

INTERIM REPORT

Period from January 2016 to June 2016

Peptonic Medical AB (publ) org nr 556776-3064

(www.aktietorget.se ticker: PMED)

2016 SECOND QUARTER (Apr-Jun)

- Operating loss KSEK -3 863 (-3,863)
- Loss per share SEK -0.41 (-0.41)

2016 FIRST HALF YEAR (Jan-Jun)

- Operating loss KSEK -6,507 (-6,507)
- Loss per share SEK -0.69 (-0.69)

IMPORTANT EVENTS DURING THE PERIOD

- At the Annual General Meeting on May 19th, Mr Hans von Celsing was elected as Chairman of the Board of Peptonic Medical.
- 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.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

- The extraordinary general meeting on July 22th resolved, in accordance with the Board's proposal, to elect Mr Arne Ferstad as a new non-executive member of Peptonic Medical's Board of Directors. Prof. Emeritus Andris Kreichbergs resigned from the Board for personal reasons.
- The company has completed a rights issue of 6 MSEK (before transaction costs equivalent to 10% of the total rights issue amount) to a selected group of new investors, in accordance with the mandate given to the Board of Directors at the Annual General Meeting on May 19th 2016. A total of 1 428 572 shares were issued at a subscription price of SEK 4.20 per share. This share price is equivalent to a 20.06% discount of the average volume weighted share price of the ten trading days prior to July 27th, which was the subscription agreement day. The Peptonic Medical Board of Directors considers this share price to be justified considering this group of new investors and the current market conditions.

From the CEO

Our main focus is still the ongoing phase 2b study on vaginal atrophy. Until the end of June, 69 study subjects had been randomised, which is more or less according to plan. During the summer months patient recruitment has slowed down as expected, but after the summer holidays recruitment pace will pick up so that we can keep our time schedule. Until now the study has progressed without any notable deviations or disruptions.

Almost half way into the study with everything going according to plan we believe that this situation continues. Hence, we are starting to plan for the next stage of the clinical development, that is, for phase 3. Since these preparations are time consuming we want to try to reduce lead times by initiating a number of key activities already this coming autumn. The sooner Vagitocin® can be launched, the sooner Peptonic can start receiving royalties from sales, and these may be significant given the estimated market potential for Vagitocin®.

For these reasons, the Board of Directors decided to raise SEK 6 million through a recently concluded directed rights issue. Proceeds from this rights issue will be used to plan and initiate the preparations for phase 3.

In addition vaginal atrophy (menopause), Peptonic owns patents for the use of oxytocin in a number of medical indications. The Board and management of Peptonic have decided to investigate the possibilities of developing one of these indications. The objective is to expand the product portfolio and thereby to increase the value and decrease the risk of the company. Medical experts within these new indications have already been consulted and our ambition is to select a new indication soon. Provided the results of our pre-studies are positive, our plan is to start a proof-of-concept study on this new indication during the coming autumn. Part of the proceeds of the recent rights issue will be used for this purpose.

The composition of the Board of Directors has changed rather significantly this year. At the AGM in May, Mr. Hans von Celsing was elected as chairman of the Board after Mr. Ron Long had decided not to stand for re-election. At an extraordinary general meeting in July Mr. Arne Ferstad was elected as a new non-executive member of the Board to succeed Prof. Andris Kreicbergs, who resigned for personal reasons. Mr. von Celsing and Mr. Ferstad both have profound experience in managing and developing Life Science companies at different stages of development. Their aggregate pool of competence in combination with the scientific and medical knowledge of Prof. Kerstin Uvnäs Moberg, provide a solid platform from which to support the management of the company to take on and tackle current and new challenges. I look forward to working with the new Board and to an exciting autumn.

Stockholm August 17th, 2016

Johan Inbarr

CEO, Peptonic Medical AB

COMPANY BRIEF

Peptonic Medical AB (publ) is an innovative Swedish pharmaceutical company developing oxytocin based products e.g. for the treatment of menopausal symptoms, such as vaginal atrophy. Oxytocin has a long history of safe medical use and offers an alternative to estrogen and estrogen-like acting compounds for menopausal and postmenopausal women. Peptonic Medical AB (publ)'s mission is to develop safe and effective drugs based on oxytocin.

FINANCIAL INFORMATION

Net sales – Currently the company has no sales.

Costs – Costs for the second quarter were KSEK -2,770 (-3,863). Costs for the first half year were KSEK -6,321 (-6,507).

Result – Loss before taxes for the second quarter was KSEK -2,775 (-3,863). Loss before taxes for the first half year was KSEK -6,312 (-6,492).

Financial position and liquidity – Liquid assets were KSEK 16,477 (13,558) as of June 30, 2016.

Equity – The equity amounted to KSEK 61,189 (48,940) as of June 30, 2016. 92 (85) percent of which is shareholders funds.

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

Share – Total numbers of shares in the company amounted to 19,174,412 (9,441,960), as of June 30, 2016.

INCOME STATEMENT

KSEK	Note	3 months Apr-Jun 2016	3 months Apr-Jun 2015	6 months Jan-Jun 2016	6 months Jan-Jun 2015	12 months Jan-Dec 2015
Operating income						
Other operating income		-	-	-	-	10
Total operating income		-	-	-	-	10
Operating expenses						
Other external expenses	1	-1,383	-2,500	-3,792	-4,034	-9,274
Personnel costs		-1,384	-1,357	-2,523	-2,467	-4,696
Depreciation		-3	-6	-6	-6	-13
Total operating expenses		-2,770	-3,863	-6,321	-6,507	-13,983
Operating loss		-2,770	-3,863	-6,321	-6,507	-13,983
Net financial income/expense		-5	-	9	15	23
Loss before taxes		-2,775	-3,863	-6,312	-6,492	-13,960
Taxes		-	-	-	-	-
Net loss for the period		-2,775	-3,863	-6,312	-6,492	-13,960

BALANCE SHEET

KSEK	Note	June 30 2016	June 30 2015	Dec 31 2015
Assets				
Non-Current assets				
Intangible assets	2	49,346	43,357	45,407
Tangible assets		17	28	23
Financial assets		-	-	-
Total non-current assets		49,363	43,385	45,430
Current assets				
Other receivbles		338	338	328
Tax receivable		775	-	-
Prepaid expenses and accrued income		157	155	160
Liquid assets		16,477	13,558	28,431
Total current assets		17,475	14,051	28,918
Total assets		57,436	57,436	74,349
Equity and liabilities				
Equity				
Ristricted equity				
Share capital		1,917	944	944
Ongoing right issues		-	-	973
Non- restrictes equity				
Share premiun reserv non-restricted		112,009	86,953	112,021
Profit or loss brought forward		-46,425	-32,465	-32,465
Net loss for the period		-6,312	-6,492	-13,960
Total equity		61,189	48,940	67,513
Current liabilities				
Trade payables		2,446	456	1,769
Other payables		72	296	241
Prepaid income and accrued expenses		3,131	7,744	4,826
Total current liabilities		5,649	8,496	6,836
Total equity and liabilities	3	66,838	57,436	74,349

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 period companies represented by members of the Board of Directors were contracted as consultants. Total compensation for consultancy services amounted to KSEK 692 (1,090) and is 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 and took place during the period.

	2016	2015	2015
KSEK	Jan-Jun	Jan-Jun	Jan-Dec
Consulting fees Board of Directors	692	1,090	1,706
Total	692	1,090	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.

	June 30	June 30	Dec 31
	2016	2015	2015
Capitalized development costs			
Accumulated acquisition value			
Opening balance	37,892	28,274	28,274
Capitalizations during the period	3,480	7,753	9,618
	41,372	36,027	37,892
No depreciation has been made as no income has been acquired	-	-	-
Net booked amount at end of period	41,372	36,027	37,892
Patents och licenses			
Accumulated acquisition value			
Opening balance	7,515	6,332	6,332
Capitalizations during the period	459	998	1,183
Reclassifications do to exchange of shares to patent rights	-	-	-
	7,974	7,330	7,515
No depreciation has been made as no income has been acquired	-	-	-
Net booked amount at end of period	7,974	7,330	7,515
Total intangible assets	49,346	43,357	45,407

Note 3 – Equity and liabilities

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

KEY FIGURES

	6 months	6 months	12 months
	Jan-Jun	Jan-Jun	Jan-Dec
	2016	2015	2015
Operating loss, KSEK	-6,321	-6,507	-13,983
Return on equity, %	-19.6	-28.9	-25.8
Solidity, %	92	85	91
Earnings per share, SEK	-0.3	-0.7	-0.7
Liquid assets per share, SEK	0.9	1.4	1.5
Shareholders' equity per share, SEK	3.2	5.2	2.1
Share price per closing, SEK	4.51	16.80	6.10
Share price/Shareholders' equity per share, SEK	1.4	3.2	2.9
Number of share per closing	19,174,412	9,441,960	19,174,412

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

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

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

FINANCIAL CALENDER

Quarterly report, 3	November 10 th 2016
Year end report, 2016	February 27 th 2017

Stockholm, August 17th, 2016

Hans von Celsing, Chairman of the Board	Kerstin Uvnäs Moberg, Board member
Arne Ferstad, Board member	Johan Inbarr, CEO

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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.