



VIGMED HOLDING AB

Interim Management Statement
January 1 – March 31, 2015



FIRST QUARTER IN BRIEF

- Sales to distributors in Germany, France, Italy, Switzerland and Austria were initiated during the first quarter.
- Hindustan Syringes & Medical Device Ltd. (HMD), Vigmeds manufacturing and sales partner, has launched safety I.V. catheters in India using SIPCLIP to describe Vigmeds technology.
- Feedback from some customers 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 Medical Device (Beijing) Co. Ltd was registered March 30, and product registrations are ongoing.

FINANCIAL INFORMATION FOR THE FIRST QUARTER IN BRIEF

- Net Sales for the first quarter amounted to SEK 1.5 million (0 SEK in the first quarter 2014).
- Operating profit in the first quarter for the Group amounted to SEK -9.1 million (SEK -5.6 million).
- Net income per weighted number of shares for the first quarter amounted to SEK -0.21 (SEK -0.15).
- Cash flow from operating activities during the first quarter amounted to SEK -18.8 million (SEK -4.2 million). Cash flow from operating activities is mainly the negative period result (SEK -8.2 million) as well as purchase of inventory of finished goods SEK -5 million.
- Cash flow from investing activities during the first quarter amounted to SEK -2.3 million (SEK -2.9 million).
- Cash and cash equivalents at end of period amounted to SEK 42.4 million (SEK 35.3 million).
- The shareholders' equity at the end of the period amounted to SEK 64.6 million (SEK 48.6 million).

Key figures Group		
	Q1 2015	Q1 2014
Net Sales (kSEK)	1 523	-
Operating profit/loss (kSEK)	-9 056	-5 554
Cash & cash equivalents (kSEK) at closing day	42 354	35 300
Equity capital (kSEK) at closing day	64 589	48 594
Solidity at closing day	79,6%	89,7%
Total assets (kSEK) at closing day	81 128	54 172
Profit/loss per share	-0,21	-0,15
Share price at closing day (SEK)	8,90	20,40

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, which was launched on the market in January 2015. All products have been launched and sold to Spain, Greece, Sweden, Denmark, Norway, Portugal, Italy, France, Germany, Austria and Switzerland. Vigmeds products have also been launched in Australia, New Zealand and Iceland. With this distributor network in place, the company now covers most of the priority markets in Europe.

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 productive partnerships with carefully selected partners. This strategy enables manufacturers to directly invest in their own production equipment in order to manufacture Vigmeds products.

Establishing on the European market is currently the main focus, while products and partnerships for the US and China markets are being prepared. During 2013 and 2014 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

With products delivered to eleven countries in Europe, our sales started to take off as expected during the first quarter of 2015, and closed just above SEK 1.5 million for the first three months, 35% higher than for the full year of 2014. The month of January was in line with expectations, but at the end of January we received feedback from some of our customers related to a detail in the design affecting the robustness of the CLiP Winged product line. As Vigmed is a company dedicated to quality and reliability, we immediately decided to modify and update the product design. The issue itself was not of a kind that required a recall of the products, but we informed our distributors and offered them a replacement of their existing stock of the products in question.

The character of the design issue required us to deal with it in steps. We were able to adjust the manufacturing specifications immediately and in order to further increase the robustness of the CLiP Winged line; we decided to slightly change a detail in the product design. The modified product, with the new design in place, is already in production and will be launched in the market during the summer and early autumn. With the implementation of these changes, we feel confident that we now have a product living up to our high quality standards.

An unfortunate consequence of this design issue is that sales development during the first and second quarters will be slower than expected. We expect sales to take off as soon as we supply our customers with the updated version of the CLiP product line.

When it comes to our SWiNG product line, our supplier has struggled to get the high-speed packaging machine delivered on time from their supplier. This has resulted in a significant delay. Even though the financial implications are limited for 2015 it is a true disappointment to us, as alternative products fill up the vacuum in the market while we have to await our delayed launch of larger volumes.

On the positive side, we continue to look forward with great enthusiasm to the introduction of our SWiTCHe arterial catheter, which is still on track for a September launch. We are very confident that we have a well-functioning and attractive product. All important distribution agreements are in place for Western Europe, except for UK and the Benelux countries, and as the market has expressed its strong interest in our new SWiTCHe assortment, we have high expectations for the upcoming launch.

During the autumn of 2012, we set out on a journey targeting four new product launches to the market within two years. This was a very ambitious plan for a small start-up company, but we believed this to be realistic considering our heritage and experience. In hindsight, we can conclude that even though we have achieved a lot during the last couple of years, we have not been able to avoid some bumps in the road.

The optimism communicated to the market and to our shareholders, has been difficult to live up to in some areas. We still believe that high aspirations are vital for our mind-set, but we have learned that when communicating our belief in the future, we need to be more cautious with our short-term expectations. On a five-year horizon, we still firmly believe in our ability to penetrate global markets, and see no reason to re-evaluate our aspiration to achieve sales of SEK 400-600 millions.

As a consequence of the design issues we experienced earlier this year, it is now clear to us that we will not meet the sales aspirations for 2015, which was communicated in December last year. It has proven to be difficult to foresee the immediate market up-take, which is why we have decided not to give any new short-term sales forecast for 2015.

Faced with these delays, our full focus will now be on supporting our distributors in order to succeed in Europe. We have an established distribution network in place, which enables us to penetrate the market and generate rapid top line growth. Outside Europe we intend to extend our sales cooperation with HMD in large parts of South & Southeast Asia, Africa and Middle East. Additionally, we will continue the ongoing product registration process in China. We intend to explore different options for other large, potential markets such as North America and East Asia. Selected and, for the time being, limited resources will focus on developing a well-prepared plan for the next wave – our global push.

It is apparent that we are delayed compared to what we have communicated previously, but we are nevertheless committed and convinced that we will succeed. The ongoing market launch of the CLiP product lines and the upcoming launch of SWiTCH allow us all to look forward to the coming quarters with great confidence.

Vigmed Holding AB (publ)
Finn Ketler, CEO

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In April Vigmed published the Board's proposal for the election of three new board members. Ulf Mossberg and Finn Ketler have decided not to stand for re-election. Ulf has decided to retire from the Board. Finn will step down from the Board in line with corporate governance principles and in order to have a clear demarcation between the roles of managing the company and the work of the Board.

The Board's proposal of new board members is as follows:

- Dr. Thomas Baier - is from Germany and has a PHD in child cancer research. He has a long and successful international career with Roche Diagnostics. Since 2014 he has been working as a consultant in healthcare related businesses.
- Axel Sjöblad – holds an MSc in Business and Economics with French orientation. He has had a long and successful international career with Gambro and since 2011; he is working for the Getinge Group where he today is the CEO of Getinge AB, Sweden.
- Philip Nyblaeus has worked as an Investment Manager at AB Bure Equity since 2011. He has an MBA from Uppsala University and before joining Bure he worked at PwC Corporate Finance.

Vigmed Holding AB (publ) has been approved for changing trading venue to the First North Premier segment. First day of trading on First North Premier was April 28 2015.

FINANCIAL INFORMATION FOR THE FIRST QUARTER

Sales and results

Sales for the first quarter amounted to SEK 1.5 million. Sales were negatively influenced by the replacement of CLiP Winged products in February.

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 0.9 million.

During the first quarter, other external costs mainly cover:

- Travel expenses within sales and development organizations
- Work with the patent portfolio
- Further development of the quality system and audit costs
- Market- and product study in the US
- Consumption material for product- and production material
- Registration costs in China
- Marketing materials and support to distributors

Investments

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.

Depreciation of product development and patents for the product lines CLiP Ported, CLiP Winged, CLiP Neo and SWiNG amounted to SEK 0.4 million. Depreciation of production equipment is volume based and amounted to SEK 0.3 million. Other depreciations relate to furniture, installations and software and amounted to SEK 0.3 million.

Cash and cash equivalents

At end of the period the cash and cash equivalents amounted to SEK 42.4 million (SEK 35.3 million).

Financial leasing debt of SEK 6.5 million at the end of the period is interest bearing. 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 64.6 million (SEK 48.6 million).

Cash Flow

Cash flow from operating activities during the first quarter amounted to SEK -18.8 million (SEK -4.2 million). In January 2015, Vigmed has taken over purchase planning and 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 million.

Cash flow from investing activities in the first quarter was SEK -2.4 million (SEK -2.9 million).

Employees

On 31 March the number of employees amounted to 19 (14), of which one is employed in the parent company.

During the first quarter Elisabeth Andersson initiated her employment with Vigmed, as Director of Supply Chain. Elisabeth is part of the management team and has taken over Henrik Olsen's interim role as responsible for procurement, capacity planning, logistics and warehousing.

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

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

Share capital at March 31 amounted to SEK 884 680.11 divided into 43,833,332 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 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 March 31 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%
UBS AG Client Account	1 761 735	4,0%
Rikard Roos	1 708 262	3,9%
Lennart Holm (incl. Family and comp.)	1 669 302	3,8%
Cecilia Karlsson	1 515 935	3,5%
SI Technology Investments AB	1 455 591	3,3%
Finn Ketler (incl. Family and comp.)	1 330 024	3,0%
Övriga	19 188 573	43,8%
Total	43 833 332	100,0%

(Official share register and nominee list as well as information known to the company as of March 31, 2015)

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 quarter was SEK -0.4 million (SEK -0.6 million).

The Parent Company has provided a shareholder contribution to Vigmed AB of SEK 9.0 million, which is included in net financial costs.

Group Structure

In addition to its wholly owned subsidiary Vigmed AB, Vigmed Holding AB holds a company in Hong Kong (70% ownership) and two additional companies are under establishment in China and 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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The share:

Ticker: VIG
ISIN code: SE0005034576

FUTURE REPORTS

Interim Report 2015
Interim Management Statement Q3 2015

August 20, 2015
November 4, 2015

This report has not been audited by the auditor.

Helsingborg, May 13, 2015
Vigmed Holding AB (publ) The Board of Directors

Income statement (Group) kSEK

	Q1 2015	Q1 2014
Net Sales	1 523	-
Capitalized development costs	1 704	2 053
Raw materials and consumables	-2 546	-
Other external costs	-4 150	-4 462
Employee costs	-4 562	-3 089
Depreciations and write-downs	-1 040	-62
Other operating costs	17	6
Operating profit/loss	-9 056	-5 554
Net financial income/expense	-175	95
Profit/loss after financial items	-9 231	-5 460
Number of shares (weighted average in period)	43 833 332	37 571 428
Profit/loss per share	-0,21	-0,15

Balance sheet (Group) kSEK

	2015-03-31	2014-12-31	2014-03-31
<i>Fixed assets</i>			
Intangible fixed assets	12 153	10 560	6 458
Tangible fixed assets	19 069	19 348	10 179
Total fixed assets	31 222	29 908	16 637
<i>Current assets</i>			
Inventory	5 009	-	-
Short-term receivables	2 543	1 826	2 235
Cash and bank balances	42 354	63 500	35 300
Total current assets	49 906	65 326	37 535
Total assets	81 128	95 234	54 172
Equity capital	64 589	73 820	48 594
Long-term liabilities	3 698	4 623	-
Short-term liabilities	12 841	16 791	5 578
Total equity capital & liabilities	81 128	95 234	54 172

Cash flow analysis (Group) kSEK

	Q1 2015	Q1 2014
Net cash flow from op. act. before changes in work. capital	-8 191	-5 398
Changes in working capital	-10 600	1 159
Net cash flow from operating activities	-18 790	-4 239
Investments tangible assets	-343	-514
Investments intangible assets	-2 012	-2 421
Net cash flow from investing activities	-2 355	-2 935
Issue of new shares	-	-
Share options 14/17	-	634
Net cash flow from financing activities	-	634
Cash flow for the period	-21 146	-6 540
Cash & cash equivalents at the beginning of the period	63 500	41 840
Cash & cash equivalents at the end of the period	42 354	35 300

Equity capital (Group) kSEK

	2015-03-31	2014-12-31	2014-03-31
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	-9 231	-32 230	-5 460
Equity capital at the end of the period	64 589	73 820	48 594

Income statement (parent company) kSEK

	Q1 2015	Q1 2014
Net Sales	730	625
Other external costs	-443	-588
Employee costs	-663	-632
Depreciations and write-downs	-6	-6
Operating profit/loss	-382	-602
Net financial income/expense	-8 860	59
Profit/loss after financial items	-9 242	-543

Balance sheet (Parent Company) kSEK

	2015-03-31	2014-12-31	2014-03-31
<i>Fixed assets</i>			
Tangible fixed assets	27	33	52
Financial assets	157 600	157 600	157 600
Receivables group companies	28 500	17 500	-
Total fixed assets	186 127	175 133	157 652
<i>Current assets</i>			
Short-term receivables	1 365	273	897
Cash and bank balances	34 216	57 736	23 744
Total current assets	35 581	58 009	24 641
Total assets	221 708	233 142	182 293
Equity capital	220 483	229 725	181 601
Short-term liabilities	1 225	3 417	692
Total equity capital & liabilities	221 708	233 142	182 293

Equity capital (parent company) kSEK

	2015-03-31	2014-12-31	2014-03-31
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	-9 242	-4 416	-543
Equity capital at the end of the period	220 483	229 725	181 601