

QUARTERLY REPORT

Period from January 2014 to September 2014

Peptonic Medical AB (publ) org nr 556776-3064

(www.aktietorget.se ticker: PMED)

2014 THIRD QUARTER (Jul-Sep)

- Operating loss KSEK -2,713 (-1,832)
- Loss per share SEK -0.34 (-7.38)

FIRST NINE MONTHS 2014 (Jan-Sep)

- Operating loss KSEK -6,467 (-4,314)
- Loss per share SEK -0.81 (-17.37)

IMPORTANT EVENTS DURING THE PERIOD

- Nadia Whittlely was appointed to the Board of Directors.
- Net proceedings from two private placements were SEK 6.9 million during the first quarter.
- Proceedings from a private placement in May and a rights issue in June were SEK 22 million before emission costs.
- Trading of Peptonic Medical AB's share on AktieTorget started on 2nd July 2014.
- Peptonic Medical AB obtained approvals to start the planed phase 2b clinical study.
- Johan Inbarr appointed new CEO of Peptonic Medical AB.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

- There are no significant events to report after the end of the period.

From the CEO

During the past few months the main focus of the company has been to prepare for the planned phase 2b study. In August we obtained the necessary approvals from the Swedish Medical Products Agency and the Central Ethical Review Board to start the study. All five participating clinical centres have been fully equipped, trained and aligned to ensure that all procedures concerning patient care and data collection are as harmonized as possible. We expect the first patients to enter the study later this month.

We have also initiated work to identify new medical applications and uses for oxytocin. Our main focus has been on indications with a relatively short time to market and where the company has patents, or where there is a space for new patents. This work will continue during the present quarter with the aim of initiating proof-of-principle studies in selected applications.

In September I assumed the position as Chief Executive Officer of Peptonic Medical AB. For me, this is a great honour, and a very exciting and motivating challenge. During the short lifespan of the company, the clinical development of Vagitocin has already reached a point where it's necessary to start planning for the phase 3 studies. To have reached this point so soon is rather unusual in the pharmaceutical industry and a proof of high quality science, the great potential of oxytocin and excellent management. My primary objective is to manage these valuable assets to maximize the potential of Peptonic Medical AB.

We have exciting times ahead of us and we will continue to share the excitement with all our stakeholders through continued communication regarding important steps going forward.

Stockholm October 15, 2014

Johan Inbarr

CEO, PEPTONIC medical AB

COMPANY BRIEF

Peptonic Medical AB is an innovative Swedish pharmaceutical company developing oxytocin based products e.g. for the treatment of menopausal symptoms, such as vaginal atrophy.

The company's lead developmental product, Vagitocin[®], is a vaginal gel formulation in phase 2b clinical development. Oxytocin has a long history of safe and effective medical use and offers an alternative to estrogen and estrogen-like acting compounds for menopausal and postmenopausal women. Peptonic Medical AB's mission is to develop safe and effective drugs based on the known beneficial properties of oxytocin.

FINANCIAL INFORMATION

Net sales – Currently the company has no net sale.

Costs – Costs for the third quarter were KSEK -2,722 (-1,832). Costs for the first nine months were KSEK -6,476 (-4,314).

Result – Loss before tax for the third quarter was KSEK -2,714 (-1,832). Loss before tax for the first nine months was KSEK -6,469 (-4,314).

Financial position and liquidity – Liquid assets was KSEK 15,212 (1,756) as of September 30, 2014. During the first nine months the company received KSEK 28,750 in new share issues.

Equity – PEPTONIC medical AB's equity amounted to KSEK 44,119 (24,844) as of September 30, 2014, resulting in a solidity of 97 (88) percent.

Organization – The average number of employees during the period was 1 (1). At the end of the period the number of employees was 2 (1).

Share – Total numbers of shares in the company amounted to 7,971,054, as of September 30, 2014.

INCOME STATEMENT

KSEK	Note	3 months Jul-Sep 2014	3 months Jul-Sep 2013	9 months Jan-Sep 2014	9 months Jan-Sep 2013	12 months Jan-Dec 2013
Operating income						
Other operating income		9	-	9	-	-
Total operating income		9	-	9	-	-
Operating expenses						
Other external expenses	1	-2,232	-1,356	-4,957	-2,740	-3,656
Personnel costs		-490	-476	-1,519	-1,574	-2,007
Depreciation		-	-	-	-	-8
Total operating expenses		-2,722	-1,832	-6,476	-4,314	-5,671
Operating loss		-2,713	-1,832	-6,467	-4,314	-5,671
Net financial income/expense		-1	-	-2	-	-52
Loss before taxes		-2,714	-1,832	-6,469	-4,314	-5,619
Taxes		-	-	-	-	-
Net loss for the period		-2,714	-1,832	-6,469	-4,314	-5,619

BALANCE SHEET

KSEK	Note	Sep 30 2014	Sep 30 2013	Dec 31 2013
Assets				
Non-Current assets				
Intangible assets	2	29,301	22,639	25,368
Tangible assets		-	8	-
Financial assets		-	3,200	-
Total non-current assets		29,301	25,847	25,368
Current assets				
Raw materials and consumables		11	63	63
Other receivbles		825	379	337
Tax receivable		92	65	79
Prepaid expenses and accrued income		117	109	45
Liquid assets		15,212	1,756	7,410
Total current assets		16,257	2,372	7,934
Total assets		45,558	28,219	33,302
Equity and liabilities				
Equity				
Ristricted equity				
Share capital		797	248	274
Ongoing right issues		-	12,160	6,645
Non- restrictes equity				
Share premiu reserv non-restricted		72,159	33,498	46,356
Profit or loss brought forward		-22,368	-16,748	-16,748
Net loss for the period		-6,469	-4,314	-5,619
Total equity	3	44,119	24,844	30,908
Current liabilities				
Trade payables		1,078	636	1,453
Other payables		154	243	143
Prepaid income and accrued expenses		207	2,496	798
Total current liabilities		1,439	3,375	2,394
Total equity and liabilities		45,558	28,219	33,302

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 1,472 (384) and is related to R&D-services. The increase in compensation for consultancy services this period, compared to the same period last year, is mainly attributable to increased research and development costs due to the phase 2b study. 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.

KSEK	2014	2013	2013
	Jan-Sep	Jan-Sep	Jan-Dec
Consulting fees Board of Directors	<u>1,472</u>	<u>384</u>	<u>866</u>
Total	1,472	384	866

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.

	Sep 30 2014	Sep 30 2013	Dec 31 2013
Capitalized development costs			
Accumulated acquisition value			
Opening balance	20,132	16,925	16,925
Capitalizations during the period	3,208	3,855	3,207
	23,340	20,780	20,132
No depreciation has been made as no income has been acquired	-	-	-
Net booked amount at end of period	23,340	20,780	20,132
Patents och licenses			
Accumulated acquisition value			
Opening balance	5,236	1,744	1,744
Capitalizations during the period	725	115	292
Reclassifications do to exchange of shares to patent rights	-	-	3,200
	5,961	1,859	5,236
No depreciation has been made as no income has been acquired	-	-	-
Net booked amount at end of period	5,961	1,859	5,236
Total intangible assets	29,301	22,639	25,368

Note 3 – Equity and liabilities

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

KEY FIGURES

	9 months Jan-Sep 2014	9 months Jan-Sep 2013	12 months Jan-Dec 2013
Operating loss, KSEK	-6,469	-4,314	-5,671
Return on equity, %	-17.2	-16.1	-18.9
Solidity, %	97	88	93
Earnings per share, SEK	-0.8	-17.4	-20.5
Liquid assets per share, SEK	1.9	7.1	27.0
Shareholders' equity per share , SEK	5.5	100.0	112.8
Share price per closing, SEK	10.25	NA	NA
Share price/Shareholders' equity per share, SEK	1.9	NA	NA
Number of share per closing	7,971,054	248,313	274,082

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

Year-end report

February 27, 2015

Stockholm, October 15th, 2014

Ron Long, Chairmen of the Board

Kerstin Uvnäs Moberg, Board member

Christer Sjögren, Board member

Ingvar Viberger, Board member

Nadia Whittlely, 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.