

YEAR END REPORT

Peptonic Medical AB (publ) org nr 556776-3064

(www.spotlightstockmarket.com , ticker: PMED)

Period from January to December 2019

2019 FOURTH QUARTER (Oct-Dec)

- Net sales of products KSEK 394 (263)
- Gross profit KSEK 321 (137), Gross margin 81% (52%)
- Operating loss KSEK -11,508 (-4,642)
- Loss per share SEK -0.09 (-0.06)

FULL YEAR 2019 (Jan-Dec)

- Net sales of products KSEK 4,408 (383)
- Gross profit KSEK 2,583 (232), Gross margin 59% (61%)
- Operating loss KSEK 23,922 (-14,311)
- Loss per share SEK -0.18 (-0.17)

From the CEO

We can now look back at the first full year with VagiVital on the market. 2019 was an eventful year at Peptonic filled with many successes and positive events.

Sales of VagiVital on our home market have grown very well. The product has established itself among the top three selling ones in the category (hormone-free) in retail and is number two in on-line sales. This according to 2019 sales statistics in Sweden. The market share in retail sales is approx. 6 per cent, whereas it is estimated at 25 per cent on-line. Since the on-line sales are growing much faster than retail sales, we are well positioned for the future. Nevertheless, retail sales is more important than on-line sales based on volume, which means that we are constantly working on getting in to more pharmacy retail shops. Today, VagiVital can be purchased in approx. 500 out of approx 1,400 retail pharmacies across Sweden. Of course, our target is to grow the number of retail pharmacy shops carrying VagiVital this and coming years. A sales force has been contracted this spring to visit pharmacy shops selling VagiVital to educate and support the personnel. After this we will evaluate the outcome to decide on a continuation.

A recently performed user survey revealed that approx. 40 per cent of VagiVital customers have never treated their symptoms before, whereas approx. 60 per cent had used other products. This is evidence that our messaging has reached an untapped customer base by breaking taboos, offering a new kind of tonality within this product category and by offering a hormone-free treatment option with proven clinical efficacy.

During this year (2020), we will invest in increased detailing of both pharmacies and prescribers, that is, midwives and gynaecologists. The use of hormone based products for treating vaginal dryness is still much more common than to use hormone-free products. This is mainly due to the habit among physicians of prescribing hormone based products. This we want to change by informing the prescribers about VagiVital. We expect the results of the on-going clinical study with cancer patients to provide extra support here.

In Finland, the launch of VagiVital (under the trademark Femisan Vital) was very successful. The number of packages sold reached the same level as in Sweden, despite the target customer group being only half the size of that of Sweden. The success is mainly due to Orion Pharma's direct access to all pharmacies in Finland, Orion's strong brand name in Finland and an active sales force detailing both pharmacies and prescribers, and the fact that the product works well.

In Norway and Denmark sales of VagiVital via the on-line web shops have developed as expected. In addition, two gynaecology clinics in Norway have purchased VagiVital. The marketing activities in social media continues and our aim is to enter the pharmacies during this year.

Yuanjia Bio is preparing for the full scale launch of VagiVital by starting detailing prescribers and target customer groups already now. This is done by launching a Chinese VagiVital web site and by offering the product during a pre-launch campaign without promoting the medical claims. Yuanjia Bio has ordered 53,000 units of VagiVital for this campaign, which are to be delivered in May. The registration process of VagiVital is estimated to be finished during Q1 2021. After that, the product can be launched and marketed based on the approved medical claims.

In the USA, an active search is under way to find a distributor for VagiVital. This while we are waiting for the 510(k) approval to come through.

Operating loss for the year (2019) was 23.9 MSEK. Sales revenues were 4.4 MSEK with a gross margin of 59%. A delay in delivery by the manufacturer caused sales of 1.1 MSEK to be posted in Q1 2020, instead of in Q4 2019 as expected. Items with the greatest impact on costs were advertisements & PR in Sweden, the transfer of Notified Body from UK to Germany, depreciations of the balanced development costs, legal expenses in conjunction with the Yuanjia Bio and Adexillis distribution agreements and the preparation of the 510(k) application. These costs amounted to an additional 9.8 MSEK as compared to the previous year.

This current year will be at least as exciting as last year in Peptonic. We will continue to invest in marketing in those channels and in the ways that have given the best returns. We are continuing searching for distributors across the globe, supporting our partners, and scouting for products to expand our portfolio within women's health.

I want to thank all of our shareholders for their trust, and the Board of Directors and the employees for their contributions to a successful 2019.

Stockholm, February 27th, 2020

Johan Inbarr

CEO, Peptonic Medical

KEY FIGURES

	12 months Jan-Dec 2019	12 months Jan-Dec 2018
Sales goods, KSEK	4,408	383
Gross profit sales goods, KSEK	2,583	233
Gross margin, %	59%	61%
Operating profit, KSEK	-23,922	-14,381
Return on equity, %	-34	-26
Equity ratio, %	93	80
Earnings per share, SEK	-0.18	-0.17
Liquidity per share, SEK	0.26	0.13
Equity per share, SEK	0.62	0.64
Share price per closing, SEK	1.89	0.50
Share price/Shareholders' equity per share, SEK	3.05	0.78
Equity per share, SEK	138,128,306	86,028,600

FINANCIAL INFORMATION

Net sales – Sales of goods during the fourth quarter amounted to KSEK 394 (263). Other operating income for the quarter was KSEK 5 (20). For the full year, sales of goods amounted to KSEK 4,408 (383). Other operating income for the full year was KSEK 64 (86). A delayed delivery from our manufacturer caused sales of MSEK 1.1 to be postponed to Q1 2020.

Costs – Costs for the fourth quarter amounted to KSEK -11,907 (-4,925). The costs that have increased significantly during the quarter are: annualized development and patent costs starting in 2019 (after discussions with the Board and with the auditor, the company decided to write off 5% annually, which has been expensed with KSEK 2,855). Furthermore, costs of a major marketing campaign was posted during the quarter, an estimated additional cost compared to the previous year of KSEK 1,132. The cost of seeking approval in the US, so called 510 (k), has also been posted at KSEK 430. A bonus program has charged the company with KSEK 1,432 including calculated social costs. The bonus is planned to be paid out in the form of issued new shares, which will be subject to decision at the upcoming Annual General Meeting. In total, these costs amount to KSEK 5,849 during the quarter. Costs for the full year were KSEK -23,922 (-14,381).

Operating Profit/Loss – The company's Operating Loss after net financial items for the fourth quarter amounted to KSEK -11,462 (-5 133). For the full year, the corresponding result was KSEK -24,509 (-14,941).

Financial position and liquidity – Cash and bank balances amounted to KSEK 35,984 (11,365) at December 31, 2019. During the quarter, the company received a net KSEK 22,000 (0) in newly issued capital through the directed new share issue to the Vidar Foundation. A total of KSEK 54,972 (10,498) was raised during the year, net of costs. The cost of these capital injections has been approximately 3% (16%) of the issued capital.

Equity - The company's equity as of December 31, 2019 amounted to KSEK 85,713 (55,251), which gives an equity / assets ratio of 93 (80) percent. During the quarter, a directed new share issue such as SEK 22.0 million was carried out without costs.

Liabilities - As of December 31, 2019, the Company's liabilities amounted to KSEK 6,237 (KSEK 13,910). The big difference relates to the final mortgage repayment carried out in June of the bridgeloan at KSEK 10,500.

Organization - During the full year, the average number of employees was 2 (2). At the end of the period, the number of employees was 3 (2). In addition to this, from 2018, there is a marketing manager and a quality manager hired as consultants, furthermore the accounting is outsourced to an accounting firm. In August 2019, a product manager was also hired.

Share - The total number of shares as of December 31, 2019 was 138,128,306 (86,028,600).

INCOME STATEMENT

KSEK	Note	3 months Oct-Dec 2019	3 months Oct-Dec 2018	12 months Jan-Dec 2019	12 months Jan-Dec 2018
Operating income					
Sales of products		394	263	4,408	383
Other operating income		5	20	64	86

Total operating income		399	283	4,472	469
Operating expenses					
Cost of goods		-73	-125	-1,825	-150
Other external expenses	1	-5,802	-3,073	-17,041	-9,544
Personnel costs		-2,979	-1,099	-6,475	-4,471
Depreciation		-2,855	-19	-2,855	-76
Other operating costs		-198	-609	-198	-609
Total operating expenses		-11,907	-4,925	-28,394	-14,850
Operating loss		-11,508	-4,642	-23,922	-14,381
Net financial income/expense		46	-491	-587	-560
Loss before taxes		-11,462	-5,133	-24,509	-14,941
Taxes		-	-	-	-
Net loss for the period		-11,462	-5,133	-24,509	-14,941

BALANCE SHEET

KSEK	Note	Dec 31 2019	Dec 31 2018
Assets			
Non-Current assets			
Intangible assets	2	54,252	56,396
Tangible assets		0	0
Financial assets		-	-
Total non-current assets		54,252	56,396
Current assets			
Stock		594	609
Other receivables		945	587
Tax receivable		-	-
Prepaid expenses and accrued income		176	204
Liquid assets		35,984	11,365
Total current assets		37,699	12,765
Total assets		91,951	69,161
Equity and liabilities			
Equity			
Ristricted equity			
Share capital		13,813	8,603
Ongoing right issues		0	0
Development Cost Fund		12,394	14,538
Non-restrictes equity			
Share premium reserv non-restricted		182,006	132,244
Profit or loss brought forward		-97,990	-85,193
Net loss for the period		-24,509	-14,941
Total equity		85,714	55,251
Current liabilities			
Liabilities interest-bearing		40	10,500
Trade payables		1,974	1,607
Other payables		455	319
Prepaid income and accrued expenses		3,768	1,484
Total current liabilities		6,237	13,910
Total equity and liabilities	3	91,951	69,161

STATEMENT OF CASH FLOW

KSEK	Note	12 months Jan-Dec 2019	12 months Jan-Dec 2018
CASH FLOW FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL			
Operating profit/loss		-24,509	-14,941
Non-cash flow items		2,855	645
Paid tax		-	-
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		-21,654	-14,296
Increase (-) decrease (+) inventory		23	-609
Increase (-) decrease (+) receivables		-337	-64
Increase (-) decrease (+) liabilities		2,827	-1,137
NET CASH FLOW FROM OPERATING ACTIVITIES		-19,141	-16,106
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in immaterial and material assets, net		-712	-581
Investment in financial assets		-	-
Divestment / reduction of financial assets		-	-
NET CASH FLOW FROM INVESTING ACTIVITIES		-712	-581
CASH FLOW FROM FINANCING ACTIVITIES			
Rights issue		56,752	12,474
Issue expenses Bridgeloan		-1,780	-1,976
		10,500	10,500
NET CASH FLOW FROM FINANCING ACTIVITIES		44,472	20,998
TOTAL CASH FLOW FOR THE YEAR		24,619	4,311
Cash and cash equivalents at beginning of period		11,365	7,054
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		35,984	11,365

Dividend

The Board of Directors proposes that no dividend is paid for the fiscal year 2019.

Annual Report

Complete Annual Report for 2019 can be ordered from the company's office or be downloaded from the webpage from the date of 15th of April 2020. It will be written in Swedish.

Annual General Meeting

The AGM will be held in Stockholm on the 14th of May 2020.

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 2019	April 15 th 2020
Quarterly report, 1	May 14 th 2020
Quarterly report, 2	August 17 th 2020
Quarterly report, 3	November 10 th 2020

Stockholm, February 27th, 2020

Hans von Celsing, Chairman of the Board

Arne Ferstad, Board member

Marianne Östlund, Board member

Leni Ekendahl, Board member

Johan Inbarr, CEO

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.

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 27th February 2020.

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 and has since then also been launched in Finland, Denmark, Norway and the United Kingdom (see www.vagivital.com).

About Peptonic Medical

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 holds 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.spotlightstockmarket.com, ticker: PMED) in Stockholm, Sweden.

For more information: www.peptonicmedical.com