

## INTERIM REPORT

Period from January 2018 to September 2018

Peptonic Medical AB (publ) org nr 556776-3064

([www.aktietorget.se](http://www.aktietorget.se) ticker: PMED)

### 2018 THIRD QUARTER (Jul-Sep)

- Operating loss KSEK -3,420 (-2,969)
- Loss per share SEK -0.04 (-0.07)

### FIRST NINE MONTHS 2018 (Jan-Sep)

- Operating loss KSEK -9,739 (-8,209)
  - Loss per share SEK -0.11 (-0.19)
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## IMPORTANT EVENTS DURING THE PERIOD

- On March 22<sup>nd</sup>, 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 28<sup>th</sup>, all Board Members were re-elected.
- On April the 10<sup>th</sup>, 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 24<sup>th</sup>, 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 8<sup>th</sup>, the Company announced that the rights issue had been heavily oversubscribed. In total, the Company raised 12.5 MSEK before cost.
- On May the 31<sup>st</sup>, 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 29<sup>th</sup>, 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 9<sup>th</sup>, the Company announced that VagiVital® now can be purchased via its webshop on [www.vagivital.se](http://www.vagivital.se).

## IMPORTANT EVENTS AFTER THE END OF THE PERIOD

- On November 6<sup>th</sup>, 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](http://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 favourable 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.

## From the CEO

During the third quarter many positive events took place in Peptonic. We launched the VagiVital webshop and kicked-off the sales, we received the first product order from Orion Pharma for their launch in Finland and we passed the Oriola quality control to become an approved supplier to a number of pharmacy chains in Sweden – just to mention a few.

In the beginning of October, we informed the market that the on-line sales of VagiVital had developed very well, which indicates that the product has been well received. This trend has been sustained during the month of October. We continuously analyse information from the webshop and apply the new knowledge and experiences to improve the advertising and information flow to our customers. Beginning last week, VagiVital can now also be purchased on [www.apohem.se](http://www.apohem.se). The dialogue with the pharmacy chains is underway in a positive tone and we think it's a matter of time before VagiVital can be purchased via these channels, too.

We have also initiated the preparations for launching VagiVital via our own webshops in Norway and Denmark. Our goal is to launch these webshops during the first quarter of 2019. In addition, we are entertaining discussions with a number of potential distributors outside the Nordic region. With focus on the USA, an analysis is underway to find out what documentation will be required for a registration (as a medical device under the 510k directive). In our opinion, a registration will considerably increase the probability of finding a good distributor and partner in this market.

In addition to all these outwards directed activities, we are also actively searching for products to expand our product portfolio in women's health. This is in line with Peptonic's long term strategy to grow both organically and through acquisitions/collaborations in this rapidly growing market segment. A number of products are being evaluated at present.

The financial result for the third quarter was as expected. Investment in marketing and sales have contributed to the increase in costs, whereas sales revenues are still rather small, however, with a positive trend.

So, a lot is happening and at a fast pace in Peptonic, and we have many exciting events to look forward to in the near future. We will of course keep our shareholders and the market informed.

Johan Inbarr

CEO

Stockholm, November 9<sup>th</sup>, 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.spotlightstockmarket.com](http://www.spotlightstockmarket.com)), ticker: PMED) in Stockholm.

For more information: [www.peptonicmedical.com](http://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](http://www.vagivital.com)

**FINANCIAL INFORMATION**

**Net sales** – Sales of products for the third quarter were KSEK 120 (0). Sales of products for the first nine months were KSEK 120 (0).

**Costs** – Costs for the third quarter were KSEK -3,540 (-2,969). Costs for the first nine months were KSEK -9,925 (-8,209).

**Result** – Loss before tax for the third quarter was KSEK -3,461 (-2,970). Loss before tax for the first nine months was KSEK -9,808 (-8,243).

**Financial position and liquidity** – Liquid assets was KSEK 6,005 (11,115) as of September 30, 2018.

**Equity** – PEPTONIC medical AB's equity amounted to KSEK 60,384 (64,424) as of September 30, 2018, resulting in a solidity of 93 (91) percent.

**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 (43,014,300) as of September 30, 2018.

**INCOME STATEMENT**

KSEK	Note	3 months Jul-Sep 2018	3 months Jul-Sep 2017	9 months Jan-Sep 2018	9 months Jan-Sep 2017	12 months Jan-Dec 2017
<b>Operating income</b>						
Sales of products		120	-	120	-	-
Other operating income		0	-	66	-	169
<b>Total operating income</b>		<b>120</b>	<b>-</b>	<b>186</b>	<b>-</b>	<b>169</b>
<b>Operating expenses</b>						
Cost of goods		-25	-	-25	-	-
Other external expenses	1	-2,673	-1,525	-6,471	-4,515	-6,029
Personnel costs		-823	-1,444	-3,372	-3,684	-4,854
Depreciation		-19	0	-57	-10	-86
Other operating costs		0	0	0	0	-2,162
<b>Total operating expenses</b>		<b>-3,540</b>	<b>-2,969</b>	<b>-9,925</b>	<b>-8,209</b>	<b>-13,131</b>
<b>Operating loss</b>		<b>-3,420</b>	<b>-2,969</b>	<b>-9,739</b>	<b>-8,209</b>	<b>-12,962</b>
Net financial income/expense		-41	-1	-69	-34	-11
<b>Loss before taxes</b>		<b>-3,461</b>	<b>-2,970</b>	<b>-9,808</b>	<b>-8,243</b>	<b>-12,973</b>
Taxes		-	-	-	-	-
<b>Net loss for the period</b>		<b>-3,461</b>	<b>-2,970</b>	<b>-9,808</b>	<b>-8,243</b>	<b>-12,973</b>

**BALANCE SHEET**

KSEK	Note	Sep 30 2018	Sep 30 2017	Dec 31 2017
<b>Assets</b>				
<b>Non-Current assets</b>				
Intangible assets	2	58,069	58,833	57,604
Tangible assets		0	0	0
Financial assets		-	-	-
<b>Total non-current assets</b>		<b>58,069</b>	<b>58,833</b>	<b>57,604</b>
<b>Current assets</b>				
Stock		525	0	0
Other receivbles		474	491	467
Tax receivable		-	-	-
Prepaid expenses and accrued income		175	127	258
Liquid assets		6,005	11,115	7,054
<b>Total current assets</b>		<b>7,179</b>	<b>11,733</b>	<b>7,779</b>
<b>Total assets</b>		<b>65,248</b>	<b>70,566</b>	<b>65,383</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
<b>Ristricted equity</b>				
Share capital		8,603	4,301	4,301
Ongoing right issues		-	-	-
Development Cost Fund		14,124	13,191	14,033
<b>Non- restrictes equity</b>				
Share premiun reserv non-restricted		132,244	126,048	126,048
Profit or loss brought forward		-84,779	-70,873	-71,715
Net loss for the period		-9,808	-8,243	-12,973
<b>Total equity</b>		<b>60,384</b>	<b>64,424</b>	<b>59,694</b>
<b>Current liabilities</b>				
Trade payables		1,366	1,729	683
Other payables		60	225	442
Prepaid income and accrued expenses		3,438	4,188	4,564
<b>Total current liabilities</b>		<b>4,864</b>	<b>6,142</b>	<b>5,689</b>
<b>Total equity and liabilities</b>	3	<b>65,248</b>	<b>70,566</b>	<b>65,383</b>

**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	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>Jan-Sep</b>	Jan-Sep	Jan-Dec
Consulting fees Board of Directors	<b>78</b>	921	996
<b>Total</b>	<b>78</b>	<b>921</b>	<b>996</b>

### 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.

	<b>Sep 2018</b>	<b>Sep 2017</b>	<b>Dec 31 2017</b>
<b>Capitalized development costs</b>			
Accumulated acquisition value			
Opening balance	50,108	47,659	47,659
Sold out and Other disposals			-1,965
Capitalizations during the period	89	3,424	4,414
	<b>50,197</b>	<b>51,083</b>	<b>50,108</b>
No depreciation has been made as no income has been acquired	-	-	-
<b>Net booked amount at end of period</b>	<b>50,197</b>	<b>51,083</b>	<b>50,108</b>
<b>Patents och licenses</b>			
Accumulated acquisition value			
Opening balance	7,496	7,336	7,336
Sold out and Other disposals	-	-	-197
Capitalizations during the period	432	414	433
	<b>7,928</b>	<b>7,750</b>	<b>7,572</b>
Depreciation - closed down of patent families, because of short of time to end of patent	-56	-	-76
<b>Net booked amount at end of period</b>	<b>7,872</b>	<b>7,750</b>	<b>7,496</b>
<b>Total intangible assets</b>	<b>58,069</b>	<b>58,833</b>	<b>57,604</b>

### Note 3 – Equity and liabilities

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



**KEY FIGURES**

	<b>9 months Jan-Sep 2018</b>	<b>9 months Jan-Sep 2017</b>	<b>12 months Jan-Dec 2017</b>
Operating loss, KSEK	-9,739	-8,209	-12,962
Return on equity, %	-21.8	-17.4	-21.4
Solidity, %	93	91	91
Earnings per share, SEK	-0.1	-0.2	-0.3
Liquid assets per share, SEK	0.1	0.3	0.2
Shareholders' equity per share, SEK	0.7	1.5	1.4
Share price per closing, SEK	0.82	0.71	0.635
Share price/Shareholders' equity per share, SEK	1.17	0.47	0.46
Number of shares per closing	86,028,600	43,014,300	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**

Year end report, 2017

February 27<sup>th</sup> 2019

**Stockholm, November 9th, 2018**

Hans von Celsing, Chairman of the Board

Arne Ferstad, Board member

Marianne Östlund, Board member

Leni Ekendahl, Board member

Johan Inbarr, CEO

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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.*