



## **Peptonic Medical has reached an agreement to acquire all assets of the Israeli company CommonSense Ltd (excluding bank balances and accounts receivable)**

The acquisition also includes the US-registered subsidiary CommonSense Marketing Inc, based in New York. During year 2020 CommonSense had sales of approximately \$ 2 million. CommonSense Ltd has been in receivership since the beginning of July 2021. The acquisition fee amounts to TUSD 300 plus a fee for the existing inventory correlating to TUSD 75. The whole acquisition, including costs, is estimated to land at approximately USD 500 thousand (SEK 4.4 million). The payment will be made in October 2021.

CommonSense has two products in the growing category of intimate self-diagnosis - VS-Sense for detecting bacterial vaginosis (vaginal discharge) and AI-Sense for detecting amniotic fluid leakage during the latter parts of pregnancy. Peptonic sees great potential in both product areas. The solutions are based on extensive clinical evidence and patent protection and are unique as the user can read the test herself with immediate feedback regarding the result. As far as AI-Sense is concerned, there is no similar product on the market, which is why the assessment is that AI-Sense has the greatest long-term potential.

CommonSense Ltd was placed under public administration by Haifa court 2021-07-07. The underlying reason being an owner dispute with a lack of mutual view concerning how CommonSense should be further developed. In mid-July, Peptonic decided to conduct an assessment of CommonSense in order to assess a possible acquisition. The evaluation resulted in a decision to place bid for the assets of CommonSense Ltd, the bid included the subsidiary in the United States. The American subsidiary had a cash register of just over 100 TUSD at the beginning of September. In the deal, Peptonic undertakes to start an Israeli subsidiary and to this entity transfer personnel, leases, contracts, patents, licenses, and the American subsidiary.

Peptonic has identified a series of assets, which form the basis for the acquisition decision:

- The CommonSense portfolio is in line with the long-term objective of the VagiVital brand, where the intention is to offer clinically proven intimate self-care that enables diagnosis, treatment, and products for preventive care.
- It is also in line with the company's intention to broaden its portfolio with relevant products in order to increase attractiveness amongst potential international sales and distribution partners.
- There is a great need for these type of products on the market, i.e. self-diagnosis where the user immediately gets the result. This is also evident when looking at CommonSense existing line of customers, which includes Exeltis, Bayer, CVS, Walgreens and Primalabs. Some of these partners sell CommonSense products under their own brands.
- Regulatory values and strategies. VS-Sense is CE marked and approved in the USA according to 510 (K). AI-Sense is also CE marked. AI-Sense can distinguish between leakage

of urine and amniotic fluid. AI-Sense thereby reduces the pregnant woman's worry and saves the healthcare systems many unnecessary visits and costs. An independent NICE report in England and interviews with the profession during the acquisition assessment support this statement. It is considered that AI-Sense should be a standard offer in maternity care. AI-Sense is not yet approved by the FDA in the United States, however, there is a well-developed plan to get a 510 (K) approval.

- CommonSense has had ongoing business throughout the receivership period and new orders have been received. The trustee has calculated that the monthly loss has been limited.
- There is innovation and technology height in CommonSense products, which is also reflected in a sizeable portfolio of patents. AI-Sense has long remaining lifetime on its latest patents. Furthermore, there is a valuable Know-How in self-diagnosis, with an interesting development potential. Future projects include a product to be able to detect urinary tract infections.
- Israeli companies within MedTech have a high reputation internationally. The staff has a high level of competence and Peptonic has pledged to take over all employees into the new company in Israel.
- Commitment. As existing staff in CommonSense Israel has voted for Peptonic as the successor, the assessment is that staff wish to remain in the business and will continue to be motivated.
- Organizationally, the future subsidiary in Israel is transformed into a production and development unit. Sales and marketing will be run by Peptonic's existing organization in the USA and Europe, which will result in coordination gains and improved use of resources.
- The previous owners, a main owner family in the USA and an investor group in Hong Kong have for just over 10 years invested a total of SEK 330 million into the company. A large portion of the money has been spent on development, production, and IP, which has generated valuable assets. It is Peptonic's assessment that the ownership dispute in combination with the aggravating impact Covid-19 had on evaluation opportunities opened up for an acquisition with a price tag far below normal standard.

This disclosure contains information that PEPTONIC Medical AB is obliged to make public pursuant to the EU Market Abuse Regulation (EU nr 596/2014). The information was submitted for publication, through the agency of the contact person, on 06-10-2021 16:55 CET.

For further information, please contact:

Erik Sundquist, CEO

Mobile: +46 722 499043

Email: erik.sundquist@peptonicmedical.se

Dan Markusson, CFO / COO,

Mobile: +46 768550200

Email: dan.markusson@peptonicmedical.se

### **About VagiVital® AktivGel**

VagiVital® AktivGel 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® AktivGel was launched in Sweden as a non-prescription self-care product in July 2018. In April 2021 VagiVital® Moisturizing V Cleanser was added under the VagiVital® brand. (see [www.vagivital.com](http://www.vagivital.com)).

### **About Peptonic Medical AB**

Peptonic Medical AB (publ) is an innovative biomedical company that conducts research, develops and sells products in the field of women's health. Our vision is to offer safe and effective treatments for women-specific diseases, medical conditions and well being. Peptonic Medical launched VagiVital® AktivGel in July 2018. This is a hormone-free product for the treatment of vaginal atrophy and vaginal dryness. The company's development program also includes Vagitocin® – a product that contains oxytocin for the treatment of vaginal atrophy. The development of Vagitocin® has been put on hold.

The company was founded in 2009 and the share has been traded since 2014 on Spotlight ([www.spotlightstockmarket.com](http://www.spotlightstockmarket.com), short code: PMED) in Stockholm.

Since August 2020, Lune Group Oy Ltd. is a wholly owned subsidiary of Peptonic Medical. The company's business concept is to lead a menstrual revolution in a positive spirit. By focusing on sustainable development, environmental issues and the promotion of sexual health, the company is evolving taking the lead as a green intimate care company. For more information about Lunette®, visit [www.lunette.com](http://www.lunette.com).