YEAR END REPORT

Period from January to December 2016

Peptonic Medical AB (publ) org nr 556776-3064

(www.aktietorget.se, ticker: PMED)

2016 FOURTH QUARTER (Oct-Dec)

- Operating loss KSEK -3,016 (-4,793)
- Loss per share SEK -0.24 (-0.25)

FULL YEAR 2016 (Jan-Dec)

- Operating loss KSEK -11,320 (-13,983)
- Loss per share SEK -0.55 (-0.73)

IMPORTANT EVENTS DURING THE PERIOD

- Mr Hans von Celsing was elected as new Chairman of the Board and Mr Arne Ferstad as Board member in May and July, respectively.
- On the 3rd of May, the first patients entered Peptonic Medical´s clinical phase 2b study. The aim of the study is to investigate the effect of Peptonic Medical's product candidate Vagitocin® on vaginal atrophy in menopausal and post-menopausal women. The Phase 2b study is a double-blind, placebo-controlled, multi-centre study and comprise two arms of 80 patients each. Hence, a total of 160 study subjects are participating in the study, the objective of which is to investigate the effect of Peptonic Medical's candidate drug Vagitocin® in the treatment of vaginal atrophy in post-menopausal women. In this study, a glass syringe is used for containing and administration of the vaginal gel.
- In July, the Company completed a private placement of 6 MSEK (before transaction costs equivalent to 10% of the total rights issue amount) to a selected group of 10 new investors. This in accordance with the mandate given to the Board of Directors at the AGM in May. A total of 1 428 572 shares were issued at a subscription price of SEK 4.20 per share.
- By 30th of September, the Company announced that 177 patients had been screened and 119 of them had started treatment after randomization.
- On the 25th of October the Company announced that the last study subjects of the ongoing phase 2b study had been accepted to be enrolled. The last patients were expected to enter the study within a fortnight.
- On the 21st of December the Company announced that it has filed two patent applications for the use of oxytocin for the treatment of vestibulitis and genital herpes, respectively.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

- On the 13th of January the Company announced that the last study subject of the Company's phase 2b clinical study has been enrolled and started the treatment. This concerns the second (exploratory) part of the clinical phase 2b study, in which the oxytocin gel is stored in laminated tubes and administered using disposable applicators. In total, 40 study subjects are participating in this part of the study.
- On 1st of February the Company announced that all of the randomized subjects of the first part of the ongoing phase 2b study (main study) now have completed the treatment and exited the study. In this study, the effect of treating menopausal and post-menopausal women suffering from vulvar and vaginal atrophy (VVA) with Peptonic Medcial's oxytocin gel (Vagitocin®) is being investigated. A glass syringe has been used for storage and administration of the gel. In total, 161 randomized subjects participated in the study. The Company reported, that more than 97 per cent of the subjects have completed the 12-week treatment and attended all of the follow-up visits during the course of the study. This is a very satisfactory outcome and provides a good basis for assessing the effects of the treatment with oxytocin. With the exception of a slower than planned patient recruitment, the study has progressed well and in accordance with the plan and there are no major deviations or treatment related serious adverse effects to report.

From the CEO

During the past year, the planning and the execution of the clinical phase 2b study have been the most important activities of the company. Thanks to the competence and experience of our own staff and that of the staff of the clinical sites regarding designing clinical trials, the first study subjects were screened already in April.

Recruitment to the study followed the set time plan until late summer. At this time, summer vacations caused a shortage of staff at the clinics and patient in-flow slowed down. This, in turn, resulted in a delay in the time plan so that study results couldn't be reported by end of the year as initially planned.

In all other aspects the study has progressed well. No serious adverse events have been reported that could be linked to the Vagitocin® treatment.

In July, the company closed a directed share issue (private placement) of 5.4 MSEK (net), the purpose of which was to broaden the ownership of the company and to provide cash to last until the results of the phase 2b results will be publicised. In addition, the proceeds are to be used for preparations for phase 3 programme and for evaluating new medical indications for oxytocin.

The financial outcome of last year indicates good cost control and efficient use of both internal and external resources. This is very satisfying and this is the way we will be operating also in the future.

In December, the company filed two patent applications for the use of oxytocin in two new indications, namely vestibulitis and gential herpes. The documented and published physiological effects of oxytocin makes it highly probable that the use of oxytocin will result in very good treatment outcomes and symptom alleviation in these indications. The company has recently submitted applications to the Swedish MPA for approval to start clinical studies in these indications.

We are ready to move in to phase 3 as soon as the phase 2b results are on hand and we are currently evaluating different financing alternatives. The final decision on how to finance the phase 3 programme will be a result of discussions with both financial advisors and pharmaceutical companies.

We have actively maintained close contacts with potential partners for phase 3. As a result of further market research and company presentations the network of partner candidates has expanded to also include Chinese companies.

Finally, I want to take this opportunity to thank our shareholders, the board members, suppliers and service providers for their support and assistance, and my closest colleagues for their invaluable efforts during last year.

Stockholm, 27th of February 2017

Johan Inborr, CEO

COMPANY BRIEF

Peptonic Medical AB (publ) is an innovative Swedish pharmaceutical company developing oxytocin based products including for the treatment of menopausal symptoms, such as vaginal atrophy. Peptonic Medical's mission is to develop safe and effective drugs based on the well-known beneficial properties of oxytocin.

About Oxytocin

Oxytocin is a peptide hormone that is produced within the neurons of the brain and released in to the blood stream. It is well known for its key role in labour and breast feeding, stimulating the contraction of the uterus and promoting milk ejection. Oxytocin has been used clinically since the 1960s as an IV drip and is also administered as an injection after childbirth to reduce uterine bleeding. More recently, oxytocin has been found to possess additional medicinal benefits as an anti-inflammatory agent, in promoting the healing of tissues as well as the possible reduction in certain types of pain.

Oxytocin is the active substance of Vagitocin®, which is currently being investigated for the treatment of vaginal atrophy in menopausal women. In this application, the oxytocin gel is administered vaginally.

FINANCIAL INFORMATION

Net sales – Currently the company has no net sale.

Costs – Costs for the fourth quarter were KSEK -3,016 (-4,793). Costs for the full year were KSEK -11,320 (-13,983).

Result – Loss before tax for the fourth quarter was KSEK -2,964 (-4,785). Loss before tax for the full year was KSEK -11,258 (-13,960).

Financial position and liquidity – Liquid assets was KSEK 12,169 (28,431) as of December 31, 2016. During the full year the company received KSEK 5,386 (40,564) in new share issues.

Equity – PEPTONIC medical AB´s equity amounted to KSEK 61,643 (67,513) as of December 31, 2016, resulting in a solidity of 91 (91) percent.

Organization – The average number of employees during the period was 2 (2). At the end of the year the number of employees was 2 (2).

Share – Total numbers of shares in the company amounted to 20,602,984 as of December 31, 2016.

INCOME STATMENT

KSEK	Note	3 months Oct-Dec 2016	3 months Oct-Dec 2015	12 months Jan-Dec 2016	12 months Jan-Dec 2015
Operating income					
Other operating income		-	-	-	-
Total operating income		**-**	**-**	**-**	**-**
Operating expenses					
Other external expenses	1	-973	-3,593	-5,709	-9,274
Personnel costs		-982	-1,197	-4,541	-4,696
Depreciation		-1,061	-4	-1,070	-13
Total operating expensses		**-3,016**	**-4,793**	**-11,320**	**-13,983**
Operating loss		**-3,016**	**-4,793**	**-11,320**	**-13,983**
Net financial income/expense		52	8	62	23
Loss before taxes		**-2,964**	**-4,785**	**-11,258**	**-13,960**
Taxes		-	-	-	-
Net loss for the period		**-2,964**	**-4,785**	**-11,258**	**-13,960**

BALANCE SHEET

KSEK	Note	Dec 31 2016	Dec 31 2015
Assets			
Non-Current assets			
Intangeble assets	2	54,995	45,407
Tangeble assets		10	23
Financial assets		-	-
Total non-current assets		**55,005**	**45,430**
Current assets			
Raw materials and consumables		-	-
Other receivbles		649	328
Tax receivable		-	-
Prepaid expenses and accrued income		111	160
Liquid assets		12,169	28,431
Total current assets		**12,929**	**28,919**
Total assets		**67,934**	**74,349**
Equity and liabilites			
Equity			
Ristricted equity			
Share capital		2,060	944
Ongoing right issues		0	973
Non- restrictes equity			
Share premium reserv non-restricted		117,265	112,021
Profit or loss brought forward		-46,424	-32,465
Net loss for the period		-11,258	-13,960
Total equity	3	**61,643**	**67,513**
Current liabilites			
Trade payables		1,708	1,769
Other payables		434	241
Prepaid income and accrued expenses		4,149	4,826
Total current liabilites		**6,291**	**6,836**
Total equity and liabilities		**67,934**	**74,349**

STATMENT OF CASH FLOW

KSEK	Not	12 mån Jan-Dec 2016	12 mån Jan-Dec 2015
CASH FLOW FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL			
Operating profit/loss		-11,258	-13,960
Non-cash flow items		1,070	12
Paid tax		-	-
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**-10,188**	**-13,948**
Increase (-) decrease (+) inventory		-	-
Increase (-) decrease (+) receivables		-271	175
Increase (-) decrease (+) liabilities		-543	1,912
NET CASH FLOW FROM OPERATING ACTIVITIES		**-11,002**	**-11,861**
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in immaterial and material assets, net		-10,646	-10,800
Investment in financial assets		-	-
Divestment / reduction of financial assets		-	-
NET CASH FLOW FROM INVESTING ACTIVITIES		**-10,646**	**-10,800**
CASH FLOW FROM FINANCING ACTIVITIES			
Rights issue		6,000	42,189
Issue expenses		-614	-1,624
NET CASH FLOW FROM FINANCING ACTIVITIES		**5,386**	**40,564**
TOTAL CASH FLOW FOR THE YEAR		-16,262	17,903
Cash and cash equivalents at beginning of period		28,431	10,528
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**12,169**	**28,431**

CHANGES IN EQUITY

KSEK	Share Capital	Ongoing right issue	Share Premium reserve n-rest	Accumulated losses	Total shareholders equity
Opening balance January 1, 2015	797	0	72,578	-32,465	**40,910**
Net loss for the year				-13,960	**-13,960**
Rights issue	147		14,341		**14,488**
Option scheme			40		**40**
On-going rights issue		973	26,687		**27,660**
Issue expenses			-1,624		**-1,624**
Closing balance December 31, 2015	**944**	**973**	**112,022**	**-46,425**	**67,514**
Opening balance January 1, 2016	**944**	**973**	**112,022**	**-46,425**	**67,514**
Net loss for the year				-11,258	**-11,258**
Registered rights last year	973	-973			**0**
Right issue	143		5,857		**6,000**
Issue expenses			-613		**-613**
Closing balance December 31, 2016	**2,060**	**0**	**117,266**	**-57,683**	**61,643**

NOTE

Accounting principles

This interim report has been prepared in accordance with the Annual Accounts Act (Chapter 9. Interim Report) and the Swedish Accounting Standards Board's general advice, BFNAR 2012:1 Annual Report and consolidated (K3-rules).

Note 1 – Related-party transactions

During the year companies represented by members of the Board of Directors have been contracted as consultants. Total compensation for consultancy services amounted to KSEK 1,347 (1,706) excl. of VAT, and is mainly related to R&D-services. All transactions between related parties are based on market conditions. No other key executives or their immediate family members have been directly or indirectly involved in any business transaction with the Company that is or was unusual in its character or terms and conditions during the year.

KSEK	2016 Jan-Dec	2015 Jan-Dec
Consulting fees Board of Directors	1,347	1,706
Total	**1,347**	**1,706**

Note 2 – Intangible assets

Patents and development costs are capitalized and amortized over five years after the first income has been acquired. Capitalized patent and development costs are estimated to result in future revenues for the company. Patent and development costs are stated at acquisition value in the balance sheets.

	Dec 31 2016	Dec 31 2015
Capitalized development costs		
Accumulated acquisition value		
Opening balance	37,892	28,274
Capitalizations during the period	9,767	9,628
	47,659	37,892
No depreciation has been made as no income has been acquired	-	-
Net booked amount at end of year	**47,659**	**37,892**
Patents och licenses		
Accumulated acquisition value		
Opening balance	7,515	6,332
Capitalizations during the period	879	1,183
Reclassifications do to exchange of shares to patent rights	-	-
	8,394	7,515
Depreciation - closed down of patent families, because of short of time to end of patent	-1,058	-
Net booked amount at end of period	**7,336**	**7,515**
Total intangible assets	**54,995**	**45,407**

Note 3 – Equity and liabilites

All of the Company's debts are non-interest bearing.

KEY FIGURES		12 months Jan-Dec 2015	12 months Jan-Dec 2015
Operating loss, KSEK		-11,320	-13,983
Return on equity, %		-17.4	-25.8
Solidity, %		91	91
Earnings per share, SEK		-0.6	-0.7
Liquid assets per share, SEK		0.6	1.5
Shareholders' equity per share , SEK		2.99	2.13
Share price per closing, SEK		6.45	6.10
Share price/Shareholders' equity per share,SEK		2.16	2.86
Number of share per closing	*	20,602,984	19,174,412

*At Dec 2015 - Inclusive shares paid during 2015, but not registered at Bolagsverket until January 2016

Dividend

The Board of Directors proposes that no dividend is paid for the fiscal year 2016.

Annual Report

Complete Annual Report for 2016 can be ordered from the company's office or be downloaded from the webpage from the date of 7th of March 2017. It will be written in Swedish.

Annual General Meeting

The AGM will be held in Stockholm on the 18th of May 2017.

This interim report has not been reviewed by the Company's auditors.

The Board of Directors and the CEO certify that the interim report gives a fair overview of the business, position and profit or loss of the Company.

FINANCIAL CALENDER

Annual report 2016	March 7th 2017
Quarterly report, 1	May 16th 2017
Quarterly report, 2	August 17th 2017
Quarterly report, 3	November 9th 2017
Year end report, 2017	February 27th 2018

Stockholm, February 27th, 2017

Hans von Celsing, Chairmen of the Board

Kerstin Uvnäs Moberg, Board member

Arne Ferstad, Board member

Johan Inborr, CEO

For more information please contact:

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Note: This document has been prepared in both Swedish and English. The Swedish version shall govern in case of differences between the two documents. The document contains certain statements about the Company's operating environment and future performance. These statements should only be regarded as reflective of prevailing interpretations. No guarantees can be made that these statements are free from errors.

This information is information that Peptonic Medical AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 27th February 2017.