

INTERIM REPORT

Period from January 2018 to June 2018

Peptonic Medical AB (publ) org nr 556776-3064

(www.aktietorget.se ticker: PMED)

2018 SECOND QUARTER (Apr-Jun)

- Operating loss KSEK -3,563 (-2,559)
- Loss per share SEK -0.04 (-0.12)

2018 FIRST HALF YEAR (Jan-Jun)

- Operating loss KSEK -6,385 (-5,240)
 - Loss per share SEK -0.07 (-0.25)
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IMPORTANT EVENTS DURING THE PERIOD

- On March 22nd, the Company informed that it is close to obtaining CE mark for VagiVital®. This after the Company has received the report of the evaluation of its so called Technical File. The evaluation has been performed by Lloyd's Register Quality Assurance, Ltd. (LRQA) in England, acting as the Notified Body. The Company submitted the Technical File in January.
- At the AGM On March 28th, all Board Members were re-elected.
- On April the 10th, Peptonic Medical announced its plans for a partly underwritten rights issue of 12.5 MSEK with pre-emptive rights for existing shareholders. Issue price was set at 0.29 SEK per share.
- On April the 24th, the company announced that it has entered an agreement for the commercial supply of its hormone-free selfcare product VagiVital® with Orion Corporation ('Orion'), with headquarters in Espoo, Finland. The supply agreement is non-exclusive and a result of a successful transfer of the manufacturing technology under the technology transfer agreement signed by the two companies in December 2017.
- On May the 8th, the Company announced that the rights issue had been heavily oversubscribed. In total, the Company raised 12.5 MSEK before cost.
- On May the 31st, the Company announced that its first-to-be-launched product - VagiVital® - has received the CE Mark from Lloyd's Register Quality Assurance, Ltd. (LRQA) in England, acting as the Notified Body for the product. This means that the product can be marketed in the entire EU market.
- On June the 29th, the Company announced that it has entered a distribution agreement for its hormone-free self-care product VagiVital® with Orion Corporation concerning Finland. Orion plans to launch the Product under its own brand name later this year.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

- On July 9th, the Company announced that VagiVital® now can be purchased via its webshop on www.vagivital.se.

From the CEO

During the first half of this year our focus has been on the preparations for the launch of VagiVital®. We have obtained the CE mark for the product, secured manufacturing capacity and product quality, developed an attractive and selling product design and evaluated different sales channel options. In addition, we have kept searching for distributors outside Sweden.

It is satisfying to see that we have achieved our objectives and targets, which means that we were ready to push the launch button in early July. We decided to start selling VagiVital® via our webshop at www.vagivital.se. This in anticipation of the pharmacy chains' decision on when VagiVital® will be carried either in the street shops or webshops.

During this autumn, we will step up advertising and marketing activities to reach a greater portion of patients and thereby increase traffic to our webshop.

In June we signed the first distribution agreement for VagiVital® outside Sweden. Orion Corporation will become our distributor in Finland and product launch is planned before the end of this year. Hence, we expect a first order from Finland in the near future. Orion will market and sell the product under its own trademark. Discussions with distribution partner candidates for additional territories are underway. All going well, these discussions may result in additional distribution agreements by the end of this year.

In May a rights issue was announced that was subscribed at 170 percent. It generated proceeds of MSEK 12m before costs of SEK 2m. The proceeds will be used for the launch and marketing/promotion of VagiVital®.

The result of the first half of this year showed an increased loss by SEK 1.1m as compared with the same period last year. Cash in bank was SEK 10.5m. During the first half of 2017 net SEK 3.1m of intangible assets were balanced, whereas the corresponding figure for H1 2018 was SEK 0.4m. Hence, the negative cash flow of the going business, including intangible assets, has been reduced by SEK 1.6m. This despite considerable costs for the CE –mark and pre-launch activities during the second quarter 2018 – a rather good performance.

During the coming months we will closely monitor the sales development of VagiVital® and analyse the outcomes of different marketing/promotion activities. We will participate in national meetings to meet with gynaecologists, midwives and representatives of the pharmacy chains. We will actively advertise in the social media and develop alliances with influencers to strengthen our messages to the target patient groups.

Johan Inbarr

CEO

Stockholm, August 17th, 2018

COMPANY BRIEF

Peptonic Medical is an innovative Swedish development company. Our vision is to offer safe and effective treatments for women suffering from vaginal atrophy during menopause and after.

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

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 has launched VagiVital® as a non-prescription self-care product in 2018. For more information: www.vagivital.com

FINANCIAL INFORMATION

Net sales – Currently the company has no sales.

Costs – Costs for the second quarter were KSEK -3,563 (-2,559). Costs for the first half year were KSEK -6,319 (-5,240).

Result – Loss before taxes for the second quarter was KSEK -3,589 (-2,592). Loss before taxes for the first half year was KSEK -6,347 (-5,273).

Financial position and liquidity – Liquid assets were KSEK 10,534 (3,333) as of June 30, 2018.

Equity – The equity amounted to KSEK 64,345 (56,369) as of June 30, 2018. 93 (90) 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 86,028,600 (20,602,984), as of June 30, 2018.

INCOME STATEMENT

KSEK	Note	3 months Apr-Jun 2018	3 months Apr-Jun 2017	6 months Jan-Jun 2018	6 months Jan-Jun 2017	12 months Jan-Dec 2017
Operating income						
Other operating income		0	-	66	-	169
Total operating income		0	-	66	-	169
Operating expenses						
Other external expenses	1	-2,188	-1,442	-3,798	-2,990	-6,029
Personnel costs		-1,356	-1,110	-2,549	-2,240	-4,854
Depreciation		-19	-7	-38	-10	-86
Other operating costs		0	0	0		-2,162
Total operating expenses		-3,563	-2,559	-6,385	-5,240	-13,131
Operating loss		-3,563	-2,559	-6,319	-5,240	-12,962
Net financial income/expense		-26	-33	-28	33	-11
Loss before taxes		-3,589	-2,592	-6,347	-5,273	-12,973
Taxes		-	-	-	-	-
Net loss for the period		-3,589	-2,592	-6,347	-5,273	-12,973

BALANCE SHEET

KSEK	Note	June 30 2018	June 30 2017	Dec 31 2017
Assets				
Non-Current assets				
Intangible assets	2	58,020	58,126	57,604
Tangible assets		0	0	0
Financial assets		-	-	-
Total non-current assets		58,020	58,126	57,604
Current assets				
Raw materials and other consumables				-
Other receivbles		562	370	467
Tax receivable		-	-	-
Prepaid expenses and accrued income		200	959	258
Liquid assets		10,534	3,333	7,054
Total current assets		11,296	4,662	7,779
Total assets		69,316	62,788	65,383
Equity and liabilities				
Equity				
Ristricted equity				
Share capital		8,603	2,060	4,301
Ongoing right issues		-	-	-
Development Cost Fund		14,124	12,517	14,033
Non- restrictes equity				
Share premiun reserv non-restricted		132,744	117,265	126,048
Profit or loss brought forward		-84,779	-70,200	-71,715
Net loss for the period		-6,347	-5,273	-12,973
Total equity		64,345	56,369	59,694
Current liabilities				
Trade payables		2,110	1,739	683
Other payables		219	210	442
Prepaid income and accrued expenses		2,642	4,470	4,564
Total current liabilities		4,971	6,419	5,689
Total equity and liabilities	3	69,316	62,788	65,383

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 (777) 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.

KSEK	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Consulting fees Board of Directors	53	777	996
Total	53	777	996

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 2018	June 2017	Dec 31 2017
Capitalized development costs			
Accumulated acquisition value			
Opening balance	50,108	47,659	47,659
Sold out and Other disposals			-1,965
Capitalizations during the period	91	2,750	4,414
	<u>50,197</u>	<u>50,409</u>	<u>50,108</u>
No depreciation has been made as no income has been acquired	-	-	-
Net booked amount at end of period	50,197	50,409	50,108
Patents och licenses			
Accumulated acquisition value			
Opening balance	7,496	7,336	7,336
Sold out and Other disposals	-	-	-197
Capitalizations during the period	364	382	433
	<u>7,860</u>	<u>7,718</u>	<u>7,572</u>
Depreciation - closed down of patent families, because of short of time to end of patent	-37	-	-76
Net booked amount at end of period	7,823	7,718	7,496
Total intangible assets	58,020	58,126	57,604

Note 3 – Equity and liabilities

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

KEY FIGURES

	6 months Jan-Jun 2018	6 months Jan-Jun 2017	12 months Jan-Dec 2017
Operating loss, KSEK	-6,319	-5,240	-12,962
Return on equity, %	-20.5	-17.9	-21.4
Solidity, %	93	90	91
Earnings per share, SEK	-0.1	-0.3	-0.3
Liquid assets per share, SEK	0.1	0.2	0.2
Shareholders' equity per share, SEK	0.8	2.7	1.4
Share price per closing, SEK	0.56	0.76	0.635
Share price/Shareholders' equity per share, SEK	0.8	0.3	0.46
Number of shares per closing	86,028,600	20,602,984	43,014,300

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 2018
Year end report, 2017	February 27 th 2019

Stockholm, August 17th, 2018

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:

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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 17th August 2018.

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.