

**Peptonic has entered an agreement to acquire a majority of the shares in Lune Group Oy and the board intends to resolve on a share issue of 19.2 MSEK and directed share issue of 7.5 MSEK**

Stockholm, May 14<sup>th</sup> 2020 - Peptonic Medical AB (publ) (“Peptonic” or the “Company”) has today entered into an agreement to acquire a majority of the shares in Lune Group Oy (“Lune”), a Finnish company that sells the Lunette® menstrual cup. The transaction entails that Peptonic acquires 60 percent of the existing shares from the current shareholders against a purchase price of approx. 1.80 MEUR, corresponding to approx. 19.2 MSEK (exchange rate 10.64). The purchase price shall be paid in the form of newly issued shares in Peptonic. The completion of the acquisition of the existing shares is expected to occur during June 2020 provided that certain conditions are met. Further, Peptonic has a call option which entails a right to acquire the remaining shares in Lune from the Sellers during a period of three years after closing on the same valuation. Peptonic has undertaken to make a capital contribution to Lune of in total 1.5 MEUR, corresponding to approx. 16.0 MSEK, by subscribing for new shares in Lune, of which 50 percent of the new shares shall be subscribed for in connection with closing and the remaining 50 percent of the new shares shall be subscribed for no later than 28 February 2021. After the completion of the acquisition and the share issues, Peptonic will own in total approx. 73 percent of the outstanding shares in Lune.

The board in Peptonic intends to use the authorization from the annual general meeting 2019 to resolve on a share issue against payment in kind to the current shareholders of Lune corresponding to approx. 7.9 percent of the shares in Peptonic (after the share issues) as payment in connection with closing as payment for the existing shares in Lune. Payment for the Peptonic shares shall be made in kind through contribution of existing shares in Lune. Further, the board intends to use the authorization to resolve on a directed share issue to Vidarstiftelsen in the amount of 7.5 MSEK, corresponding to approx. 3.1 percent of the shares in Peptonic (after the share issues), in order to partially finance the capital contribution to Lune. Vidarstiftelsen has further undertaken to provide a loan in the amount of 7.5 MSEK to Peptonic which shall be paid out on the Company’s request, with a possibility to convert the loan to shares in Peptonic.

**Background and reasons for the Transaction**

Lunette ([www.lunette.com](http://www.lunette.com)) was founded in 2005 by Heli Kurjanen and has earned its place as a top global menstrual cup company through its continued focus on quality, safety, sustainability and inclusivity. Lunette has experienced year-over-year double digit growth since its inception, resulting from its tireless commitment to reproductive rights and global sustainability. Lunette employs 15 people of which 2 in US through its subsidiary Lune North America. All of Lunette’s products are made in its home country of Finland. During 2019, Lune’s turn-over was 3.7 MEUR, with a EBITDA of 9 TEUR.

- *We are excited to be part of Peptonic Medical, a leading and innovative femtech company, says Heli Kurjanen, CEO and founder of Lunette. The collaboration will strengthen Lunette as a brand and opens new possibilities for our customers. The collaboration with Peptonic Medical is a natural step for Lunette; we share values regarding the right to a safe reproductive health.*

An important part of the mission of Peptonic is to grow and expand the product portfolio within women’s health i.e. through in-house product development, distribution collaborations or acquisitions. Through the acquisition of the Lune Group Oy, Peptonic takes a big and important leap in building its business for the future. The acquisition enables the merger of two strong brands within women’s health and selfcare with several synergies already identified. Through the acquisition of Lune, Peptonic gets access to a global distribution network that is already up and running, also in the USA. This allows VagiVital to be launched sooner than previously planned. With the two brands Lunette® and VagiVital® the Company’s customer base is broadened to cover women of all ages. – from the teens to post menopause. This provides the possibility to grow sales of current and future products through smart product positioning, in-house product development and new collaborations. Peptonic also becomes more attractive as a collaboration partner, both in new markets and for companies looking for partners for the Nordic markets. Through this acquisition, Peptonic manifests its view on the importance of a sound use of pharmaceuticals and evidence based and sustainable selfcare. Furthermore, Peptonic strengthens its position as a leading company within women’s health and well-being.

- *We are very pleased to get this opportunity to add the Lunette products to our product portfolio and to work with the competent Lune personnel, says Mr Johan Inborr, CEO of Peptonic. We are impressed by the achievements of Lune both in terms of building a strong brand worldwide and in developing the sales globally.*

**Acquisition of existing shares in Lune**

Peptonic and the current shareholders of Lune (the “Sellers”) have today entered into an agreement which entails that Peptonic shall purchase 60 of in total 100 existing shares in Lune from the Sellers. The completion of the acquisition of the existing shares (“Closing”) is expected to occur during June 2020. Further, Peptonic has a call option which entails a right to acquire the remaining shares in Lune from the Sellers during the period of three years after Closing against a consideration based on the same valuation.

The fixed purchase price for the existing shares amounts to approx. 1.80 MEUR, corresponding to approx. 19.2 MSEK (based on a SEK/EUR exchange rate of 10.64), and shall be paid in its entirety in the form of new shares in Peptonic (the “Consideration Shares”) through a share issue against payment in kind (see below). If Peptonic exercises the call option, the total purchase price for the existing shares in Lune (excluding a potential earn-out) will amount to approx. 3.0 MEUR, corresponding to 32.0 MSEK.

The Sellers are also entitled to a variable earn-out based on the net sales and gross profits of Lune in the financial years 2021 and 2022. The earn-out (if any) shall be paid in two instalments after the approval of Lune’s financial statement for each respective earn-out period.

The earn-out shall be paid out in the form of new shares in Peptonic, subject to the necessary approvals from the general meeting in Peptonic in accordance with the Swedish Companies Act. The maximum aggregate earn-out is 6 MEUR.

Closing and the completion of the transaction are conditioned on that a number of conditions are met on Closing at the latest, including that certain measures have been taken by the Sellers and Lune before Closing, that approvals have been obtained from relevant counterparties and that there are no material warranty breaches or other events or circumstances that may have a material negative effect on Lune's business. The completion of the Transaction is not conditioned upon approvals from competition authorities in Sweden or Finland.

### **Capital contribution and subscription of new shares in Lune**

Peptonic has undertaken to make a capital injection to Lune of in total 1.5 MEUR, corresponding to approx. 16.0 MSEK, by subscribing for in total 50 new shares in Lune, of which 25 shares will be subscribed for at Closing (Tranche 1) and 25 shares will be subscribed for no later than 28 February 2021 (Tranche 2). Payment for the subscribed shares shall be made in cash, of which 0.75 MEUR, corresponding to approx. 8.0 MSEK will be paid in connection Peptonic's subscription of shares in Tranche 1 at Closing and the remaining 0.75 MEUR will be paid in connection with Peptonic's subscription of shares in Tranche 2, which will take place no later than 28 February 2021.

After the completion of the acquisition of 60 percent of the existing shares in Lune and the share issues described above, Peptonic will own 110 of in total 150 outstanding shares in Lune, corresponding to approx. 73 percent of the shares in Lune.

### **Share issue to the Sellers against payment in kind**

The board in Peptonic intends to resolve, in accordance with the authorization from the annual general meeting 2019, on a share issue against payment in kind to the Sellers, corresponding to approximately 7.9 percent of the shares in Peptonic, in connection with Closing, in total 12,228,252 new shares. The reason for the share issue is to fulfill the Company's obligations under the share transfer agreement. The subscription price in the share issue is 1,567 SEK per share, which is equal to 115 percent of the volume weighted average price of Peptonic's share on Spotlight Stock Market during the period 29 April 2020 to 13 May 2020. Payment for the shares shall be made in kind through contribution of 60 existing shares in Lune.

### **Lock up undertaking**

The Sellers have entered into lock up undertakings, which means that the Sellers undertake not to transfer, pledge or otherwise dispose of the Consideration Shares during the lock-up period. The lock up undertaking applies for 100 percent of the Consideration Shares during six months from Closing, for 75 percent of the Consideration Shares during 12 months from Closing, for 50 percent of the Consideration Shares during 18 months from Closing, and for 25 percent of the Consideration Shares during 24 months from Closing.

A corresponding lock-up undertaking applies to any shares received as part of the earn-out. For these shares, the lock-up undertaking applies for six months from the respective payment of the earn-out.

The lock up undertaking is subject to customary exceptions.

### **Directed share issue to Vidarstiftelsen and loan from Vidarstiftelsen**

The cash payment for the newly issued shares in Lune is financed through a directed share issue of 7.5 MSEK to Vidarstiftelsen, a loan in the amount of 7.5 MSEK from Vidarstiftelsen and existing cash and cash equivalents in the Company. Vidarstiftelsen has undertaken to subscribe for shares in Peptonic and to provide a loan to Peptonic in accordance with the conditions described below.

The board intends to resolve, in accordance with the authorization from the annual general meeting 2019, on a directed share issue of 4,787,037 shares to Vidarstiftelsen in connection with Closing. Through the share issue, the share capital of Peptonic is increased by 478,803.70 SEK and Peptonic receives a cash contribution of 7.5 MSEK. The reason for the deviation from the shareholders' preferential right is to secure time and cost-effective partial financing of the cash consideration to be paid by Peptonic for the newly issued shares in Lune. The subscription price in the directed share issue to Vidarstiftelsen shall be the same as the subscription price in the directed share issue to the Sellers as described above, i.e. 1,567 SEK per share, which is equal to 115 percent of the volume weighted average price of Peptonic's share on Spotlight Stock Market during the period 29 April 2020 to 13 May 2020.. Payment for the shares shall be made through cash payment.

Vidarstiftelsen has further undertaken to provide a loan to Peptonic in the amount of 7.5 MSEK. The Company may in its sole discretion determine whether to take up the loan or not. The loan shall be paid out upon the Company's request during the period 1 November 2020 to 28 February 2021. The loan is subject to an annual interest of 7 percent, to be paid in cash on a monthly basis. The loan can be converted to shares in Peptonic upon request by either of Peptonic or Vidarstiftelsen at fixed conversion dates occurring after three, six, nine and twelve months from the date when the loan amount was made available to Peptonic, provided that the board has received the necessary authorizations or approvals from the general meeting in Peptonic. A potential conversion of the loan shall be carried out through a directed share issue to Vidarstiftelsen where payment for the new shares is made by way of set-off against the loan amount. The subscription price in the share issue shall be 85 percent of the volume weighted average price of Peptonic's share on Spotlight Stock Market during the ten trading days immediately preceding the request to convert the loan, i.e. with a discount of 15 percent. The loan shall be repaid no later than 31 October 2021, unless either party has requested conversion of the loan to shares before that.

Vidarstiftelsen is foundation with a mission to support the general public. The mission is to be fulfilled through grants given for e.g. scientific research, preparation of teaching and education, health care and hospital care, culture and environmental conservation. The income of the capital is to be used for the above mission.

### **Costs**

The costs for the directed share issue to the Sellers and the directed share issue to Vidarstiftelsen is expected to amount to approx. 50 TSEK. In addition, Peptonic has incurred cost of approx. 3 MSEK in legal, due diligence and analysis costs prior to the signing. These costs will be posted as acquisition costs.

**For further information, please contact:**

Johan Inbarr, CEO

Mobile: +46 708 853 893

E-mail: [joan.inbarr@peptonicmedical.se](mailto:joan.inbarr@peptonicmedical.se)

Dan Markusson, CFO,

Mobile: +46 768550200

E-mail: [dan.markusson@peptonicmedical.se](mailto:dan.markusson@peptonicmedical.se) *This information is information that Peptonic Medical AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was released for public disclosure, through the agency of the contact persons above, on 14 May 2020.*

### **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, and products that contribute to increased sustainability and better quality of life.

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.spotlightstockmarket.com](http://www.spotlightstockmarket.com), ticker: PMED) in Stockholm, Sweden.

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