

## PledPharma AB (publ)

### Interim report January – September 2011

Activities ahead of clinical studies are progressing according to plan

#### The period July- September

- **Net profit amounted to SEK -2.485k (- 910k)**
- **Earnings per share amounted to SEK -0.1 (SEK -3.0)**
- The loan of SEK 4.2 million has been repaid to Accelerator Nordic AB
- Two 3-month safety studies of PledOx initiated prior to the start of the phase IIb study in colorectal cancer patients, expected to start mid-2012.
- Product (mangafodipir) for acute myocardial infarction clinical study manufactured. Final assessments to be done before the product can be approved by the medical products agency before restarting the prospective clinical phase IIa study.
- Marie Bengtson was hired as Clinical Project Director, and Erik Kinnman, as medical expert and VP Investor Relations.

#### The period January-September

- **Net profit amounted to SEK -7.820k ( -2.191k)**
- **Earnings per share amounted to SEK -0.4 (- 7.3)**
- **Cash and cash equivalents at September 30 amounted to SEK 97.659k (2.289k)**
- The initial safety studies have been conducted with good results

#### Comments from CEO

Jacques Näsström says: We anticipate that our phase IIa clinical trial in acute myocardial infarction will be resumed around the year end. The manufacturing process of a product of this study has gone well and is in the final phase. The project with PledOx in colon cancer is in an intensive preparation phase before the start of a Phase IIb study in mid-2012. The initial safety studies have been conducted with good results and the long-term safety studies started in the third quarter. The design of the Phase IIb study is in the final stage and the clinical protocol is underway and will be finalized in dialogue with the authorities in the U.S. and Europe.



## **Company profile**

PledPharma is a Swedish specialty pharma company, which develops new treatments of life threatening diseases

PledPharma currently runs two projects in clinical development phase II with the patented drug substance class, PLED-derivatives. The preventive effect of PLED-derivatives on adverse effects of chemotherapy in colon cancer is examined in one trial. Another trial investigates the ability of PLED-derivatives to reduce reperfusion injuries in myocardial infarction patients undergoing percutaneous coronary intervention (PCI).

PLED-derivatives protect the body's normal cells against oxidative stress, which is a condition due to overproduction of free oxygen radicals. PLED-derivatives have in previous pre-clinical trials been shown to protect against oxidative stress. Moreover, the PLED-derivative mangafodipir protected against the side effects of chemotherapy in colorectal cancer.

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

## **Our Vision**

To be the leading specialty pharma company, which develops medicines that protect healthy cells from oxidative stress during treatment of life threatening diseases.

## **Our business model**

We develop medicines in areas where there are huge medical needs. The projects are based upon patented and clinically available PLED-derivatives, and thereby combines huge medical need with strong likelihood of success. We are mid-term focusing on developing our projects to phase IIb, and then to out-license continued development and commercialization against milestone and royalty payments for the rights.

## Financial summary

### Third quarter 2011

#### Income

Operating revenue of SEK 5.278k (370k) consists mainly of capitalized costs (expenditure for development projects related to construction and testing of new or improved products are capitalized as intangible assets to the extent that these technically are expected to lead to products and that they are expected to generate future economic benefits). Other operating income amounted to SEK 39k and consisted of foreign exchange gains.

#### Costs

Operating expenses in the third quarter amounted to SEK 8.064k (1.280k). The cost increase came mainly from increased project and personnel costs and transaction costs.

#### Results.

Operating profit for the third quarter amounted to SEK -2.786k (-910k). The change in operating income due to increased costs as described above. Profit after financial items amounted to SEK -2.485k (-910k). Profit after tax was SEK -2.485k (-910k).

### January - September 2011

#### Revenues

Operating revenue of SEK 9.690k (1.139k) consists mainly of capitalized costs. Other operating income amounted to SEK 289k and consisted of foreign exchange gains.

#### Costs

Operating expenses in the first three quarters amounted to SEK 17.825k (3.331k). The cost increase came mainly from increased project and personnel costs due to increased project investment and new employment but also from the costs

associated with listing on First North, and transaction costs.

#### Results

Operating profit for the first three quarters amounted to SEK -8.135k (-2.191k). The change in operating income due to increased costs as described above. Profit after financial items amounted to SEK -7.820k (-2.191k). Profit after tax was SEK -7.820k (-2.191k).

### Investments, liquidity and financial position

A total of SEK 9.401k (1.136k) for patents and work on own development was capitalized during the first three quarters. Total investment in capitalized expenses amounted to SEK 17.092k.

Cash and cash equivalents at September 30, 2011 amounted to SEK 97.659k (2.289k).

Shareholders' equity as of 2011-09-30 was SEK 112.957k (8.599k), and the company's equity ratio is 98 percent (96). Shareholders' equity per share amounted to SEK 5.6 (28.5). In the first three quarters, there were no long-term debts (0). Current liabilities at September 30, 2011 were SEK -2.065k (337k).

The cash flow during the first three quarters amounted to SEK 97.091k (1.909k). The positive cash flow due to emissions of shares by the company conducted in February and June 2011.

Cash flow from operating activities for the first three quarters amounted to SEK -7.284k (-2.105k).

#### Loans

The loan of 4.2 million from the former parent company Accelerator Nordic AB

refunded after the registration of the right share issue in July.

### Employees

The number of employees at September 30 was 6 (2) persons.

### Significant risks and uncertainties

Risks are described in the prospectus issued in connection with a right share issue which took place in June 2011. No changes in the company's risk assessment

have taken place during the period.

### Share

The number of shares at September 30, 2011 were 20 247 775. PledPharma shares were listed on NASDAQ OMX First North on 7 April 2011.

### Seasonal variations

PledPharma activity is not subject to seasonal variations.

## Income statement

SEK	2011 July-Sept	2010 July-Sept	2011 Jan-Sept	2010 Jan-Sept	2010 Jan-Dec
Net sales	-	-	-	2 666	2 666
Work performed by the company for its own use and capitalized	726 083	253 525	1 661 371	637 253	1 064 148
Capitalized costs	4 512 932	116 498	7 740 070	499 194	1 180 775
other operating income	38 948	-	288 524	-	714
	<b>5 277 963</b>	<b>370 023</b>	<b>9 689 965</b>	<b>1 139 113</b>	<b>2 248 303</b>
Operating expenses					
Project costs	-4 512 932	-116 499	-7 740 070	-501 860	-1 183 440
Other external costs	-1 633 098	-748 960	-5 701 279	-1 942 207	-2 956 882
Employee benefit expenses	-1 757 624	-413 667	-4 202 781	-884 406	-1 904 596
Depreciation/amortization and impairment (as well as reversals) of property, plant and equipment and intangible assets	-1 092	-525	-2 847	-1 575	-2 100
Other operating expenses	-159 429	-232	-178 362	-486	-1 864
<b>Operating result (EBIT)</b>	<b>-2 786 212</b>	<b>-909 860</b>	<b>-8 135 374</b>	<b>-2 191 421</b>	<b>-3 800 579</b>
Interest income	330 938	-	352 638	-	5
Interest expense and similar profit(loss) items	-29 536	-	-37 622	-	-50
<b>Result after financial net</b>	<b>-2 484 810</b>	<b>-909 860</b>	<b>-7 820 358</b>	<b>-2 191 421</b>	<b>-3 800 624</b>
<b>Result before taxes</b>	<b>-2 484 810</b>	<b>-909 860</b>	<b>-7 820 358</b>	<b>-2 191 421</b>	<b>-3 800 624</b>
Tax on profit for the period	-	-	-	-	-
<b>Result after tax</b>	<b>-2 484 810</b>	<b>-909 860</b>	<b>-7 820 358</b>	<b>-2 191 421</b>	<b>-3 800 624</b>
<b>Share Data</b>					
Number of shares at the end of period	20 247 775	301 316	20 247 775	301 316	301 316
Result after tax	-0,1	-3,0	-0,4	-7,3	-12,6
Equity	5,6	28,5	5,6	28,5	23,2

## Balance sheet

SEK	2011-09-30	2010-09-30	2010-12-31
<b>ASSETS</b>			
<i>Intangible assets</i>			
Capitalized expenditure for research and development and similar	12 759 996	2 559 806	3 567 068
Concessions, patents, licences, trademarks and similar rights	4 332 475	4 022 744	4 123 946
	17 092 471	6 582 550	7 691 014
<i>Property, plant and equipment</i>			
Equipment ,tools, fixtures and fittings	12 873	4 929	4 404
<b>Total fixed assets</b>	<b>17 105 344</b>	<b>6 587 479</b>	<b>7 695 418</b>
<i>Current assets</i>			
<i>Current receivables</i>			
Receivables from group companies	-	13 108	64 362
Other receivables	64 362	40 674	159 089
Prepaid expenses and accrued income	193 565	5 387	5 185
	257 927	59 169	228 636
Cash and bank balances	97 659 270	2 289 236	568 269
<b>Total current assets</b>	<b>97 917 197</b>	<b>2 348 405</b>	<b>796 905</b>
<b>Total assets</b>	<b>115 022 541</b>	<b>8 935 884</b>	<b>8 492 323</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	1 065 672	301 316	301 316
<i>Non-restricted equity</i>			
Share premium reserve	119 712 056	10 489 147	10 489 147
Result for the period	-7 820 358	-2 191 421	-3 800 624
	111 891 698	8 297 726	6 688 523
<b>Total equity</b>	<b>112 957 370</b>	<b>8 599 042</b>	<b>6 989 839</b>
Accounts payable	737 368	149 617	1 020 850
Current tax liabilities	133 146	24 598	42 870
Other liabilities	118 205	-	168 800
Accrued expenses and deferred income	1 076 451	162 627	269 964
<b>Total short term liabilities</b>	<b>2 065 170</b>	<b>336 842</b>	<b>1 502 484</b>
<b>Total equity and liabilities</b>	<b>115 022 541</b>	<b>8 935 884</b>	<b>8 492 323</b>

## Cash flow statement

SEK	2011 July-Sept	2010 July-Sept	2011 Jan-Sept	2010 Jan-Sept	2010 Jan-Dec
<b>Operating activities</b>					
Result after financial net	-2 484 810	-909 860	-7 820 358	-2 191 421	-3 800 624
Adjustments	1 092	525	2 847	1 575	2 100
Tax paid	-4 269	-5 872	-11 818	-3 672	-4 774
<b>Cash flow from operating activities before changes in working capital</b>	<b>-2 487 987</b>	<b>-915 207</b>	<b>-7 829 329</b>	<b>-2 193 518</b>	<b>-3 803 298</b>
Changes in short term liabilities	273 277	-15 094	-199 526	-56 784	-147 176
Changes in account payables	7 635	-118 360	-283 482	-11 349	870 430
Changes in operating liabilities	-3 452 082	-1 588 383	1 028 224	156 955	362 845
<b>Cash flow from operating activities</b>	<b>-5 659 157</b>	<b>-2 637 044</b>	<b>-7 284 113</b>	<b>-2 104 696</b>	<b>-2 717 199</b>
<b>Investing activities</b>					
Investment in intangible assets	-5 239 017	-370 027	-9 401 457	-1 136 458	-2 244 922
Purchase of property, plant and equipment	-	-	-11 316	-	-
<b>Cash flow from investing activities</b>	<b>-5 239 017</b>	<b>-370 027</b>	<b>-9 412 773</b>	<b>-1 136 458</b>	<b>-2 244 922</b>
<b>Financing activities</b>					
New share issue	2 792 531	0	115 814 481	5 149 950	5 149 950
Costs of new share issue	-400 000	-	-2 026 595	-	-
<b>Cash flow from financing activities</b>	<b>2 392 531</b>	<b>0</b>	<b>113 787 886</b>	<b>5 149 950</b>	<b>5 149 950</b>
Cash flow for the period					
Balance at beginning of period	106 164 912	5 296 307	568 269	380 440	380 440
Exchange differences	-8 505 642	-3 007 071	97 091 001	1 908 796	187 829
Balance at end of the period	97 659 270	2 289 236	97 659 270	2 289 236	568 269

## Change in Equity

	Share capital	Share premium reserve	Accumulated loss	Net income	Total equity
<b>Opening balance 2011-01-01</b>	301 316		10 489 147	-3 800 622	6 989 842
Bonus issue	301 316	-301 316			
Registration new share issue 2011-02-14	93 626	6 928 325			
Registration new share issue 2011-07-06	369 414	108 423 117			
Issue expenses		-2 026 595			
Transfer of the 2010 year result		-3 800 622		3 800 622	
Net profit				-7 820 358	
<b>Closing balance 2011-09-30</b>	<b>1 065 672</b>	<b>109 222 909</b>	<b>-</b>	<b>-7 820 358</b>	<b>102 468 223</b>
<b>Opening balance 2010-01-01</b>	232 650		6 753 511	-1 345 648	5 640 513
New share issue	68 666	5 081 284			
Transfer of 2009 year result		-1 345 648	1 345 648		
Net profit				-2 191 421	
<b>Closing balance 2010-09-30</b>	<b>301 316</b>	<b>3 735 636</b>	<b>8 099 159</b>	<b>-3 537 069</b>	<b>8 599 042</b>

## Key ratios

SEK	2011 July-Sept	2010 July-Sept	2011 Jan-Sept	2010 Jan-Sept	2010 Jan-Dec
Net sales	-	-	-	2 666	2 666
Operating result (EBIT)	-2 786 212	-909 860	-8 135 374	-2 191 421	-3 800 579
Operating margin %	neg.	neg.	neg.	neg.	neg.
Result for the period	-2 484 810	-909 860	-7 820 358	-2 191 421	-3 800 624
Total assets	115 022 541	8 935 884	115 022 541	8 935 884	8 492 323
Equity	112 957 370	8 599 042	112 957 370	8 599 042	6 989 839
Equity ratio %	98%	96%	98%	96%	82%
Return on equity %	neg.	neg.	neg.	neg.	neg.
Number of shares at the end of the period	20 247 775	301 316	20 247 775	301 316	301 316
Average number of shares under the period	19 790 022	297 584	13 356 409	254 784	266 513
<b>Share Data</b>					
Result after tax	-0,1	-3,0	-0,4	-7,3	-12,6
Result per average share	-0,1	-3,1	-0,6	-8,6	-14,3
Cash flow from operating activities	-0,3	-8,8	-0,4	-7,0	-9,0
Equity	5,6	28,5	5,6	28,5	23,2
Dividend	-	-	-	-	-
Number of employees	6	4	6	4	4

### Definitions

Operating margin

Equity ratio

Return on equity

Operating result as a percentage of net income

Equity as a percentage of total assets

Result for the year as a percentage of average equity

## Accounting principles

The interim report has been prepared in compliance with the Swedish Financial Accounting Standards Council's recommendation RR 20 on Interim Financial Reporting and the Annual accounts Act. The company's Annual Report for 2010 provides a more detailed description of the company's accounting policies. In the event of differences between the English translation and the Swedish original, the Swedish text shall prevail

Amounts are expressed in SEK (Swedish kronor). Figures in parentheses refer to the corresponding period last year.

This report has not been reviewed by the company's auditors.

## Certification

This interim 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.

## Forward looking statement

In this interim report includes statements that are forward looking. Actual results may differ from those indicated. Internal factors such as the successful management of research and intellectual property rights may affect future results. There are also external conditions such as economic environment, political changes and competing research programs, which may affect PledPharma results.

Stockholm October 27, 2011

Jacques Näsström  
CEO

## Contacts for further information

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## Next report

February 17, 2012, year end report for the period January-December 2011

Analysts who follow PledPharma  
Redeye Klas Palin  
Remium Alexander Weiss