	-9,191	-8,058	-19,975	-26,848	-40,270
Acquisition of intangible assets	-510	-332	-1,028	-675	-707
Acquisition of property, plant and equipment	-2	-1,237	-849	-3,250	-6,714
Sales of property, plant and equipment	-	-	-	-	35
Cash flow after investments	-9,703	-9,627	-21,852	-30,773	-47,656
Increase in lease borrowings	303	-	639	-	-
Repayment of lease borrowings	-	-925	-	-925	-1,109
Issue of new shares	-	-	-	-	56,983
Issuance cost	-	-	-	-	-6,358
Cash flow for the year	-9,400	-10,552	-21,213	-31,698	1,860
Cash and cash equivalents at the beginning of the period	53,547	42,354	65,360	63,500	63,500
Cash and cash equivalent at period-end	44,147	31,802	44,147	31,802	65,360

CONDENSED INCOME STATEMENT - PARENT COMPANY (kSEK)					
	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Net sales	725	725	1 450	1 455	2 900
Other operating income	-	-	-	-	39
Total operating income	725	725	1 450	1 455	2 939
Other external expenses	-738	-844	-1 099	-1 287	-2 359
Personnel costs	-1 122	-733	-1 956	-1 395	-2 326
Operating result before depreciation	-1 135	-852	-1 605	-1 227	-1 746
Depreciation of equipment	-	-6	-	-13	-25
Operating result	-1 135	-858	-1 605	-1 240	-1 772
Net financial income and expenses	-9 926	-8 384	-17 374	-17 244	-47 554
Net loss for the period	-11 061	-9 242	-18 979	-18 484	-49 325

CONDENSED BALANCE SHEET - PARENT COMPANY (kSEK)			
	2016 30 Jun	2015 31 Jun	2015 31 Dec
Assets			
<i>Non-current assets</i>			
Equipment	-	21	-
Participating interests in Group companies	157 600	157 600	157 600
Loans to Group companies	21 000	40 000	18 500
Total non-current assets	178 600	197 621	176 100
<i>Current assets</i>			
Receivables from Group companies	930	951	1 154
Other receivables	149	115	149
Prepaid expenses and accrued income	92	215	212
Cash and bank	33 720	13 851	58 457
Total current assets	34 891	15 132	59 972
Total assets	213 491	212 753	236 072
Equity and liabilities			
<i>Equity</i>			
Equity	212 046	211 241	231 025
Total equity	212 046	211 241	231 025
<i>Current liabilities</i>			
Trade payables	253	666	3 931
Other current liabilities	155	122	166
Accrued expenses and deferred income	1 037	724	950
Total current liabilities	1 445	1 512	5 047
Total equity and liabilities	213 491	212 753	236 072

CHANGES IN EQUITY - PARENT COMPANY (kSEK)			
	2016 30 Jun	2015 31 Jun	2015 31 Dec
Opening balance equity	231 025	229 725	229 725
Issue of new shares	-	-	56 983
Issuance cost	-	-	-6 358
Loss for the period	-18 979	-18 484	-49 325
Closing balance equity	212 046	211 241	231 025

CERTIFICATION

The Board of directors and the CEO certify that the half-year report gives a true and fair view of the company's and the Group's business activities, financial position and results, and describes the essential risks and uncertainty factors that the company and the companies which are part of the Group face.

This report has not been subject to special review by the company's auditor.

Helsingborg, 24 August 2016

Vigmed Holding AB (publ) The Board of Directors

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The share:

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This is a translation of the Swedish version of the Interim report. When in doubt, the Swedish wording prevails.