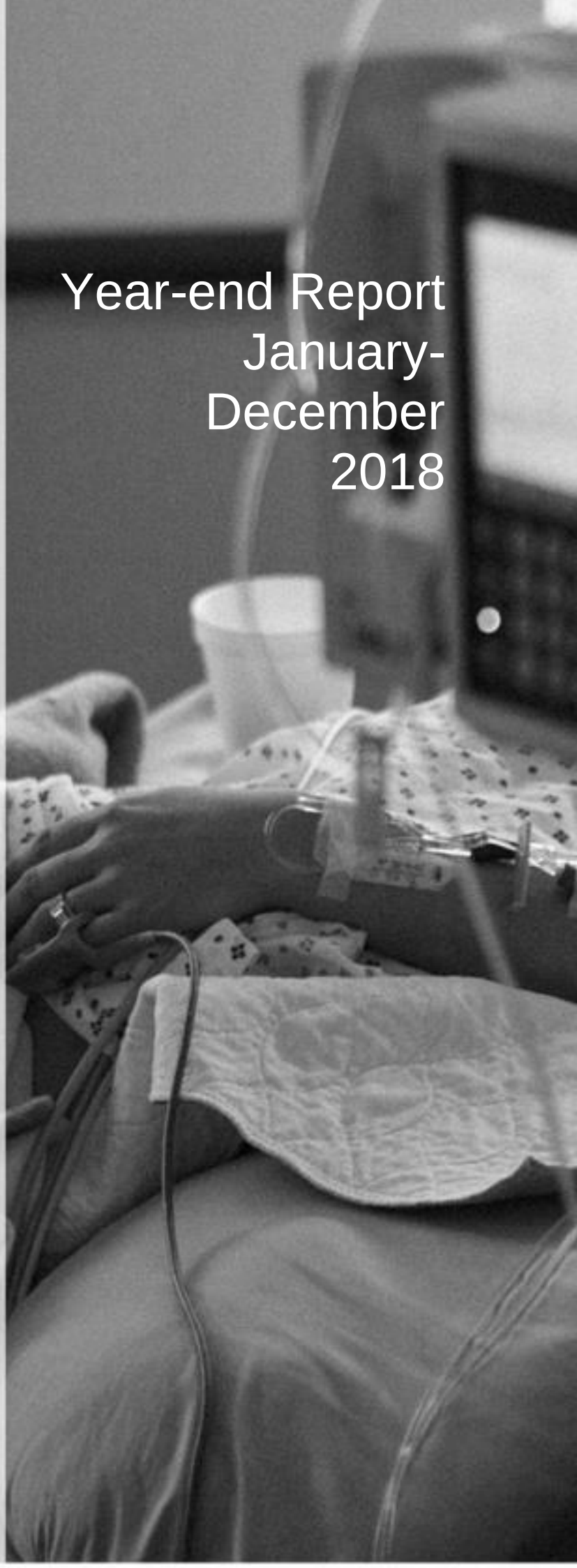
PledPharma

Year-end Report January-December 2018



CONTENTS

SUMMARY

FINANCIALS FOR THE QUARTER, OCTOBER-DECEMBER

- Quarterly net sales MSEK 11.1 (13.6)
- Quarterly result MSEK -22.1 (-32.1)
- Cash flow from operating activities MSEK -21.0 (-45.4)
- Result per share SEK -0.5 (-0.7)

OCTOBER-DECEMBER IN BRIEF

- The first patient in the global Phase III program, POLAR, for PledOx® was included in the US
- PledPharma prepares for listing on the Nasdaq Stockholm main market during 2019
- Aladote® Phase Ib/IIa study results has been accepted for a poster presentation during the "58th Annual Meeting of the Society of Toxicology" in March, 2019
- Pledpharma has submitted an Orphan Drug Designation (ODD) application to the US Food and Drug Administration (FDA) for the drug candidate Aladote®
- The Nomination Committee for the 2019 AGM was appointed and includes members from the four largest shareholders who wished to participate
- The Japanese and Asian investigator meetings for the POLAR studies were held in Tokyo and Seoul

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- A milestone payment of 600 MJPY (c.49 MSEK) was triggered due to the inclusion of the first patient in Japan to the global Phase III program for PledOx®
- Patients have been included in the POLAR-program in Europe
- The PledOx® phase III program design was presented at the Gastrointestinal (GI) Cancers Symposium, in San Francisco.
- Results from Aladote®'s study has been selected for oral presentation at The International Liver Congress, April 2019
- PledPharma invites investors, financial analysts and media to a Capital Markets Day on March 26, 2019.

FINANCIALS FOR THE PERIOD, JANUARY-DECEMBER

- Net sales for the period MSEK 28.2 (13.9)
- Loss for the period MSEK -85.0 (-87.9)
- Cash position MSEK 229.2 (309.5)
- Cash flow from operating activities MSEK -81.0 (-86.6)
- Result per share SEK -1.7 (-1.8)

JANUARY-DECEMBER IN BRIEF

PledOx®

- A delayed delivery of the study drug for the PledOx® phase III program was announced in February, which was remediated and subsequently delivered in September
- PledOx® shows favorable safety and tolerability profile in the SUNCIST Phase I study in Japanese and Caucasian healthy volunteers
- The European Medicines Agency (EMA) approved PledPharma's waiver application for the paediatric investigation plan (PIP) regarding PledOx®
- PledOx® and Aladote® receives an European approval of the composition of matter patent
- The Japanese Medical Agency (PMDA) supports the expansion of the Phase III program for PledOx® to include Japanese patients

Aladote®

- Aladote's® proof of principle study has been completed with positive results announced in September
- Multiple scientific presentations of Aladote's® clinical results have been submitted and accepted
- The Scientific Advisory Board for Aladote® was appointed and held its first meeting with focus on the design of the next study

FINANCIAL SUMMARY

	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Result after tax, SEKk	-22,138	-32,127	-85,003	-87,935
Cash flow, SEKk	-20,392	-44,812	-79,655	-84,468
Cash, SEKk	229,876	309,531	229,876	309,531
Equity ratio %	91%	96%	91%	96%
Result per share, SEK	-0.5	-0.7	-1.7	-1.8
Result per share after dilution, SEK	-0.5	-0.7	-1.7	-1.8
Average number of employees	8	7	8	5

COMMENTS FROM THE CEO

Patients have been included in all regions in the global phase III program for PledOx®
The largest milestone in PledPharma's history occurred during the last quarter of 2018, with the inclusion of the first patient in the PledOx® phase III program POLAR in November. We are now well on our way to a potential market registration of PledOx® and thus a step closer to providing preventive treatment against nerve damage for the hundreds of thousands of patients undergoing chemotherapy for their colorectal cancer. With no approved treatment against this condition, the execution of the trial is of highest priority for us. Following a successful safety and tolerability Phase I study in Japanese healthy volunteers, the Japanese Medicines Agency (PMDA) supported the expansion of PledOx® Phase III program to include Japanese patients. In January, our Asian partner Solasia Pharma announced the inclusion of the first patient in the Phase III study POLAR-A which triggered the first development milestone payment of c.SEK 49 million from our partner.

With patients included in all regions of the POLAR program (USA, Europe, Asia) it is very satisfying that we are able to maintain our long-term plan to deliver top line data in the fourth quarter of 2020.

Planning of next Aladote® study after positive proof of principle study outcome
We announced positive results from Aladote's® phase Ib/IIa-proof of principle study, in July, its primary objective - to document the drug's safety and tolerability - was achieved. In addition, secondary objectives was also met, as exploratory biomarkers indicate reduced liver injury in paracetamol-intoxicated patients treated with Aladote®.

Since Aladote® is a first in class drug, we applied for orphan drug designation to the FDA in December 2018. An approval may provide favourable conditions from a cost and time to market approval perspective.

A design proposal for the next study has been developed with our scientific advisory board, and will form the basis of our upcoming regulatory interactions.

Strengthened competence in the organization
We have strengthened our expertise in CMC and manufacturing by employing Anders Sveno as Head of CMC and Supply Chain in April. Furthermore we have also strengthened our competence in clinical development through the recruitment of Helene Depui Ekdal, with 25 years of experience in drug development. Ms Depui Ekdal started as the Clinical Development Director in January 2019.

Strong start to the new year and a planned listing on the main market
The new year has begun with a strong scientific interest for both PledOx® and Aladote® which have been and will be presented at several international scientific conferences.

Furthermore, another step in our ambition is to list our company shares on Nasdaq Stockholm's main market. We see an uplisting as a natural step that reflects the maturity of our business from a capital markets perspective, which can contribute to increased interest from a broader investor base.

With the first patients included in the US, EU and Japan in the PledOx® Phase III program, our first development milestone payment from our partner, next development phase for Aladote®, the scientific interest in our products, the globally robust IP portfolio for PledOx® and Aladote® and a transformed and strengthened organization I am very excited for our continued work in 2019.

Nicklas Westerholm, CEO
Pledpharma AB
Stockholm

PLEDPHARMA IN BRIEF

PledPharma is an innovative, unique and integrated pharmaceutical drug development company, focusing on improving treatments for diseases with substantial unmet medical need.

The company's most advanced project **PledOx®** is being developed to reduce nerve damage associated with chemotherapy. A global phase III program is ongoing.

The drug candidate **Aladote®** is being developed to reduce the risk of acute liver injury associated with acetaminophen poisoning. A proof of principle study has been successfully completed and will serve as the basis for the continued development.

PledPharma (STO:PLED) is listed on Nasdaq First North.

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PROJECT UPDATES

PLEDOX®

PLEDOX® IN BRIEF

PledOx® is a “first in class” drug candidate that mimics the body’s own enzymatic defence against mitochondrial dysfunction. It is being developed to provide patients, that are treated for adjuvant or metastatic colorectal cancer, prevention against the nerve damage that occurs in conjunction with chemotherapy treatment. This is known as chemotherapy induced peripheral neuropathy (CIPN) and can result in debilitating adverse reaction and may occur at any time after the initiation of chemotherapy. In many patients, the symptoms are resolved after discontinuing the chemotherapy, but up to 20-30% of the patients have sustained chronic symptoms such as numbness, tingling and pain in hands and feet. Patients with CIPN may have difficulties with fine motor skill, such as buttoning buttons, challenges using a computer key board and become hypersensitive to cold. The sensory loss in the feet’s may increase the risk of falls. There is currently no approved drug to prevent or treat CIPN. The manifestation of CIPN can occur anytime during the chemotherapy treatment and does often get more worse the longer patients stay on treatment.

The results from the Phase IIb study PLIANT, where patients with metastatic colorectal cancer were treated with the chemotherapy combination FOLFOX and PledOx® (calmangafodipir), indicates that the patients who received PledOx® had a lower risk than the placebo group to suffer from nerve damage during the chemotherapy (Glimelius et al., 2018). No apparent negative effect on the efficacy of the cancer treatment was observed.

EVENTS DURING THE QUARTER

During the quarter the first patient in the POLAR program was included in the US.

We expect to complete recruitment within 10-12 months from study start. Top-line results are expected in the fourth quarter of 2020.

The phase III program for PledOx® consists of two double-blind, randomised, placebo-controlled studies, POLAR-M and POLAR-A. POLAR-M includes 420 patients undergoing chemotherapy treatment for metastatic colorectal cancer and is planned to be conducted in Europe, Asia and the United States. The study compares PledOx® at doses of 2 µmol/kg and 5 µmol/kg, with placebo. POLAR-A includes 280 patients undergoing adjuvant chemotherapy treatment for colorectal cancer and planned to be conducted in Europe and Asia. The study compares PledOx® at a dose of 5 µmol/kg with placebo. These studies have been designed based on interactions with the European Medicines Agency (EMA), the US FDA, the Japanese HealthCare Agency (PMDA) and PledPharma’s scientific advisory board. The aim is to show that PledOx® reduces sensory nerve damage that the chemotherapy treatment gives rise to by measuring patient reported symptoms of peripheral nerve damage.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In January, the first Asian patients were included in the phase III program, POLAR. This triggered a payment of our first development milestone of 600M JPY (c. 49M SEK) from our partner Solasia Pharma which will have a positive impact on our cash flow in the first quarter of 2019.
The POLAR-M trial have been approved by the health authorities in all European countries based on the amended clinical trial applications with data from the newly produced study drug. Final approvals in Europe for POLAR-A is expected in February.
Patients have been included in all regions (the US, Europe and Asia) of the POLAR program. The design of POLAR program was presented at the Gastrointestinal (GI) Cancers Symposium, in San Francisco.

ALADOTE®

ALADOTE® IN BRIEF

Aladote® is a “first-in-class” drug candidate with the potential to prevent the development of acute liver injury caused by paracetamol (acetaminophen) overdose. Paracetamol overdose is one of the most common forms of drug poisoning. When excessive amounts of paracetamol are broken down into the liver, the harmful metabolite NAPQI is formed, which can cause acute liver failure. The current treatment for paracetamol poisoning (N-acetylcysteine) is effective if the patient seeks medical care within 8 hours of ingestion.

However, there is currently no effective treatment for patients who arrive post 8 hours after overdose.

A proof of principle study in patients with paracetamol poisoning has successfully been completed at the Royal Infirmary of Edinburgh. The Aladote® study in patients with paracetamol overdose at risk of liver damage has successfully met its primary endpoint of safety and tolerability. Secondary endpoints included exploratory biomarkers for prediction of liver injury, the results indicate a positive signal of reduced paracetamol-induced liver injury in patients treated with Aladote®.

EVENTS DURING THE QUARTER

Aladote's® phase Ib/IIa study results (proof of principle) has been accepted for presentation at the 58th Annual Meeting of the Society of Toxicology, March 2019.

The company has submitted an application with the US Food and Drug Administration (FDA) for an Orphan Drug Designation (ODD) for the drug candidate Aladote®.

A design proposal for the next study has been developed together with our scientific advisory board, and will form the basis of our upcoming regulatory interactions.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The abstract on the positive results from the Aladote's® Phase Ib/IIa proof of principle-study has been selected for an oral presentation at the global conference EASL ILC 2019. EASL ILC, also known as The International Liver Congress, is one of the largest scientific conferences in the field of Hepatology (liver diseases) globally. The conference takes place in Vienna, Austria April 10-14.

FINANCIAL INFORMATION
FOURTH QUARTER
OCTOBER – DECEMBER 2018

REVENUE, AND RESULTS

Revenues
Revenue amounted to SEKK 11,098 (13,608) during the quarter and was primarily attributed to reimbursements from Solasia Pharma K.K. for the Asian expansion of the POLAR studies.

Expenses
Operating expenses amounted to SEKK 34,134 (45,777) for the quarter. Of these, project costs amounted to SEKK 24,248 (37,022) for the quarter. Project costs related to PledPharma amounted to SEKK 14,207.

Employee costs amounted to SEKK 6,188 (3,643) for the quarter. The increase is due to the recruitment of new employees during 2018, aimed at preparing the company for the continued execution of the phase III trials. Also remuneration for the Board of Directors which is paid as salary according to new rules are included. Cost increases have been mitigated largely by reduction of consultancy expenses. Other operating costs amounted to SEKK 1,107 (1,128) for the quarter. Depreciation amounted to SEKK 0 (0) for the quarter.

Results
Operating result amounted to SEKK -23,036 (-32,169) for the quarter. Financial and related items amounted to SEKK 899 (41). Results are related to revaluation of company's FX-accounts at the end of the quarter. Results after financial items amounted to SEKK -22,137 (-32,127) for the quarter. No income tax was reported for the periods. Result per share before and after dilution amounted to SEK -0.5 (-0.7) for the quarter.

FINANCIAL POSITION

Cash
Cash at December 31, 2018 amounted to SEKK 229,876 (309,531).

Cash flow
Cash flow from operating activities amounted to SEKK -20,392 (-45,377) for the quarter. Cash flow amounted to SEKK -21,045 (-44,812) for the quarter.

Equity and equity ratio
At December 31, 2018 equity amounted to SEKK 219,362 (303,711). Shareholders' equity per share amounted to SEK 4.5 (6.2), at the end of the period. The company's equity ratio was 91 (96) %.

Debts and receivables
No long-term debts were outstanding. Current liabilities amounted to SEKK 15,174 (5,972). Accounts receivables amounted to SEKK 9,444 (2,566).

INVESTMENTS, TANGIBLE AND INTANGIBLE ASSETS
During the period, investments in tangible and intangible fixed assets corresponded to SEKK 0 (0).

SHARE
The number of shares at December 31, 2018 were 48 666 656. PledPharma´s shares are listed on Nasdaq First North since April 7, 2011.

WARRANT PROGRAM
The 2018 Annual General Meeting resolved on a warrants program for employees of PledPharma of 779,500 warrants, each warrant entitles the holder to subscribe for one (1) new share in the company at a subscription price of SEK 26 per share. As of December 31, 2018, 285,000 warrants were subscribed for by employees, of which CFO and CMO subscribed for maximum allowed allocation of 100,000 each. 1,526,500 warrants had been subscribed for by employees and board members of PledPharma from the previous warrants program of which the CEO holds 500,000 warrants.
At full utilization of all warrants, the company's shares will be increased by 2 306 000 to 50 972 656.

EMPLOYEES
Number of employees as of December 31, 2018 were 8 (7) persons, 2 women and 6 men.

PARENT COMPANY
The parent company's revenues for the quarter amounted to SEKK 11,098 (13,608). Expenses for the quarter amounted to SEKK 34,134 (45,777).
The parent company's result amounted to SEKK -21,483 (-30,044) for the quarter.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKk	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Revenue				
Sales	11,098	13,563	28,211	13,585
Other operating income	-	46	2	302
	11,098	**13,608**	**28,212**	**13,886**
Operating expenses				
Project costs	-24,248	-37,022	-83,855	-76,974
Other external costs	-2,591	-3,984	-11,325	-12,849
Employee benefit costs	-6,188	-3,643	-20,034	-10,895
Depreciation and impairment	-	-	-	-
Other operating expenses	-1,107	-1,128	-5,511	-1,266
Operating result	**-23,037**	**-32,169**	**-92,514**	**-88,097**
Financial items				
Interest income and similar items	899	41	7,511	163
Interest expense and similar items	-1	0	-1	0
Result after financial net	**-22,138**	**-32,127**	**-85,003**	**-87,935**
Result before tax				
Tax	-	-	-	-
Result after tax	**-22,138**	**-32,127**	**-85,003**	**-87,935**
Statement of comprehensive income				
Other comprehensive income	-	-	-	-
Comprehensive income for the period	**-22,138**	**-32,127**	**-85,003**	**-87,935**
Net earnings and comprehensive income is entirely attributable to parent company shareholders				
Share Data				
Number of shares at the end of period	48,666,656	48,666,656	48,666,656	48,666,656
Average number of shares during period	48,666,656	48,666,656	48,666,656	48,666,656
Result per share before dilution (SEK)	-0.5	-0.7	-1.7	-1.8
Result per share after dilution (SEK)	-0.5	-0.7	-1.7	-1.8
Equity per share (SEK)	4.5	6.2	4.5	6.2
Equity per share after dilution (SEK)	4.5	6.2	4.5	6.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEKk	12/31/2018	12/31/2017
ASSETS		
Non-current assets		
Total non-current assets	**-**	**-**
Current assets		
Accounts receivables	9,444	2,566
Other receivables	624	1,436
Prepaid expenses and accrued income	2,093	1,836
	12,161	5,838
Cash and bank balance	229,876	309,531
Total current assets	**242,037**	**315,368**
Total assets	**242,037**	**315,368**

SEKk	12/31/2018	12/31/2017
Equity		
Share capital	2,561	2,561
Other capital contributions	618,597	617,944
Accumulated loss including net loss	-401,797	-316,794
Total equity	**219,362**	**303,711**
Current liabilities		
Accounts payable	15,174	5,972
Other liabilities	1,205	733
Accrued expenses and deferred income	6,296	4,953
Total current liabilities	**22,675**	**11,657**
Total equity and liabilities	**242,037**	**315,368**

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKk	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
OPERATING ACTIVITIES				
Result after financial net	-22,138	-32,127	-85,003	-87,935
Adjustments for non-cash items	-	-	-	-
Cash flow from operating activities before changes in working capital	**-22,138**	**-32,127**	**-85,003**	**-87,935**
Changes in short term receivables	-8,137	-2,949	-6,273	-3,143
Changes in accounts payable	8,360	-13,051	9,202	1,294
Changes in other liabilities	1,523	2,751	1,765	3,232
Cash flow from operating activities	**-20,392**	**-45,377**	**-80,310**	**-86,551**
INVESTING ACTIVITIES				
Cash flow from investing activities	**-**	**-**	**-**	**-**
FINANCING ACTIVITIES				
New share/Warrants issue	-	566	655	2,083
Cash flow from financing activities	**-**	**566**	**655**	**2,083**
Cash flow for the period				
Balance at beginning of period	250,267	354,342	309,531	393,998
Change in cash	-20,392	-44,812	-79,655	-84,468
CASH BALANCE AT THE END OF THE PERIOD	**229,876**	**309,531**	**229,876**	**309,531**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKk	Share capital	Other capital contributions	Accumulated loss incl. net result for the period	Total equity
Opening balance 20170101	**2,561**	**615,861**	**-228,860**	**389,562**
Incentive program	-	2,083	-	2,083
Comprehensive income for period	-	-	-87,935	-87,935
Closing balance 20171231	**2,561**	**617,944**	**-316,794**	**303,711**
Opening balance 20180101	**2,561**	**617,944**	**-316,794**	**303,711**
Incentive program	-	654	-	654
Comprehensive income for period	-	-	-85,003	-85,003
Closing balance 20181231	**2,561**	**618,597**	**-401,798**	**219,361**

CONSOLIDATED KEY RATIOS

The key ratios below are useful to those who read the financial statements and a complement to other performance targets in evaluating strategic investment implementation and the Group's ability to achieve financial goals and commitments.

SEKk	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Equity	219,362	303,711	241,499	303,711
Equity ratio %	91%	96%	91%	96%
Return on equity %	neg.	neg.	neg.	neg.
Number of shares at the end of the period	48,666,656	48,666,656	48,666,656	48,666,656
Number of shares at the end of the period after dilution	48,666,656	48,666,656	48,666,656	48,666,656
Average number of shares under the period	48,666,656	48,666,656	48,666,656	48,666,656
Average number of shares under the period after dilution	48,666,656	48,666,656	48,666,656	48,666,656
Share Data				
Result per share	-0.5	-0.7	-1.7	-1.8
Result per share after dilution*	-0.5	-0.7	-1.7	-1.8
Cash flow from operating activities	-0.4	-0.9	-1.7	-1.8
Equity per share	4.5	6.2	4.5	6.2
Equity per share after dilution	4.5	6.2	4.5	6.2
Dividend	-	-	-	-
Average number of employees	8	7	8	5

*Effect from dilution is not considered when result is negative.

KEY RATIOS DEFINITIONS

Ratios that have been calculated according to IFRS

Earnings per share
Net income divided by average number of shares before dilution

Number of shares at end of period
The number of outstanding shares before dilution at the end of the period

Number of shares after dilution
The number of issued shares after dilution effect of potential shares at end of period

Average number of shares during the period
Average number of outstanding shares before dilution for the period

Average number of shares during the period after dilution
Average number of issued shares after dilution effect of potential shares

Number of employees (average)
The average number of employees at the end of each period

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Ratios that have not been calculated in accordance with IFRS

Equity ratio, %
The company defines the ratio as follows; The period's closing equity divided by the period's closing balance sheet. The company uses the alternate ratio Equity as it shows the proportion of total assets represented by shareholders' equity and has been included to allow investors to assess the company's capital structure.

Return on equity, %
The company defines the ratio as follows; Net income divided by shareholders' equity. The company uses the alternate key figure Return on equity, % because the company believes that the key ratio gives investors a better understanding of the return generated on the total capital that the shareholders have invested in the Company.

Cash flow from operations per share
The company defines the ratio as follows; Cash flow from operating activities divided by the number of shares outstanding at the end of the period. The company uses the alternate key figure Cash flow from operations per share because the Company believes that the key ratio gives investors a better understanding of the company's cash flow in relation to its number of shares adjusted for changes in the number of shares outstanding during the period.

Equity per share
The company defines the ratio as follows; Equity divided by number of shares outstanding at the end of the period. The company uses the alternate key ratio equity per share because the Company believes that the key ratio gives investors a better understanding of the historical return per share adjusted for changes in the number of shares outstanding during the period.

PARENT COMPANY - INCOME STATEMENT

SEKk	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Revenue				
Sales	11,098	13,563	28,211	13,585
Other operating income	-	46	2	302
	11,098	**13,608**	**28,212**	**13,886**
Operating expenses				
Project costs	-24,248	-37,022	-83,855	-76,974
Other external costs	-2,590	-3,984	-11,324	-12,849
Employee benefit costs	-6,188	-3,643	-20,034	-10,895
Depreciation and impairment	-	-	-	-
Other operating expenses	-1,107	-1,128	-5,511	-1,266
Operating result	**-23,036**	**-32,169**	**-92,513**	**-88,097**
Financial items				
Interest income and similar items	899	41	7,510	163
Interest expense and similar items	-1	0	-1	0
Result after financial net	**-22,137**	**-32,127**	**-85,003**	**-87,935**
Result before tax				
Group contribution received	654	2,083	654	2,083
Tax	-	-	-	-
Result after tax	**-21,483**	**-30,044**	**-84,350**	**-85,851**
Statement of comprehensive income				
Other comprehensive income	-	-	-	-
Comprehensive income for the period	**-21,483**	**-30,044**	**-84,350**	**-85,851**

PARENT COMPANY - BALANCE SHEET

SEKk	12/31/2018	12/31/2017
ASSETS		
Non-current assets		
Tangible non-current assets	-	-
Financial non-current assets	50	50
Total non-current assets	**50**	**50**
Current assets		
Receivables from group companies	2,686	2,083
Accounts receivables	9,444	2,566
Other receivables	624	1,436
Prepaid expenses and accrued income	2,093	1,836
	14,848	7,921
Cash and bank balance	227,139	307,447
Total current assets	**241,987**	**315,368**
Total assets	**242,037**	**315,418**

SEKk	12/31/2018	12/31/2017
Equity		
Restricted Equity		
Share capital	2,561	2,561
Non-restricted equity		
Share premium reserve	617,943	615,860
Retained earnings	-316,793	-228,860
Net profit for the year	-84,350	-85,851
Total equity	**219,362**	**303,710**
Current liabilities		
Liabilities to group company	-	50
Accounts payable	15,174	5,972
Other liabilities	1,205	733
Accrued expenses and deferred income	6,296	4,953
Total current liabilities	**22,675**	**11,708**
Total equity and liabilities	**242,037**	**315,418**

NOTES

NOTE 1 - Accounting principles

PledPharma applies International Financial Reporting Standards (IFRS) as adopted by the EU. This report is prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The parent company's interim report is prepared in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. Applied accounting principles and calculation methods are the same as in the latest annual report for 2017. Except that the company has shifted to account according to IFRS 9 and IFRS 15.

PledPharma has evaluated the effect of implementation of IFRS 9. The groups financial instruments consists only of accounts receivables and cash balance.
According to PledPharma's assessment, the implementation of IFRS 15 does not have any impact on the accounting, hence this does not add further need for new information which can have any impact for the financial reports. Please see 2017 annual report for further information.

IFRS 16 will enter into force on January 1, 2019. IFRS 16 replaces IAS 17 Lease Agreement, with new accounting requirements for lessee. All leases, except short-term and minor leasing contracts, shall be reported as an asset with right of use and as a corresponding liability in the leaseholder's balance sheet. The standard is expected to provisionally mean that most of the leases reported in these financial statements as operating leases will be reported as assets and liabilities in the financial statement. This will also cause the cost of these to be reported broken down into interest expense and depreciation. PledPharma applies the simplified transition model. Leasing contracts of minor value will henceforth be accounted as operating leases and reported in the income statement. Company's leasing portfolio consists of three agreements which includes operating leases of office, office equipment and cars. Based on available information, PledPharma estimates right of use assets and attributable lease liabilities will increase by approximately SEK 0.2 million as of January 1, 2019. At the entry into 2019 one of the company's rental agreements had a duration of less than 12 months, this agreement falls into the exception of short term leasing contracts.

NOTE 2 – Additional information

Other information in accordance with IAS 34.16A are found on pages before the income statement and statement of comprehensive income. Information on earnings, cash flow and financial position, see page 8. For events after the period, see page 1.

NOTE 3 – Financial assets and liabilities

Group 31 December 2018

The fair value and carrying value are shown in the table below:

SEKk	Hold to collect	Financial debts	Total carrying amount	Fair value
	Amortised cost	Amortised cost		
Accounts receivable	9,444	-	9,444	9,444
Cash	229,876	-	229,876	229,876
Total assets	**239,320**	-	**239,320**	**239,320**
Accounts payable	-	15,174	15,174	15,174
Other liabilities	-	-	-	-
Total liabilities	**-**	**15,174**	**15,174**	**15,174**

Group 31 December 2017

The fair value and carrying value are shown in the table below:

SEKk	Hold to collect	Financial debts	Total carrying amount	Fair value
	Amortised cost	Amortised cost		
Accounts receivable	2,566	-	2,566	2,566
Cash	309,531	-	309,531	309,531
Total assets	**312,096**	-	**312,096**	**312,096**
Accounts payable	-	5,972	5,972	5,972
Other liabilities	-	-	**-**	**-**
Total liabilities	**-**	**5,972**	**5,972**	**5,972**

Not 4 – Related parties transactions

There are none transactions to be reported with related parties.

Not 5 – Reclassification of operating expenses

Reclassification of certain consultancy and supplier expenses have been made. Following amounts have been reclassified SEKK 993 and SEKK 2,777 for FY 2018 and FY 2017, respectively. These expenses have been reclassified from other external costs to project costs. The reclassification does not impact operating results.

OTHER INFORMATION

Next reports

Interim report Jan – Mar 2019, May 6, 2019
Interim report Jan – Jun 2019, Aug 21, 2019
Interim report Jan – Sep 2019, Oct 23, 2019

This report, and further information is available on the website, www.pledpharma.se

This report has not been reviewed by the company's auditor. This is a translation of the Swedish interim report.

Annual General Meeting 2019

Annual general meeting will be held May 7, 2019, at 16:00 CET,at Erik Penser Bank, Apelbergsgatan 27, Stockholm.
The Annual report will be published during week 15, 2019.

PledPharma's board of directors recommend zero SEK in dividend for the full-year 2018.

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This information is such information as PledPharma AB (publ) is obliged to disclose in accordance with EU market abuse regulation and the Securities Markets Act. The information was submitted, through the above contact persons, for publication on 21 February 2019 at 8.00 am (CET).

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Certified Adviser

The company´s Certified Advisor is Erik Penser Bank (phone +46 8 463 80 00).

Analysts who follow PledPharma

Redeye, Klas Palin.
Carnegie, Ulrik Trattner.

CERTIFICATION

This report provides a true and fair overview of the company's business activities, financial position, and results of operations, and describes significant risks and uncertainties to which the company is exposed.

Stockholm, February 21, 2019

Håkan Åström
Chairman of the board

Marie Ekström Trägårdh
Board member

Sten Nilsson
Board member

Gunilla Osswald
Board member

Elisabeth Svanberg
Board member

Nicklas Westerholm
President and CEO