



YEAR END REPORT

Period from January to December 2017

Peptonic Medical AB (publ) org nr 556776-3064

(www.aktietorget.se, ticker: PMED)

2017 FOURTH QUARTER (Oct-Dec)

- Operating loss KSEK -4,753 (-3,016)
- Loss per share SEK -0.11 (-0.14)

FULL YEAR 2017 (Jan-Dec)

- Operating loss KSEK -12,962 (-11,320)
 - Loss per share SEK -0.30 (-0.55)
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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. All new shares has been registered at the Swedish "Bolagsverket".
- 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.
- In October the Company announced that it has recruited Mr Erik Sundquist as VagiVital™ Brand Manager. In his role, Mr Sundquist will be responsible for the commercialization of the Product – a vaginal gel developed in-house for the treatment of vaginal atrophy and vaginal dryness.
- On October 31st, the Company announced that it has signed a collaboration and sponsorship agreement with '1.6 & 2.6 Million Club'. The 1.6 Million Club is a non-profit women's health organization that was founded in 1998 by Alexandra Charles, president ever since. She was inspired by the cardiologist, Karin Schenck-Gustafsson, and gynecology professor, Britt-Marie Landgren, who could both tell of just how male-dominated the field of research was, and how women were discriminated within the health care sector.
- On December 21st, the Company announced that it has entered a tech transfer agreement with Orion Corporation, headquartered in Espoo, Finland. Under the agreement, the two companies will exchange information and collaborate to prepare for the commercial manufacture of VagiVital™ - a product that Peptonic plans to launch in 2018. In addition to the tech transfer agreement, the companies have signed a terms sheet for a final agreement regarding the commercial manufacture of VagiVital™. At the same time the Company announced that the first part of the process of obtaining the CE mark for VagiVital™, i.e. the implementation of a Quality Management System (QMS) according to ISO 13485 in Peptonic, has been completed. The second and final part i.e. the development and approval of a so called Technical File, is well underway and is progressing according to plan. This means that the CE mark for VagiVital™ is expected during Q1 2108. Once the CE mark has been obtained, marketing and sales of VagiVital™ can commence in the EU.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

- Nothing to report.

From the CEO

The outcome of the clinical phase 2b study that ended in March 2017 led to a change of the Company's product strategy. Because the preset clinical endpoints weren't achieved, the road to a registration of a product based on oxytocin was closed. But instead, a new avenue towards a product launch was opened. Namely, the data from the clinical study showed a surprisingly good treatment effect of the placebo gel (no oxytocin) on the symptoms associated with Vaginal Atrophy. Based on these strong results, the Board of Peptonic Medical decided to change the product strategy of the company and launch the oxytocin-free gel as a non-prescription self care product under the tradename VagiVital®.

To launch VagiVital® it has to be CE –marked. The work to obtain the CE mark started without delay in May with the aim of being completed by the end of Q1 2018. So far, the work has progressed entirely according to plan and all required documents and material have been submitted to the Notified Body for final review and approval.

The preparations for the launch of VagiVital® are now well underway. A technology transfer agreement has been signed with Orion Corporation (Finland) for the manufacture of the product. Orion Corporation is a competent and experienced manufacturer of pharmaceutical and self care products. We consider the terms of the agreement to be very competitive and we can expect to have a product of highest quality for the market.

In connection with starting the CE mark project, a rights issue was launched in May/June. This rights issue with preferential rights was over-subscribed and rendered in proceeds of 12.3 MSEK before issue costs. In addition, the Board exercised a proxy for an additional rights issue, which brought an additional 1.1 MSEK to the company. The proceeds of these rights issues shall be used for obtaining the CE mark and for the preparations of the launch of VagiVital®. So far, we have managed to keep expenditure well within the budget, which resulted in more cash in bank than expected by the end of the year. We will of course continue to keep close control of our expenses and use our capital wisely.

Loss for the year was 12.9 MSEK. This must be regarded as a good financial outcome and proof of controlled cost containment considering that a large clinical study (with over 200 randomised patients) was conducted. In the balance sheet this year, we have made depreciations for patents and balanced development costs related to patents for which we do not see a commercial potential.

With the launch of VagiVital® in 2018, this year will be an exciting and historical year for Peptonic Medical. We also have our eyes on markets outside Sweden and discussions are underway with potential partners and distributors. A successful launch in Sweden will clearly be beneficial for going forward with these discussions.

I want to take this opportunity to thank the shareholders, the Board, the clinical study investigators and suppliers for your support and trust, and my closest staff for their invaluable contributions during the year.

Stockholm, February 27th, 2018

Johan Inberr

VD, Peptonic Medical AB

COMPANY BRIEF

Peptonic Medical AB (publ) is an innovative Swedish biopharma company developing medicinal products within the field of Women's Health. Our vision is to offer safe and effective treatments to women suffering from women specific diseases and conditions. The Company's first product - VagiVital® - has been developed for the treatment of Vaginal Atrophy (VA), a disease affecting approximately fifty per cent of women in menopause and after. VagiVital® is a trademark of Peptonic Medical.

The pipeline of Peptonic Medical also includes Vagitocin®, which is an oxytocin-based vaginal gel for the treatment of VA. This product candidate is in clinical development phase 2. The development of Vagitocin® is on hold pending additional data on i.a. the mechanism of action.

In July 2014, Peptonic Medical was listed on the AktieTorget stock exchange (www.aktietorget.se, ticker: PMED) in Stockholm.

For more information: www.peptonicmedical.com

About VagiVital®

VagiVital® is a hormone free self-care product for the treatment of vaginal atrophy and vaginal dryness. The product has been tested in randomised clinical studies (vaginal atrophy) with very positive results both for objective (vaginal pH and proportion of superficial cells in the vaginal mucosa) and subjective (most bothersome symptoms, such as vaginal dryness, vaginal irritation/itching, dyspareunia and dysuria) parameters. The magnitude of symptom relief is on par with that demonstrated with e.g. estrogen based products on the market today. It was very well tolerated and caused no serious adverse effects.

PEPTONIC Medical plans to launch VagiVital® as a non-prescription self-care product in 2018.

FINANCIAL INFORMATION

Net sales – During the fourth quarter the Company recorded sales (other income) of KSEK 169 (0). Other income for the full year were KSEK 169 (0).

Costs – Costs for the fourth quarter were KSEK -4,922 (-3,016). Costs for the full year were KSEK -13,131 (-11,320).

Result – Loss before tax for the fourth quarter was KSEK -4,730 (-2,964). Loss before tax for the full year was KSEK -12,973 (-11,258).

Financial position and liquidity – Liquid assets was KSEK 7,054 (12,169) as of December 31, 2017. During the full year the company received KSEK 11,024 (5,386) in new share issues.

Equity – PEPTONIC medical AB's equity amounted to KSEK 59,694 (61,643) as of December 31, 2017, 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 43,014,300 as of December 31, 2017.

INCOME STATEMENT

KSEK	Note	3 months Oct-Dec 2017	3 months Oct-Dec 2016	12 months Jan-Dec 2017	12 months Jan-Dec 2016
Operating income					
Other operating income		169	-	169	-
Total operating income		169	-	169	-
Operating expenses					
Other external expenses	1	-1,514	-973	-6,029	-5,709
Personnel costs		-1,170	-982	-4,854	-4,541
Depreciation		-76	-3	-86	-12
Other operating costs		-2,162	-1,058	-2,162	-1,058
Total operating expenses		-4,922	-3,016	-13,131	-11,320
Operating loss		-4,753	-3,016	-12,962	-11,320
Net financial income/expense		23	52	-11	62
Loss before taxes		-4,730	-2,964	-12,973	-11,258
Taxes		-	-	-	-
Net loss for the period		-4,730	-2,964	-12,973	-11,258

BALANCE SHEET

KSEK	Note	Dec 31 2017	Dec 31 2016
Assets			
Non-Current assets			
Intangible assets	2	57 604	54,995
Tangible assets		0	10
Financial assets		-	-
Total non-current assets		57,604	55,005
Current assets			
Raw materials and consumables		-	-
Other receivbles		467	649
Tax receivable		-	-
Prepaid expenses and accrued income		258	111
Liquid assets		7,054	12,169
Total current assets		7,779	12,929
Total assets		65,383	67,934
Equity and liabilities			
Equity			
Ristricted equity			
Share capital		4,301	2,060
Ongoing right issues		0	0
Development Cost Fund		14,033	9,767
Non- restrictes equity			
Share premium reserv non-restricted		126,048	117,265
Profit or loss brought forward		-71,715	-56,191
Net loss for the period		-12,973	-11,258
Total equity		59,694	61,643
Current liabilities			
Trade payables		683	1,708
Other payables		442	434
Prepaid income and accrued expenses		4,564	4,149
Total current liabilities		5,689	6,291
Total equity and liabilities	3	65,383	67 934

STATEMENT OF CASH FLOW

KSEK	Not	12 mån Jan-Dec 2017	12 mån Jan-Dec 2016
CASH FLOW FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL			
Operating profit/loss		-12,973	-11,258
Non-cash flow items		2,173	1,070
Paid tax		-	-
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		-10,800	-10,188
Increase (-) decrease (+) inventory		-	-
Increase (-) decrease (+) receivables		189	-271
Increase (-) decrease (+) liabilities		-757	-543
NET CASH FLOW FROM OPERATING ACTIVITIES		-11,368	-11,002
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in immaterial and material assets, net		-4,771	-10,646
Investment in financial assets		-	-
Divestment / reduction of financial assets		-	-
NET CASH FLOW FROM INVESTING ACTIVITIES		-4,771	-10,646
CASH FLOW FROM FINANCING ACTIVITIES			
Rights issue		13,447	6,000
Issue expenses		-2,423	-614
NET CASH FLOW FROM FINANCING ACTIVITIES		11,024	5,386
TOTAL CASH FLOW FOR THE YEAR		-5,115	-16,262
Cash and cash equivalents at beginning of period		12,169	28,431
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		7,054	12,169

CHANGES IN EQUITY

KSEK	Share Capital	Develop- ment cost fund	Ongoing right issue	Share Premium reserve n-rest	Accumulated losses	Total shareholders equity
Opening balance January 1, 2016	944		973	112 021	-46 424	67 514
Net loss for the year					-11,258	-11,258
Transferring fund		9,767			-9 767	0
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	9,767	0	117,265	-67,449	61,643
Opening balance January 1, 2017	2,060	9,767	0	117,265	-67,449	61,643
Net loss for the year					-12,973	-12,973
Transferring fund		4,266			-4,266	0
Right issue	2,241			11,206		13,447
Issue expenses				-2,423		-2,423
Closing balance December 31, 2017	4,301	14,033	0	126,048	-84,688	59,694

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 996 (1,340) excl. of VAT, and is mainly related to R&D 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 during the year.

	2017	2016
KSEK	Jan-Dec	Jan-Dec
Consulting fees Board of Directors	<u>996</u>	<u>1,340</u>
Total	996	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.

	Dec 31 2017	Dec 31 2016
Capitalized development costs		
Accumulated acquisition value		
Opening balance	47,659	37,892
Sold out and Other disposals	-1,965	0
Capitalizations during the period	4,414	9,767
	<u>50,108</u>	<u>47,659</u>
No depreciation has been made as no income has been acquired	-	-
	<u>50,108</u>	<u>47,659</u>
Patents och licenses		
Accumulated acquisition value		
Opening balance	7,336	7,515
Sold out and Other disposals	-197	-1,058
Capitalizations during the period	433	879
	<u>7,572</u>	<u>7,336</u>
Depreciation - closed down of patent families, because of short of time to end of patent	-76	0
	<u>7,496</u>	<u>7,336</u>
Total intangible assets	<u>57,604</u>	<u>54,995</u>

Note 3 – Equity and liabilities

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

KEY FIGURES

	12 months	12 months
	Jan-Dec	Jan-Dec
	2017	2016
Operating loss, KSEK	-12,962	-11,320
Return on equity, %	-21.4	-17.4
Solidity, %	91	91
Earnings per share, SEK	-0.3	-0.6
Liquid assets per share, SEK	0.2	0.6
Shareholders' equity per share, SEK	1.39	2.99
Share price per closing, SEK	0.635	6.45
Share price/Shareholders' equity per share,SEK	0.46	2.16
Number of share per closing	43,014,300	20,602,984

Dividend

The Board of Directors proposes that no dividend is paid for the fiscal year 2017.

Annual Report

Complete Annual Report for 2017 can be ordered from the company's office or be downloaded from the webpage from the date of 7th of March 2018. It will be written in Swedish.

Annual General Meeting

The AGM will be held in Stockholm on the 28th of March 2018.

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 2017	March 7 th 2018
Quarterly report, 1	May 15 th 2018
Quarterly report, 2	August 17 th 2018
Quarterly report, 3	November 9 th 2018
Year end report, 2018	February 27 th 2019

Stockholm, February 27th, 2018

Hans von Celsing, Chairmen of the Board

Arne Ferstad, Board member

Marianne Östlund, Board member

Leni Ekendahl, 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 2018.