

YEAR END REPORT

Period from January 2014 to December 2014

Peptonic Medical AB (publ) org nr 556776-3064

(www.aktietorget.se, ticker: PMED)

2014 FOURTH QUARTER (Oct-Dec)

- Operating loss KSEK -3,648 (-1,357)
- Loss per share SEK -0.5 (-4.8)

FULL YRAE 2014 (Jan-Dec)

- Operating loss KSEK -10,115 (-5,671)
- Loss per share SEK -1.3 (-20.5)

IMPORTANT EVENTS DURING THE PERIOD

- Nadia Whittlely was appointed to the Board of Directors.
- Net proceeds from two private placements were SEK 6.9 million during the first quarter.
- Proceeds 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 planned phase 2b clinical study.
- Johan Inbarr was appointed new CEO of Peptonic Medical AB.
- First patients included in Peptonic Medical AB's clinical phase 2b study.
- The formulation patent to be approved in Europe.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

- Collaboration with Swetox on oxytocin mechanism of action initiated.

From the CEO

Last year was a busy year in Peptonic Medical. Two of the most significant events were the listing (Initial Public Offering) on the AktieTorget stock exchange (Stockholm) in July and the start of the clinical Phase 2b study in September.

In connection with the IPO, two fund raising rounds - a private placement and a rights issue – were concluded. In total, SEK 22 million were raised, which was a lower amount than planned, but sufficient to finalise the Phase 2b study according to plan.

In October, the first patient was randomised in to the Phase 2b study, which is currently underway at five clinical sites in Sweden. In total, 240 patients are to be included and the last patient is expected to exit the study in June this year. Recruitment of patients has gone according to plan, which means that top line results can be expected in September.

During the year our formulation patent (oxytocin gel) was approved in Europe. Since this patent provides a broader and longer term protection to Vagitocin, this is of great value to the company. Previously, the patent had been granted in Sweden and Singapore. We have good reasons to believe that the patent will be granted in the US during the present year.

Before embarking on the Phase 3 clinical development programme, we intend to partner with one or more companies that would assume the responsibility for the programme through to commercialisation of Vagitocin in key markets. Hence, we have intensified our partnering activities during the year, and we have identified a great number of companies that have expressed a genuine interest in the product.

During the year, we have initiated a programme to evaluate additional indications for oxytocin, in addition to vaginal atrophy. This has already resulted in the submission of a new patent application.

Last, but not least, I want to thank all colleagues, the members of the Board, consultants, shareholder and others that have contributed to the positive development of Peptonic Medical during 2014.

Stockholm, February 27th, 2014

Johan Inberr

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. 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 fourth quarter were KSEK -3,648 (-1,357). Costs for the full year were KSEK -10,125 (-5,619).

Result – Loss before tax for the fourth quarter was KSEK -3,628 (-1,304). Loss before tax for the full year was KSEK -10,097 (-5,619).

Financial position and liquidity – Liquid assets was KSEK 10,528 (7,410) as of December 31, 2014. During the full year the company received KSEK 28,750 in new share issues.

Equity – PEPTONIC medical AB's equity amounted to KSEK 40,910 (30,908) as of December 31, 2014, resulting in a solidity of 89 (93) percent.

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

Share – Total numbers of shares in the company amounted to 7,971,054 (274,082) as of December 31, 2014.

INCOME STATEMENT

KSEK	Note	3 months Oct-Dec 2014	3 months Oct-Dec 2013	12 months Jan-Dec 2014	12 months Jan-Dec 2013
Operating income					
Other operating income		1	-	10	-
Total operating income		1	-	10	-
Operating expenses					
Other external expenses	1	-2,453	-916	-7,410	-3,657
Personnel costs		-1,194	-433	-2,713	-2,007
Depreciation		-2	-8	-2	-8
Total operating expenses		-3,649	-1,357	-10,125	-5,671
Operating loss		-3,648	-1,357	-10,115	-5,671
Net financial income/expense		20	53	18	53
Loss before taxes		-3,628	-1,304	-10,097	-5,619
Taxes		-	-	-	-
Net loss for the period		-3,628	-1,304	-10,097	-5,619

BALANCE SHEET

KSEK	Note	Dec 31 2014	Dec 31 2013
Assets			
Non-Current assets			
Intangible assets	2	34,606	25,368
Tangible assets		35	-
Financial assets		-	-
Total non-current assets		34,641	25,368
Current assets			
Raw materials and consumables		-	-
Other receivbles		456	337
Tax receivable		-	79
Prepaid expenses and accrued income		207	108
Liquid assets		10,528	7,410
Total current assets		11,191	7,934
Total assets		45,832	33,302
Equity and liabilities			
Equity			
Ristricted equity			
Share capital		797	274
Ongoing right issues		-	6,645
Non- restrictes equity			
Share premiu reserv non-restricted		72,578	46,356
Profit or loss brought forward		-22,368	-16,748
Net loss for the period		-10,097	-5,619
Total equity	3	40,910	30,908
Current liabilities			
Trade payables		1,330	1,453
Other payables		183	143
Prepaid income and accrued expenses		3,409	798
Total current liabilities		4,922	2,394
Total equity and liabilities		48,832	33,302

STATEMENT OF CASH FLOW

KSEK	Not	12 mån Jan-Dec 2014	12 mån Jan-Dec 2013
CASH FLOW FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL			
Operating profit/loss		-10,097	-5,619
Non-cash flow items		2	8
Paid tax		-	-
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		-10,095	-5,611
Increase (-) decrease (+) inventory		-	-
Increase (-) decrease (+) receivables		-127	-321
Increase (-) decrease (+) liabilities		2,517	-1,575
NET CASH FLOW FROM OPERATING ACTIVITIES		-7,705	-7,507
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in immaterial and material assets, net		9,276	-6,699
Investment in financial assets		-	-
Divestment / reduction of financial assets		-	3,200
NET CASH FLOW FROM INVESTING ACTIVITIES		-9,276	-3,499
CASH FLOW FROM FINANCING ACTIVITIES			
Rights issue		22,628	7,370
Issue expenses		-2,529	?
NET CASH FLOW FROM FINANCING ACTIVITIES		20,099	7,370
TOTAL CASH FLOW FOR THE YEAR		3,118	-3,636
Cash and cash equivalents at beginning of period		7,410	11,046
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		10,528	7,410

CHANGES IN EQUITY

KSEK	Share Capital	Ongoing right issue	Överkurs- fond fri	Accumulate d losses	Total shareholders equity
Opening balance January 1, 2013	242	12 885	32 278	-16 748	28 657
Net loss for the year				-5 619	-5 619
Ongoing rights issue		7 370			7 370
Rights issue	27	-13 610	13 583		-
Issue expenses		-	-	-	-
Conversion	5		495		500
Closing balance December 31, 2013	274	6 645	46 356	-22 367	30 908
Opening balance January 1, 2014	274	6 645	46 356	-22 367	30 908
Net loss for the year				-10,097	-10,097
Issue of bonus shares	297		-297		-
Rights issue	226	6,645	29,048		22,628
Issue expenses			-2,529		-2,529
Closing balance December 31, 2014	797	0	75,578	-32,465	40,910

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 1,957 (866) excl. of VAT, and is related to R&D-services. The increase in compensation for consultancy services this year, compared to the 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 during the year.

	2014	2013
KSEK	Jan-Dec	Jan-Dec
Consulting fees Board of Directors	<u>1,957</u>	<u>866</u>
Total	1,957	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.

	Dec 31	Dec 31
	2014	2013
Capitalized development costs		
Accumulated acquisition value		
Opening balance	20,132	16,925
Capitalizations during the period	8,142	3,207
	<u>28,274</u>	<u>20,132</u>
No depreciation has been made as no income has been acquired	-	-
Net booked amount at end of year	28,274	20,132
Patents och licenses		
Accumulated acquisition value		
Opening balance	5,236	1,744
Capitalizations during the period	-	292
Reclassifications do to exchange of shares to patent rights	1,096	3,200
	<u>6,332</u>	<u>5,236</u>
No depreciation has been made as no income has been acquired	-	-
Net booked amount at end of period	6,332	5,236
Total intangible assets	34,606	25,368

Note 3 – Equity and liabilities

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

KEY FIGURES

	12 months Jan-Dec 2014	12 months Jan-Dec 2013
Operating loss, KSEK	-10,115	-5,671
Return on equity, %	-28.1	-18.9
Solidity, %	89	93
Earnings per share, SEK	-1.3	-20.5
Liquid assets per share, SEK	1.3	27.0
Shareholders' equity per share , SEK	5.1	112.8
Share price per closing, SEK	8.90	NA
Share price/Shareholders' equity per share, SEK	1.73	NA
Number of share per closing	7,971,054	274,082

Dividend

The Board of Directors proposes that no dividend is paid for the fiscal year 2014.

Annual Report

Complete Annual Report for 2014 can be ordered from the company's office or be downloaded from the webpage from the date of 18th of March 2015. It will be written in Swedish.

Annual General Meeting

The AGM will be held in Stockholm on the 9th of April 2015.

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 2014	March 18 th 2015
Quarterly report, 1	May 8 th 2015
Quarterly report, 2	August 17 th 2015
Quarterly report, 3	November 11 th 2015
Year end report, 2015	February 26 th 2016

Stockholm, February 27th, 2014

Ron Long, Chairmen of the Board

Kerstin Uvnäs Moberg, Board member

Christer Sjögren, Board member

Ingvar Wiberger, Board member

Nadia Whittlely, Board member

Johan Inborr, CEO

For more information please contact:

Johan Inborr, CEO PEPTONIC medical AB. Phone: +46 708 853 893

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.