



YEAR END REPORT

Period from January to December 2018

Peptonic Medical AB (publ) org nr 556776-3064

(www.aktietorget.se, ticker: PMED)

2018 FOURTH QUARTER (Oct-Dec)

- Net sales of products KSEK 263 (0)
- Gross profit KSEK 137 (0), Gross margin 52% (0%)
- Incoming purchase orders KSEK 1 431 (0)
- Operating loss KSEK -4,572 (-4,753)
- Loss per share SEK -0.06 (-0.11)

FULL YEAR 2018 (Jan-Dec)

- Net sales of products KSEK 383 (0)
 - Gross profit KSEK 232 (0), Gross margin 61% (0%)
 - Incoming purchase orders KSEK 1 551 (0)
 - Operating loss KSEK 14,311 (-12,962)
 - Loss per share SEK -0.17 (-0.30)
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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.
- On July 9th, the Company announced that VagiVital® now can be purchased via its webshop on www.vagivital.se.
- On November 6th, an extraordinary general meeting (EGM) was held, where the Board's proposal was approved unanimously. The decision means that the Board has been authorized to decide on issuing new shares, warrants and / or convertibles on one or more occasions prior to the next Annual General Meeting, with or without deviation from shareholders' preferential rights.
- On November 6, it was announced that the Company entered into a loan agreement with Recall Capital (www.recallcapital.se), which enables strengthening the working capital of the Company. The loan can be repaid in cash, through a directed new share issue to Recall Capital, with payment through settlement or through a combination of these. The loan agreement with Recall Capital enables securing increased working capital to the Company. The financing structure means that Peptonic shareholders lend shares to Recall Capital. Recall Capital sells these to liquid assets in the market where the Company's shares are traded. The liquid funds received by Recall Capital are lent to Peptonic on a continuous basis. The loan can then be repaid by Peptonic, either by cash, or, if the board finds it more favorable to the Company, through a directed new share issue to Recall Capital or through a combination of both. The company plans to raise up to 10 MSEK through this scheme by June 2019.

IMPORTANT EVENTS AFTER THE END OF 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 of 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 shares were issued at a price of 0.5548 SEK per share, which includes the cost of 6% in extra shares for the work that ReCall have done. The proceeds to the Company amounted to 1.2 MSEK for this number of shares. After this transaction the Company has issued 88,220,870 shares and an equity of 8,822,087 SEK. 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 shares were issued at a price of 0.6246 SEK per share, which includes the cost of 6% for the work that ReCall have done. The proceeds to Company amounted to 1.5 MSEK for these shares. After this transaction the Company has issued 90,595,990 shares and has an equity of 9,059,599 SEK. This was the second transaction of the so called 'on tap financing' arrangement with ReCall dated the 6th of November 2018.

From the CEO

The year started with full focus on obtaining the CE mark and on the preparations for the launch of VagiVital. The CE mark was awarded the product in May and already in July VagiVital was launched via its own webshop (www.vagivital.com). The reception of the product was better than we could have hoped for. Feedback from the customers has been very positive. This was confirmed in a customer survey in December. Among those women that had used VagiVital for more than two months, 89 percent reported significant symptom relief. These results are well in line with those obtained in the clinical study, which is very satisfying.

Thanks to a well executed marketing campaign, the interest for VagiVital among the pharmacy chains and on-line purchasing sites has grown quickly. Today VagiVital can be purchased from the following outlets/sites: Apoteket AB's thirty largest retail shops across Sweden and its webshop, Apoteket Hjärtat's webshop, Apoteksgruppen's forty franchise pharmacies (on order), Apotea.se, Apohem.se, Apotek365.se, Meds.se, iApotek.se och Netoteket.se. The work to further broaden the distribution continues with highest priority.

In June, an agreement was signed with Orion Pharma concerning the distribution of VagiVital in Finland. The product will be marketed under Orion Pharma's trademark Femisan Vital. In October, Peptonic received the first product order from Orion Pharma. The launch has been delayed due to strategic considerations, but it will soon happen. The order will be delivered to Orion during the first quarter 2019.

To secure distribution of VagiVital in other markets is of high importance to us. Hence, we have increased our business development resources to find distributors. Due to the CE mark, our main focus is on Europe, but other markets are of course of interest, too. One such market is USA for which a 510k registration is required. The process of obtaining the 510k registration has started and all required documentation is expected to be submitted by end of 2019. The US vaginal atrophy/dryness market is dominated by hormone-based products and is estimated to over 1.3 billion Euros. The majority of women suffering from these symptoms are looking for hormone-free treatments (Peptonic/TEFEN, 2016). Currently, we are in discussions with a number of distributor candidates and hope to close a few deals by the end of this year. The successful launch and our experiences from the Swedish market are very useful in these discussions.

One particular patient group with a high incidence and prevalence of vaginal atrophy are women that have undergone cancer treatment and are taking post treatment aromatase inhibitors. These women are contraindicated for treatment with hormones, such as estrogen. Here VagiVital® offers an excellent hormone-free alternative. To confirm this and to increase the awareness of VagiVital® among health care providers, a prospective clinical study will be performed with this patient group. Preparations are well under way and we expect the first patient to enter the study in April this year. Results of the study are expected during Q1 2020.

Marketing and promotion require capital. This has been obtained through a rights issue in June and through a so called 'on tap' financing arrangement with Recall Capital. The rights issue (with preferential rights) was over-subscribed and resulted in a 10 MSEK injection (after costs). The 'on tap' financing arrangement means that Recall Capital borrows shares from Peptonic shareholders. The

shares are then sold on the market and the proceeds are transferred to Peptonic. Recall Capital will then be issued the same number of shares by means of a directed rights issue. This model is a relatively inexpensive way of financing and has generated proceeds of 2.7 MSEK during 2019 so far. The company intends to use this financing option also during the current year. In addition to the capital raised as described above, the company also obtained a bridging loan from Formue Nord of 10.5 MSEK, the loan is to be repaid latest by July 31st 2019. Thanks to the above capital injections our cash position is solid and means that we can go forward according to our marketing and development plans.

Operating profit of the year was -14.3 MSEK. Product sales were 469 TSEK (exclusive of the Orion Pharma order). Marketing, manufacturing, transport and distribution costs have increased considerably in 2018, not surprisingly, and were 4.0 MSEK. Costs of obtaining the CE mark, implementing the ISO quality system and scaling up manufacturing were 2.8 MSEK. Immaterial assets were reduced by 1.2 MSEK (from 57.6 MSEK to 56.4 MSEK) on the balance sheet.

Our ambition is to continue developing Peptonic to become a fully fledged women's health company by offering additional products backed by clinical evidence of efficacy. This can be achieved either through in-house development, in-licensing or distributorships. We are in discussions with a number of companies with the aim of launching new products on the Nordic market.

Having said all this, I can conclude that Peptonic is in an exciting development stage, and the current year will be at least as exciting as last year. I want to express my sincere gratitude to the shareholders, to the Board members and advisors for all support and trust. I also want to thank my close colleagues for their massively valuable efforts during the year.

Stockholm, February 27th, 2019

Johan Inbarr

CEO, Peptonic Medical

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 fourth quarter were KSEK 263 (0). Net sales of products for the full year were KSEK 383 (0). Other income for the fourth quarter were KSEK 20 (169) and for full year KSEK 86 (169).

Costs – Costs for the fourth quarter were KSEK -4,855 (-4,922). Costs for the full year were KSEK -14,871 (-13,131).

Result – Loss before tax for the fourth quarter was KSEK -5,063 (-4,730). Loss before tax for the full year was KSEK -14,871 (-12,973).

Financial position and liquidity – Liquid assets were KSEK 11,365 (7,054) as of December 31, 2018. During the full year the company received KSEK 10,898 (11,024) in new share issues. The company did also take a bridge loan on KSEK 10,500 (0).

Equity – PEPTONIC medical AB's equity amounted to KSEK 55,321 (59,694) as of December 31, 2018, resulting in a solidity of 80 (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 86,028,600 as of December 31, 2018.

INCOME STATEMENT

KSEK	Note	3 months Oct-Dec 2018	3 months Oct-Dec 2017	12 months Jan-Dec 2018	12 months Jan-Dec 2017
Operating income					
Sales of products		263	0	383	0
Other operating income		20	169	86	169
Total operating income		283	169	469	169
Operating expenses					
Cost of goods		-126	0	-151	0
Other external expenses	1	-3,041	-1,514	-9,512	-6,029
Personnel costs		-1,099	-1,170	-4,471	-4,854
Depreciation		-19	-76	-76	-86
Other operating costs		-570	-2,162	-570	-2,162
Total operating expenses		-4,855	-4,922	-14,780	-13,131
Operating loss		-4,572	-4,753	-14,311	-12,962
Net financial income/expense		-491	23	-560	-11
Loss before taxes		-5,063	-4,730	-14,871	-12,973
Taxes		-	-	-	-
Net loss for the period		-5,063	-4,730	-14,871	-12,973

BALANCE SHEET

KSEK	Note	Dec 31 2018	Dec 31 2017
Assets			
Non-Current assets			
Intangible assets	2	56,396	57,604
Tangible assets		0	0
Financial assets		-	-
Total non-current assets		56,396	57,604
Current assets			
Stock		638	0
Other receivbles		461	467
Tax receivable		-	-
Prepaid expenses and accrued income		145	258
Liquid assets		11,365	7,054
Total current assets		12,609	7,779
Total assets		69,005	65,383
Equity and liabilities			
Equity			
Ristricted equity			
Share capital		8,603	4,301
Ongoing right issues		0	0
Development Cost Fund		15,108	14,033
Non- restrictes equity			
Share premium reserv non-restricted		131,169	126,048
Profit or loss brought forward		-84,688	-71,715
Net loss for the period		-14,871	-12,973
Total equity		55,321	59,694
Current liabilities			
Liabilities interest-bearing		10,500	0
Trade payables		1,607	683
Other payables		162	442
Prepaid income and accrued expenses		1,415	4,564
Total current liabilities		13,684	5,689
Total equity and liabilities	3	69,005	65,383

STATEMENT OF CASH FLOW

KSEK	Note	12 months Jan-Dec 2018	12 months Jan-Dec 2017
CASH FLOW FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL			
Operating profit/loss		-14,871	-12,973
Non-cash flow items		565	2,173
Paid tax		-	-
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		-14,306	-10,800
Increase (-) decrease (+) inventory		-609	-
Increase (-) decrease (+) receivables		-64	189
Increase (-) decrease (+) liabilities		-226	-757
NET CASH FLOW FROM OPERATING ACTIVITIES		-15,205	-11,368
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in immaterial and material assets, net		-1,482	-4,771
Investment in financial assets		-	-
Divestment / reduction of financial assets		-	-
NET CASH FLOW FROM INVESTING ACTIVITIES		-1,482	-4,771
CASH FLOW FROM FINANCING ACTIVITIES			
Rights issue		12,474	13,447
Issue expenses		-1,976	-2,423
NET CASH FLOW FROM FINANCING ACTIVITIES		20,998	11,024
TOTAL CASH FLOW FOR THE YEAR		4,311	-5,115
Cash and cash equivalents at beginning of period		7,054	12,169
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		11,365	7,054

CHANGES IN EQUITY

KSEK	Share Capital	Development cost fund	Ongoing right issue	Share Premium reserve n-rest	Accumulated losses	Total shareholders equity
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
Opening balance January 1, 2018	4,301	14,033	0	126,048	-84,688	59,694
Net loss for the year					-14,871	-14,871
Transferring fund		1,075			-1,075	0
Right issue	4,302			8,172		12,474
Issue expenses				-1,976		-1,976
Closing balance December 31, 2018	8,603	15,108	0	132,244	-100,634	55,321

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 125 (996) excl. of VAT, and is mainly related to 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.

	2018	2017
KSEK	Jan-Dec	Jan-Dec
Consulting fees Board of Directors	125	996
Total	125	996

Note 2 – Intangible assets

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
	2018	2017
Capitalized development costs		
Accumulated acquisition value		
Opening balance	50,108	47,659
Sold out and Other disposals	-2,261	-1,965
Capitalizations during the period	1,075	4,414
	<u>48,922</u>	<u>50,108</u>
No depreciation has been made as no income has been acquired	-	-
Net booked amount at end of year	48,922	50,108
Patents och licenses		
Accumulated acquisition value		
Opening balance	7,572	7,336
Sold out and Other disposals	-353	-197
Capitalizations during the period	407	433
	<u>7,626</u>	<u>7,572</u>
Accumulated deprication value	-76	0
Deprication of the year	-76	
	<u>-152</u>	<u>-76</u>
Net booked amount at end of period	7,474	7,496
Total intangible assets	56,396	57,604

Note 3 – Equity and liabilities

Interest-bearing liabilities amount to KSEK 10,500 (0). A bridge loan was raised in the fourth quarter of 2018. The loan has to be paid back in July 2019. The Danish asset management firm Formue Nord was the lender.

KEY FIGURES

	12 months Jan-Dec 2018	12 months Jan-Dec 2017
Operating loss, KSEK	-14,311	-12,962
Return on equity, %	-25.9	-21.4
Solidity, %	80	91
Earnings per share, SEK	-0.17	-0.30
Liquid assets per share, SEK	0.13	0.16
Shareholders' equity per share, SEK	0.64	1.39
Share price per closing, SEK	0.500	0.635
Share price/Shareholders' equity per share, SEK	0.78	0.46
Number of share per closing	86,028,600	43,014,300

Dividend

The Board of Directors proposes that no dividend is paid for the fiscal year 2018.

Annual Report

Complete Annual Report for 2018 can be ordered from the company's office or be downloaded from the webpage from the date of 18th of April 2019. It will be written in Swedish.

Annual General Meeting

The AGM will be held in Stockholm on the 19th of June 2019.

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 2018	April 18 th 2019
Quarterly report, 1	May 15 th 2019
Quarterly report, 2	August 16 th 2019
Quarterly report, 3	November 8 th 2019
Year end report, 2019	February 27 th 2020

Stockholm, February 27th, 2019

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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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 2019.