PRESS RELEASE,
PledPharma AB
20 October 2016

PledPharma announces a guaranteed rights issue of SEK 406 million in order to take PledOx® into phase lll

Summary

- The board of directors of PledPharma AB (publ) ("PledPharma" or the "Company") has, subject to approval by an Extraordinary General Meeting ("EGM"), resolved to launch a guaranteed Rights Issue of SEK 406 million (the "Rights Issue").
- Those who are registered as shareholders in PledPharma on the record date 11 November 2016 have preferential right to subscribe for 5 new shares per 7 existing shares.
- The subscription price is SEK 20 per share, which results in total issue proceeds of approximately SEK 406 million before transaction costs, assuming that the Rights Issue is fully subscribed.
- The Rights Issue is fully committed through subscription undertakings by existing shareholders corresponding to 34 percent of the Rights Issue and an external guarantor consortium.
- The Rights Issue proceeds will primarily be used to develop PledOx® through pivotal phase III clinical trials to top-line results.
- Shareholders who together hold approximately 54 percent of the votes in the Company have announced that they are in favor of the Rights Issue and have undertaken to vote in favor of the Rights Issue at the EGM.
- The board of directors has today announced notice to an EGM, scheduled to be kept on 7 November 2016.

Background and reason

The board of directors and management of PledPharma have decided to develop the Company's lead-candidate, PledOx®, all the way up to market registration. This implies a change of strategy and that the project will be developed through two pivotal trials, i.e. the phase III trials that will be the basis for a New Drug Application ("NDA") to the Food and Drug Administration ("FDA") in the US and a Marketing Authorization Application ("MAA") to the European equivalent, the European Medicines Agency ("EMA"). The reason for choosing this path is that the Company expects to create significantly greater value for its shareholders than what can be realized through a partnership today. The decision follows an, over the past year, stronger confidence in the project. In March 2015, top-line results from the PLIANT trial showed a substantial reduction of neuropathy in patients that had been treated with PledOx® in combination with chemotherapy. This was further supported by long-term follow-up data in December 2015 as well as readout of survival data in May 2016. Furthermore, the Company has through constructive discussions with several potential partners received feedback that phase III data is needed. This implies a certain risk, but the Company is of the opinion that this step facilitates a substantial increase to the value of PledOx®, both from the value increase that results from completing phase lll studies, and from the increased proportion of the value that will accrue PledPharma at the time of out-licensing. The Company has also, in dialogues with the FDA and the EMA, gained acceptance that phase III trials is the next step.

From an economic stand point, the decision is supported by the assessment of a reputable international research house, made after conducting in-depth interviews with Key Opinion Leaders and representatives of

those who pay for health care. The research house estimates global PledOx® peak sales to USD 1.8 billion[1], corresponding to approximately SEK 16 billion. The estimate is based on prescription to patients with colorectal cancer that are treated with the same chemotherapy agents used in PledPharma's clinical trials. The estimate does not include patients treated for other cancers.

The pivotal phase III program will consist of two trials and will, in addition to metastatic colorectal cancer patients, include patients treated adjuvantly for colorectal cancer. These patients have potential to be cured by surgery and chemotherapy. The purpose of the PledOx® treatment is to prevent that these patients get chronic, debilitating, nerve damage.

PledPharma's aim with developing PledOx® through phase lll is to realize a higher value for the project, as well as increase the share of value that accrues the Company in a future out-licensing deal. The progression into phase III imposes increased and partly new demands on the organization, which means that the Company intends to recruit senior specialists to oversee the clinical trials. The implementation of the clinical trials will, however, be outsourced to a reputable Contract Research Organization. The strategy is not to build a large organization, but to keep working efficiently.

To carry out the two phase lll trials and bring PledOx® all the way to market registration is estimated to cost approximately SEK 750 million, of which approximately SEK 400 million is needed up to readout of top-line results in 2020. Readout of top-line results is done when the patients have completed chemotherapy and treatment outcome for chronic neuropathies is at hand, but before various survival data exists. The reason behind the Rights Issue is to finance the Company until readout of top-line results. The proceeds will primarily be used to carry out the clinical trials, and the remainder will be used to cover the running costs until 2020.

After the share issue, the Company will also initiate preparations to apply for a listing of the shares on the Nasdaq Stockholm's main list.

The Rights Issue

On 19 October 2016 the board of directors resolved, subject to approval by the EGM, to raise SEK 406 million before transaction costs through a new share issue with preferential rights for the Company's existing shareholders. If all shares are not subscribed for with subscription rights, shareholders and others have the opportunity to subscribe for the remaining shares without subscription rights.

If not all shares are subscribed for with support of subscription rights, firstly shares are allotted to those who also have subscribed for shares by exercising subscription rights (in case of oversubscription, pro rata to their subscription with subscription rights), secondly to those who have applied to subscribe for shares without subscription rights (in case of oversubscription, pro rata to their number of shares that they have applied to subscribe for), and thirdly to the guarantors in proportion to their respective underwriting commitments.

Each existing shares in PledPharma entitles one (1) subscription right. Seven (7) subscription rights give the right to subscribe for five (5) new shares. The subscription price is SEK 20 per share, implying that the Rights Issue will raise approximately SEK 406 million to PledPharma, before transaction costs, through the issuance of a maximum of 20,277,773 new shares and the share capital might increase with maximum of SEK 1,067,252.

The record date at Euroclear Sweden AB for participation in the Rights Issue is 11 November 2016.

The subscription period will run from 15 November 2016 until 29 November 2016, or such later date as the board of directors decides. Subscription rights not exercised by such date will be void and have no value.

Trading in subscription rights will take place on Nasdaq First North Stockholm from 15 November 2016 until 25 November 2016.

[1] Source: IMS Health Capital, report commission by PledPharma AB

Subscription undertakings and underwriting commitments

The Rights Issue is covered by subscription undertakings by existing shareholders corresponding to 34 percent of the Rights Issue, including the Company's two largest shareholders, Staffan Persson and Peter Lindell, who have undertaken to subscribe for shares corresponding to SEK 62 million and SEK 40 million, respectively, of the Rights Issue.

The Company's chairman Håkan Åström has undertaken to subscribe for his pro rata share of the Rights Issue, corresponding to SEK 4.2 million. The other board members as well as the management have also undertaken to subscribe in the Rights Issue. The board of directors' and the executive management's aggregate subscription undertakings correspond to SEK 6.3 million of the Rights Issue.

A guarantee consortium consisting of a number of institutional and private investors have committed to guarantee the remaining amount, subject to customary conditions.

Shareholders who together hold approximately 54 percent of the votes in the Company have announced that they are in favor of the Rights Issue and have undertaken to vote in favor of the Rights Issue at the EGM.

Preliminary timetable for the Rights Issue

7 November 2016	EGM to approve the Rights Issue resolved by the board of directors
9 November 2016	Last day of trading in PledPharma's shares including the right to participate in the Rights Issue
11 November 2016	Estimated date of publication of the prospectus
11 November 2016	Record date for participation in the Rights Issue, i.e. shareholders registered with shares in PledPharma on this day will receive subscription rights that entitle to participate in the Rights Issue
15 – 25 November 2016	Trading in subscription rights
15 – 29 November 2016	Subscription period
2 December 2016	Announcement of outcome of the Rights Issue

Financial and legal advisors

Carnegie Investment Bank AB acts as financial advisor and Advokatfirman Lindahl KB acts as legal advisor to PledPharma in connection with the Rights Issue.

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For more information about the Company, please visit www.pledpharma.se

Stockholm, 20 October 2016
PledPharma AB (publ)

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