

INTERIM REPORT

Period from January 2017 to June 2017

Peptonic Medical AB (publ) org nr 556776-3064

(www.aktietorget.se ticker: PMED)

2017 SECOND QUARTER (Apr-Jun)

- Operating loss KSEK -2,559 (-2,770)
- Loss per share SEK -0.12 (-0.14)

2017 FIRST HALF YEAR (Jan-Jun)

- Operating loss KSEK -5,240 (-6,321)
 - Loss per share SEK -0.25 (-0.33)
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IMPORTANT EVENTS DURING THE PERIOD

- On March 10th, the Company announced that the primary efficacy endpoints of the first part of its phase 2b study, in which the Vagitocin® gel was investigated for the treatment of vaginal atrophy, were not met. However, further analyses of the study data showed that the gel, both without and with the active ingredient (oxytocin), had a marked and statistically significant alleviating effect on the Most Bothersome Symptoms (MBS) after the twelve week treatment. To enter a clinical phase 3 programme, a new phase 2b study would be required. Hence, the Company has decided to focus on bringing the oxytocin-free gel to the market as a non-prescription product.
- On May 17th, the Company announced that the results of the exploratory part of its clinical phase 2b study show comparable treatment effects to the first part (main study). In short, this means that no significant differences were found between placebo and oxytocin for any of the defined clinical endpoints, whereas the placebo gel gave a strong effect on the Most Bothersome Symptom (MBS). All study subjects of the placebo arm (10 out of 10) reported symptom relief and half of them were symptom free at the end of the treatment period.
- At the AGM on the 18th of Mayt Leni Ekendahl and Marianne Östlund were elected as new board members. Arne Ferstad and Hans von Celsing were re-elected, Hans von Celsing as chairman.
- In June the Company closed a financing round of 13.4 MSEK (before issue costs) consisting of a preferential rights issue (12.3 MSEK) and a private placement (1.1 MSEK). As a result, the number of shares will increase from 20.6 million to 43.0 million.
- On May 30th the Company announced that it has filed a patent application concerning the use of its vaginal gel for the treatment of symptoms associated with vaginal atrophy. The application was filed with The Swedish Patent and Registration Office. During the coming twelve months, the Company will decide in which additional countries the application will be filed.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

- On 1st of August the new shares issued in the latest financing will be transformed from BTA to ordinary shares.
- On 14th of August the Swedish "Bolagsverket" informed the Company that the last lot of issued shares (1,808,332 shares) have been registered.

From the CEO

During the second quarter much of the activities in Peptonic focused on defining and describing the new strategy of the Company, which is to launch VagiVital™ as a non-prescription product for the treatment of vaginal dryness/atrophy. VagiVital™ is the placebo gel that gave such a good effect in the treatment of the symptoms associated with vaginal atrophy in the most recent clinical study. The magnitude of the effect was on par with those reported from clinical studies with estrogens and estrogen-like products. This was both surprising and encouraging.

Before we can launch VagiVital™ it has to be CE-marked. This, in turn, requires a quality system to be implemented in the Company (according to ISO 13485) and a so called Technical File to be produced and approved. The approval is issued by a so called Notified Body, which in our case is Lloyds Register Quality Assurance Ltd. (England).

To realise our plans, additional capital is required. Hence, we closed a rights issue with preferential rights and a private placement in May-June. The gross proceeds of these two fund raisings were 13.4 MSEK and issue costs amounted to 2.5 MSEK. The rights issue with preferential rights was over-subscribed by 18 per cent, which indicates a positive attitude by the market towards the new strategy of the Company. This is encouraging and gives us energy and motivation to go forward towards a product launch. The proceeds are expected to cover the costs of obtaining the CE mark and for preparing and planning the first launch.

In addition to investing time and resources on obtaining the CE mark, we will work diligently to develop winning strategies for the distribution and marketing of VagiVital™. Outside the Nordic countries we will look for partners. On our home market (Sweden/Nordic countries), we are evaluating different alternatives, but also here we may want to collaborate with well established companies in this product category.

The interest for VagiVital™ among potential partners is at least as high as the interest for our previous candidate product containing oxytocin. VagiVital™ is a medical device product that requires a less complicated and less costly registration process than a drug. Also, VagiVital™ can reach the market much sooner (several years) than our previous candidate drug. Discussions with potential partners are well underway.

In Peptonic, we have an exciting and work intensive autumn ahead of us. We will of course keep the market informed about how the work is progressing.

Johan Inbarr

CEO

Stockholm, August 17th, 2017

COMPANY BRIEF

Peptonic Medical AB (publ) is an innovative Swedish biopharma company developing products within the field of women's health. The Company was founded in 2009 and its first candidate drug product is Vagitocin® – an estrogen-free product for the treatment of vaginal atrophy.

VagiVital® is a registered trademark of Peptonic Medical. The product is being developed for the non-prescription use for the treatment of vaginal atrophy.

Find out more at www.peptonicmedical.se

FINANCIAL INFORMATION

Net sales – Currently the company has no sales.

Costs – Costs for the second quarter were KSEK -2,559 (-2,770). Costs for the first half year were KSEK -5,240 (-6,321).

Result – Loss before taxes for the second quarter was KSEK -2,592 (-2,775). Loss before taxes for the first half year was KSEK -5,273 (-6,312).

Financial position and liquidity – Liquid assets were KSEK 3,333 (16,477) as of June 30, 2017. After finished funding in July 2017 has the company increased the liquidity with 11.0 MSEK after costs.

Equity – The equity amounted to KSEK 56,369 (61,189) as of June 30, 2017. 90 (92) 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 20,602,984 (19,174,412), as of June 30, 2017. After on-going funding it will increased to a total of 43,014,300 shares.

INCOME STATEMENT

KSEK	Note	3 months Apr-Jun 2017	3 months Apr-Jun 2016	6 months Jan-Jun 2017	6 months Jan-Jun 2016	12 months Jan-Dec 2016
Operating income						
Other operating income		-	-	-	-	-
Total operating income		-	-	-	-	-
Operating expenses						
Other external expenses	1	-1,442	-1,383	-2,990	-3,792	-5,709
Personnel costs		-1,110	-1,384	-2,240	-2,523	-4,541
Depreciation		-7	-3	-10	-6	-1,070
Total operating expenses		-2,559	-2,770	-5,240	-6,321	-11,320
Operating loss		-2,559	-2,770	-5,240	-6,321	-11,320
Net financial income/expense		-33	-5	33	9	62
Loss before taxes		-2,592	-2,775	-5,273	-6,312	-11,258
Taxes		-	-	-	-	-
Net loss for the period		-2,592	-2,775	-5,273	-6,312	-11,258

BALANCE SHEET

KSEK	Note	June 30 2017	June 30 2016	Dec 31 2016
Assets				
Non-Current assets				
Intangible assets	2	58,126	49,346	54,995
Tangible assets		0	17	10
Financial assets		-	-	-
Total non-current assets		58,126	49,363	55,005
Current assets				
Other receivables		370	338	649
Prepaid expenses and accrued income		959	157	111
Liquid assets		3,333	16,477	12,169
Total current assets		4,662	17,475	12,929
Total assets		62,788	57,436	67,934
Equity and liabilities				
Equity				
Ristricted equity				
Share capital		2,060	1,917	2,060
Ongoing right issues		-	-	-
Development Cost Fund		12,517	0	9,767
Non- restrictes equity				
Share premiun reserv non-restricted		117,265	112,009	117,265
Profit or loss brought forward		-70,200	-46,425	-56,192
Net loss for the period		-5,273	-6,312	-11,258
Total equity		56,369	61,189	61,643
Current liabilities				
Trade payables		1,739	2,446	1,708
Other payables		210	72	434
Prepaid income and accrued expenses		4,470	3,131	4,149
Total current liabilities		6,419	5,649	6,291
Total equity and liabilities	3	62,788	66,838	67,934

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 777 (692) and is related to R&D-services and business development 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.

	2017	2016	2016
KSEK	Jan-Jun	Jan-Jun	Jan-Dec
Consulting fees Board of Directors	777	692	1,340
Total	777	692	1,340

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
	2017	2016	2016
Capitalized development costs			
Accumulated acquisition value			
Opening balance	47,695	37,892	37,892
Capitalizations during the period	2,750	3,480	9,767
	50,409	41,372	47,659
No depreciation has been made as no income has been acquired	-	-	-
Net booked amount at end of period	50,409	41,372	47,659
Patents och licenses			
Accumulated acquisition value			
Opening balance	7,336	7,515	7,515
Capitalizations during the period	382	459	879
Reclassifications do to exchange of shares to patent rights	-	-	-
	7,718	7,974	8,394
Depreciation - closed down of patent families, because of short of time to end of patent	-	-	-1,058
Net booked amount at end of period	7,718	7,974	7,336
Total intangible assets	58,126	49,346	54,995

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
	2017	2016	2016
Operating loss, KSEK	-5,240	-6,321	-11,320
Return on equity, %	-17.9	-19.6	-17.4
Solidity, %	90	92	91
Earnings per share, SEK	-0.3	-0.3	-0.6
Liquid assets per share, SEK	0.2	0.9	0.6
Shareholders' equity per share, SEK	2.7	3.2	2.99
Share price per closing, SEK	0.76	4.51	6.45
Share price/Shareholders' equity per share, SEK	0.3	1.4	2.16
Number of share per closing	20,602,984	19,174,412	20,602,984

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 9 th 2017
Year end report, 2017	February 27 th 2018

Stockholm, August 17th, 2017

Hans von Celsing, Chairman of the Board	Arne Ferstad, Board member
Marianne Östlund, Board member	Leni Ekendahl, Board member
Johan Inborr, CEO	

For more information please contact:

Johan Inborr, CEO Peptonic Medical AB. Phone: +46 708 853 893

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 17th August 2017.

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.