

INTERIM REPORT

Period from January 2019 to June 2019

Peptonic Medical AB (publ) org nr 556776-3064

(www.aktietorget.se ticker: PMED)

2019 FIRST QUARTER (Apr-Jun)

- Net sales of products KSEK 1,011 (0)
- Gross profit KSEK 768 (0), Gross margin 76% (0%)
- Operating loss KSEK -5,102 (-3,563)
- Loss per share SEK -0.06 (-0.04)

2019 FIRST HALF YEAR (Jan-Jun)

- Net sales of products KSEK 2,481 (0)
- Gross profit KSEK 1,570 (0), Gross margin 63% (0%)
- Operating loss KSEK -8,287 (-6,385)
- Loss per share SEK -0.09 (-0.07)

IMPORTANT EVENTS DURING THE PERIOD

- On January 10th, 2019 the Company announced that its self-care product for the treatment of vaginal atrophy and dryness - VagiVital® - has been approved for sale through Apoteket AB's retail shops and on-line shop, by Apoteket Hjärtat for sale in its on-line pharmacy shop, and by Apoteksgruppen for sales in approximately forty of its franchise pharmacy shops throughout Sweden. Initially, VagiVital® will be available for purchase in the thirty largest pharmacy shops of Apoteket AB and in its on-line pharmacy (www.apoteket.se) from mid February 2019, and in Apoteket Hjärtat's webshop from the beginning of February the latest. The Apoteksgruppen independent franchise pharmacies will decide individually on when to start offering the product in their shops.
- On 18th January 2019, the Company announced that the Board of Directors have decided to issue 2,192,270 new shares to ReCall Capital Nordic AB. The proceeds to the Company amounted to 1.2 MSEK for this number of shares. This was the first transaction of the so called 'on tap financing' arrangement with ReCall dated the 6th of November 2018.
- On 28th January, 2019, the Company announced that the results of a recently conducted survey among women that have used VagiVital® indicate a very strong treatment effect. Of more than two hundred respondents of the survey, three out of four reported symptom relief, regardless for how long they had used VagiVital®. Of those women who had used VagiVital® for two months or longer, nine out of ten reported symptom relief. The survey was performed during the period of December 2018 to mid January 2019.
- On 12th of February 2019, the Company announced that the Board of Directors have decided to issue 2,375,120 new shares to ReCall Capital Nordic AB. The proceeds to Company amounted to 1.5 MSEK for these shares. This was the second transaction of the so called 'on tap financing' arrangement with ReCall dated the 6th of November 2018.
- On 10th April 2019, the Company announced that the Board of Directors have decided to issue 2,375,120 new shares to ReCall Capital Nordic AB. The proceeds to Company amounted to 1.5 MSEK for these shares. This was the third transaction of the so called 'on tap financing' arrangement with ReCall dated the 6th of November 2018.
- On 18th April, the Company announced that its 2018 Annual Report is available on the Company's website www.peptonicmedical.se and on the website of Spotlight www.spotlightstockmarket.com.
- On the 8th May 2019, the Company announced that during May Apoteket AB will expand the distribution of Peptonic's self-care product VagiVital® from today's 30 to 250 of its retail pharmacy shops in Sweden. Since February this year, VagiVital® can also be purchased on the Apoteket AB's webshop (www.apoteket.se). In connection with this distribution expansion, Peptonic has received a purchase order from Apoteket AB worth 440,000 SEK.
- On May 20, 2019, the Board of Directors of Peptonic Medical AB announced that, with the support of authorization from the Annual General Meeting on November 6, 2018, it has been decided to issue an issue of shares with preferential rights for existing shareholders (the "Rights Issue"). The terms of the Rights Issue mean that Shareholders of the Company receive one (1) subscription right for each one (1) share held. Three (3) subscription rights are required to subscribe for one (1) new share. The subscription period runs from 29 May to 14 June 2019 and the subscription price amounts to SEK 0.83 per share. Through the subscription, the Company will receive up to approximately SEK 26.4 million before issue costs. The rights issue is 50 per cent guaranteed through subscription agreements and guarantee commitments.
- On June 19, 2019, Peptonic Medical AB (publ) announces that the new rights issue with pre-emptive rights for existing shareholders (the "Rights Issue") has been completed and provides the Company with approximately SEK 26.4 million before deduction of transaction costs of just under SEK 1.9 million. A total of about SEK 60.4 million was subscribed, corresponding to about 229 percent of the Rights Issue.
- At the Annual General Meeting on June 19, 2019, the Board was re-elected in its entirety.
- On June 20, 2019, Peptonic Medical AB announces that it has signed an agreement with DQS Medizin GmbH (DQS-MED) that they will take over the approval of Peptonic's quality system and CE marking for VagiVital® from this fall.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

- On July 25, 2019, Peptonic Medical AB announced that it has entered into an agreement with Shijiazhuang Yuanjia Biotechnology Co. Ltd. ('Yuanjia Bio') regarding registration, marketing, sales and distribution of VagiVital® in the People's Republic of China. The agreement gives Yuanjia Bio exclusive rights to register, market and sell VagiVital® in China. In return, Yuanjia Bio has undertaken to purchase annual minimum quantities of VagiVital® and to cover all costs for registration and commercialization of the product. In connection with the signing of the agreement, Yuanjia Bio pays 125,000 Euro to Peptonic as an initial installment payment for the first commercial order of VagiVital® prior to launch.

From the CEO

First half of the year has been very busy and successful. Early in the year, Apoteket AB decided to carry VagiVital in 30 of its largest retail shops and on-line. Before this, VagiVital could be purchased on-line from e.g. Apoteket Hjärtat, Apotea, Apohem, and Meds.se.

In January, we proudly issued the results of a customer survey that showed high satisfaction among VagiVital users. This was a welcome confirmation of the usability of the product, and proof that it works as least as well in practice as was shown in the clinical study.

In April, we launched our first TV advertisement campaign and in May, Apoteket AB expanded its distribution of VagiVital to 250 of its retail pharmacies in Sweden.

To strengthen our cash position and hence to continue investing in marketing of VagiVital and continue searching for new distributors, a rights issue was successfully closed in June. The objective was to raise SEK 26M. The subscription rate of the rights issue (with preferential rights to subscribe for existing shareholders) was 229 per cent, and net proceeds amounted to SEK 24.6M. This high subscription rate indicates a high interest in the Peptonic share, and great expectations on Peptonic for the future.

In June, the first patient of the clinical study was enrolled. The target patient group of this study are women diagnosed with hormone dependent cancer that are on treatment with aromatase inhibitors and suffer from vaginal atrophy (VA). The objective of the study is to give attention to these women, many of who suffer from vaginal atrophy, to show that VagiVital is a safe and effective treatment alternative to relieve VA symptoms.

Operating loss for the period was SEK -8.3M. Total sales were SEK 2.5M, which is in line with our expectations. Marketing costs and costs of manufacturing, transport and distribution were approx. SEK 5.5M. To build a trademark and get sales of a new product to take off require both investments and patience. We have developed a model and found a level of expenditure that feel optimal based on our resources, but are subject to adjustments based on outcomes and analyses.

A very positive event after the end of the period was the closure of a distribution agreement with Yuanjin Bio for China. This agreement opens a market with great potential. Yuanjin Bio will bear the costs of registration, launch and marketing of VagiVital.

Preparations to start selling VagiVital through webshops in Norway and Denmark are under way. The start has been delayed due to long lead time for delivery of multi-language packaging. We expect to launch the webshops during Q3 this year.

We are actively working on expanding distribution of VagiVital within and outside Europe. In some countries we will work with local distributors, whereas we plan to take a more active approach in other countries. This to shorten time to market and to apply our gained experiences from e.g. Sweden in these markets.

It is also important to expand the product portfolio of Peptonic. Hence, we are continuously evaluating different products - both those found through our own search and those offered to us.

The second half of the year will be both eventful and exciting in Peptonic. Many activities are already fixed and many more are planned. All with the aim of developing Peptonic to an attractive and credible women's health company.

Johan Inberr

CEO

Stockholm, August 16th, 2019

COMPANY BRIEF

Peptonic Medical is an innovative Swedish medical development company. Its vision is to offer safe and effective treatments and relief for women specific diseases and medical conditions.

VagiVital® is a registered trademark of Peptonic Medical. The product is hormone free and is being commercialised for the non-prescription use for the treatment of vaginal atrophy (VA) and vaginal dryness. 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.

Since July 2014, the Peptonic Medical share has been traded on the Spotlight Stock Exchange (www.spotlight.se, ticker: PMED) in Stockholm, Sweden.

For more information: www.peptonicmedical.com and www.vagivital.com

About VagiVital®

VagiVital® is a patent pending 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. prescription estrogen based products on the market today. It was very well tolerated and caused no serious adverse effects. VagiVital® was launched in Sweden as a non-prescription self-care product in July 2018.

FINANCIAL INFORMATION

Net sales – Net Sales of products for the second quarter were KSEK 1,011 (0). Other income for the first quarter were KSEK 17 (0). Net Sales of products for the half year were KSEK 2,481 (0), other income were KSEK 35 (66).

Costs – Costs for the second quarter were KSEK -6,130 (-2,559). The costs that have significantly increased during the quarter are costs for sold goods and the launch costs. Costs for the half year were KSEK -10,803 (-5,381). During the half year have cost for products been KSEK 911 and launch costs of KSEK 4,621.

Result – Loss before tax for the second quarter was KSEK -5,417 (-2,592). For the half year were the loss KSEK -8,917 (-5,350). During the period have an interest bearing loan on KSEK 10,500 given an interest cost of KSEK -630. The loan was repaid before the end of the second quarter.

Financial position and liquidity – Liquid assets were KSEK 22,651 (10,534) as of June 30, 2019. Furthermore, there is a receivable from the ongoing new share issue that was received during the month of July, net of approximately SEK 700 thousand to the liquid. During the quarter, the company received a net SEK 5,673 (0) in newly issued capital through the agreement with ReCall Capital on lending of shares and directed new issues. The cost of this has been about 6% of issued capital. In June, a major rights issue was also carried out, which net brought in about SEK 24,500 at a cost of about 6.6%.

Equity - The company's equity as of June 30, 2019 amounted to KSEK 79,370 (64,345), which gives a solvency ratio of 95 (93) percent. During April to June 2019, two directed new issues and a rights issue were implemented that brought the company SEK 30.1 million after costs. The preferential rights issue was registered with Bolagsverket (the Swedish Companies Registration Office) at the end of July, of which there is an ongoing issue in the balance sheet of SEK 26.0 million.

Liabilities - As of June 30, 2019, the company's liabilities amounted to KSEK 4,550 (4,971). At year-end, the level was KSEK 13,910, the major difference being the final mortgages carried out by the bridge loan of KSEK 10,500.

Organization - During the period, the average number of employees was 2 (2). At the end of the period, the number of employees was 2 (2). In addition to this, from 2018 there is a marketing manager and a quality manager hired as consultants, furthermore the accounting is posted at an accounting firm.

Share - The total number of shares as of June 30, 2019 was 95,346,230 (86,028,600). During July 2019, the number of shares increased by 31,782,076 shares to 127,128,306 shares following the registration of the new share issue.

INCOME STATEMENT

KSEK	Note	3 months Apr-Jun 2019	3 months Apr-Jun 2018	6 months Jan-Jun 2019	6 months Jan-Jun 2018	12 months Jan-Dec 2018
Operating income						
Sales of products		1,011	0	2,481	0	383
Other operating income		0	0	35	66	86
Total operating income		0	0	2,516	66	469
Operating expenses						
Cost of goods		-243		-911		-150
Other external expenses	1	-4,843	-2,188	-7,695	-3,798	-9,544
Personnel costs		-1,044	-1,356	-2,197	-2,549	-4,471
Depreciation		-0	-19	-0	-38	-76
Other operating costs		0	0	0	0	-609
Total operating expenses		-6,130	-3,563	-10,803	-6,385	-14,850
Operating loss		-5,102	-3,563	-8,287	-6,319	-14,381
Net financial income/expense		-315	-26	-630	-28	-560
Loss before taxes		-5,417	-3,589	-8,917	-6,347	-14,941
Taxes		-	-	-	-	-
Net loss for the period		-5,417	-3,589	-8,917	-6,347	-14,941

BALANCE SHEET

KSEK	Note	Jun 30 2019	Jun 30 2018	Dec 31 2018
Assets				
Non-Current assets				
Intangible assets	2	56,820	58,020	56,396
Tangible assets		0	0	0
Financial assets		-	-	-
Total non-current assets		56,820	58,020	56,396
Current assets				
Stock		751	0	609
On going fund raising		1,572		
Other receivbles		1,314	562	587
Tax receivable		-	-	-
Prepaid expenses and accrued income		812	200	204
Liquid assets		22,651	10 534	11,365
Total current assets		27,100	11 296	12,765
Total assets		83,920	69 316	69,161
Equity and liabilities				
Equity				
Ristricted equity				
Share capital		9,535	8,603	8,603
Ongoing right issues		25,970	-	-
Development Cost Fund		14,538	14,124	14,538
Non- restrictes equity				
Share premiun reserv non-restricted		138,378	132,744	132,244
Profit or loss brought forward		-100,134	-84,779	-85,193
Net loss for the period		-8,917	-6,347	-14,941
Total equity	3	79,370	64,345	55,251
Current liabilities				
Liabilities interest bearing		0	0	10,500
Trade payables		2,399	2,110	1,607
Other payables		433	219	319
Prepaid income and accrued expenses		1,718	2,642	1,484
Total current liabilities		4,550	4,971	13,910
Total equity and liabilities		83,920	69,316	69,161

STATEMENT OF CASH FLOW

KSEK	6 mon	6 mon	12 mon
	Jan-Jun	Jan-Jun	Jan-Dec
	2019	2018	2018
CASH FLOW			
Operating profit/loss	-8 917	-6 347	-14 941
Non-cash flow items	630	525	645
Paid tax	-	-	-
NET CASH FLOW FROM	-8 287	-5 822	-14 296
Increase (-) decrease (+) inventory	-142	0	-609
Increase (-) decrease (+) receivables	-1 335	-36	-64
Increase (-) decrease (+) liabilities	-1 140	-718	-1 137
NET CASH FLOW FROM	-10 904	-6 576	-16 106
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in immaterial and material assets, net	-424	-442	-581
Investment in financial assets	-	-	-
Divestment / reduction of financial assets	-	-	-
NET CASH FLOW FROM INVESTING ACTIVITIES	-424	-442	-581
CASH FLOW FROM FINANCING ACTIVITIES			
Rights issue	34 421	12 474	12 474
Issue expenses	-1 307	-1 976	-1 976
Bridgeloan	-10 500	-	10 500
NET CASH FLOW FROM FINANCING ACTIVITIES	22 614	10 498	20 998
TOTAL CASH FLOW FOR THE YEAR	11 286	3 480	4 311
Cash and cash equivalents at beginning of period	11 365	7 054	7 054
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	22 651	10 534	11 365

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 53 (53) 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.

	2019	2018	2018
KSEK	Jan-Jun	Jan-Jun	Jan-Dec
Consulting fees Board of Directors	53	53	125
Total	53	53	125

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.

	Jun 30	Jun 30	Dec 31
	2019	2018	2018
Capitalized development costs			
Accumulated acquisition value			
Opening balance	48,922	50,108	50,108
Sold out and Other disposals			-1,297
Capitalizations during the period	247	91	111
	49,169	50,199	48,922
No depreciation has been made	-	-	-
Net booked amount at end of period	49,169	50,199	48,922
Patents och licenses			
Accumulated acquisition value			
Opening balance	7,626	7,572	7,572
Sold out and Other disposals	-	-	-416
Capitalizations during the period	177	351	470
	7,803	7,923	7,572
Depreciation –			
This year		-26	-76
Earlier year	-152	-76	-76
Net booked amount at end of period	7,651	7,821	7,474
Total intangible assets	56,820	58,020	56,446

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
2019	2018	2018

Sales goods, KSEK	2,481	0	383
Gross profit sales goods, KSEK	1,570	0	233
Gross margin, %	63%	0%	61%
Operating profit, KSEK	-8,287	-6,319	-14,381
Return on equity,%	-26	-17	-26
Equity ratio,%	95	93	80
Earnings per share, SEK	-0.09	-0.07	-0.17
Liquidity per share, SEK	0.24	0.12	0.1
Equity per share, SEK	0.83	0.75	0.6
Share price per closing, SEK	1.510	0.560	0.500
Share price/Shareholders' equity per share, SEK	1.81	0.75	0.78
Equity per share, SEK	95,346,230	86,028,600	86,028,600

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 8 th 2019
Year end report, 2018	February 27 th 2020

Stockholm, August 16th, 2019

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

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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 16th August 2019.

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.