UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

☒ **Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Quarterly Period Ended March 31, 2018

Or

☐ **Transition Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File Number 001-36351

PLx Pharma Inc.

(Exact name of registrant as specified in its charter)

Delaware	**46-4995704**
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)
8285 El Rio Street, Ste. 130 Houston, Texas	**77054**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code **(713) 842-1249**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a small reporting company) Smaller reporting company ☒

Emerging Growth Company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) ☐ Yes ☒ No

As of May 4, 2018, there were 8,730,010 shares of common stock, $0.001 par value, issued and outstanding.

PLx Pharma Inc.

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INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q and certain information incorporated herein by reference contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In this quarterly report, we refer to PLx Pharma Inc., together with its subsidiaries, as the "Company," "we," "our" or "us." All statements other than statements of historical facts contained herein, including statements regarding our future results of operations and financial position, strategy and plans, and our expectations for future operations, are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "design," "intend," "expect" or the negative version of these words and similar expressions are intended to identify forward-looking statements.

We have based these forward-looking statements on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, strategy, short- and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in Part II, Item 1A "Risk Factors." In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances included herein may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- our ability to bring our lead product candidates, Aspertec 81 mg and 325 mg, to market-readiness;
- our ability to maintain regulatory approval of Aspertec 325 mg or obtain and maintain regulatory approval of Aspertec 81 mg and any future product candidates;
- the benefits of the use of Aspertec;
- the projected dollar amounts of future sales of established and novel gastrointestinal("GI")-safer technologies for non-steroidal anti-inflammatory drugs ("NSAIDs") and other analgesics;
- our ability to successfully commercialize our Aspertec products, or any future product candidates;
- the rate and degree of market acceptance of our Aspertec products or any future product candidates;
- our expectations regarding government and third-party payor coverage and reimbursement;
- our ability to scale up manufacturing of our Aspertec products to commercial scale;
- our ability to successfully build a specialty sales force and commercial infrastructure or collaborate with a firm that has these capabilities;
- our ability to compete with companies currently producing GI-safer technologies for NSAIDs and other analgesics;
- our reliance on third parties to conduct our clinical studies;
- our reliance on third-party contract manufacturers to manufacture and supply our product candidates for us;
- our reliance on our collaboration partners' performance over which we do not have control;
- our ability to retain and recruit key personnel, including development of a sales and marketing function;
- our ability to obtain and maintain intellectual property protection for our Aspertec products or any future product candidates;
- our estimates of our expenses, ongoing losses, future revenue, capital requirements and our needs for or ability to obtain additional financing;
- our expectations regarding the time during which we will be an emerging growth company under the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act");
- our ability to identify, develop, acquire and in-license new products and product candidates;
- our ability to successfully establish and successfully maintain appropriate collaborations and derive significant revenue from those collaborations, including but not limited to any milestone payments or royalties;
- legal, political judicial and regulatory changes;
- our financial performance; and
- developments and projections relating to our competitors or our industry.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. In addition, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Any forward-looking statement made by us in this quarterly report speaks only as of the date on which it is made. We disclaim any duty to update any of these forward-looking statements after the date of this quarterly report to confirm these statements to actual results or revised expectations.

Other risks may be described from time to time in our filings made under applicable securities laws. New risks emerge from time to time. It is not possible for our management to predict all risks. All forward-looking statements in this quarterly report speak only as of the date made and are based on our current beliefs and expectations. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

NOTE REGARDING TRADEMARKS

We own various U.S. federal trademark registrations and applications and unregistered trademarks and service marks, including:

- PLX®
- PLXPHARMA®
- PLXGUARD™
- ASPERTEC™
-  ™

Solely for convenience, the trademarks and trade names in this quarterly report are sometimes referred to without the TM symbol, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend the use or display of other companies' trademarks and trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies, products or services.

PART I. FINANCIAL INFORMATION

ITEM 1. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

PLx Pharma Inc.

UNAUDITED CONSOLIDATED BALANCE SHEETS

	March 31, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 20,418,155	$ 24,404,368
Accounts receivable, net	76,027	19,384
Inventory, net	-	246,374
Vendor deposits	1,168,687	715,603
Prepaid expenses	268,965	300,169
Security deposit	4,064	4,064
TOTAL CURRENT ASSETS	21,935,898	25,689,962
NON-CURRENT ASSETS		
Property and equipment, net	1,181,936	1,029,875
Goodwill	2,061,022	2,061,022
Security deposit	67,714	67,714
TOTAL ASSETS	$ 25,246,570	$ 28,848,573
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	$ 821,931	$ 852,155
Accrued bonus and severance	307,689	849,703
Accrued interest	55,418	54,219
Other current liabilities	59,972	59,614
TOTAL CURRENT LIABILITIES	1,245,010	1,815,691
NON-CURRENT LIABILITIES		
Accrued interest	144,061	89,717
Term loan, net of discount and fees	7,003,264	6,942,151
Warrant liability	6,818,268	15,242,915
Other liabilities	136,978	141,707
TOTAL LIABILITIES	15,347,581	24,232,181
Commitments and contingencies (Note 7)		
STOCKHOLDERS' EQUITY		
Preferred stock; $0.001 par value; 10,000,000 shares authorized; none issued and outstanding	-	-
Common stock; $0.001 par value; 100,000,000 shares authorized; 8,726,198 and 8,722,823 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	8,727	8,723
Additional paid-in capital	72,243,918	71,939,917
Accumulated deficit	(62,353,656)	(67,332,248)
TOTAL STOCKHOLDERS' EQUITY	9,898,989	4,616,392
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 25,246,570	$ 28,848,573

See accompanying notes to unaudited consolidated financial statements.

PLx Pharma Inc.

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2018	**2017**
REVENUES:		
Federal grant	$ 81,457	$ -
TOTAL REVENUES	81,457	-
OPERATING EXPENSES:		
Research and development	1,079,036	128,339
General and administrative	2,240,000	1,217,071
TOTAL OPERATING EXPENSES	3,319,036	1,345,410
OPERATING LOSS	(3,237,579)	(1,345,410)
OTHER INCOME (EXPENSE)		
Interest income	66,923	-
Interest and other expense	(275,399)	(81,557)
Change in fair value of warrant liability	8,424,647	-
TOTAL OTHER INCOME (EXPENSE)	8,216,171	(81,557)
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	4,978,592	(1,426,967)
Income taxes	-	-
NET INCOME (LOSS)	$ 4,978,592	$ (1,426,967)
Net income (loss) per common share - basic	$ 0.57	$ (0.33)
Net income (loss) per common share - diluted	$ 0.57	$ (0.33)
Weighted average shares of common shares - basic	8,725,038	4,383,433
Weighted average shares of common shares - diluted	8,725,038	4,383,433

See accompanying notes to unaudited consolidated financial statements.

PLx Pharma Inc.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 4,978,592	$ (1,426,967)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	34,068	314
Share-based compensation	281,505	187,909
Non-cash interest expense	61,113	-
Change in fair value of warrant liability	(8,424,647)	-
Provision for obsolete inventory	463,625	-
Changes in operating assets and liabilities		
Accounts receivable	(56,643)	1,250
Inventory	(217,251)	(173,335)
Research services deposit	(453,084)	(670,000)
Prepaid expenses and other assets	31,204	(15,465)
Accounts payable and accrued liabilities	73,470	(114,702)
Accrued bonus and severance	(542,014)	-
Accrued interest	55,543	70,260
Accrued interest - related parties	-	11,297
Other long-term liabilities	(4,371)	-
Net cash used in operating activities	(3,718,890)	(2,129,439)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(267,323)	(72,411)
Net cash used in investing activities	(267,323)	(72,411)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of convertible notes payable	-	460,000
Proceeds from issuance of convertible notes payable - related parties	-	108,300
Proceeds from Dipexium note	-	2,000,000
Net cash provided by financing activities	-	2,568,300
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,986,213)	366,450
Cash and cash equivalents, beginning of period	24,404,368	59,335
Cash and cash equivalents, end of period	$ 20,418,155	$ 425,785
SUPPLEMENTAL INFORMATION		
Cash paid during the period for:		
Income taxes	$ -	$ -
Interest	$ 158,698	$ -
NON-CASH INVESTING AND FINANCING TRANSACTIONS		
Property and equipment included in accounts payable	$ 8,364	$ -
Value of common shares issued to vendor for services	$ 22,500	$ -

See accompanying notes to unaudited consolidated financial statements.

PLx Pharma Inc.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 1. BACKGROUND AND ORGANIZATION

Business Operations
PLx Pharma Inc., together with its subsidiaries PLx Opco Inc., PLx Chile SpA and Dipexium Pharmaceuticals Ireland Limited, is a late stage startup specialty pharmaceutical company focusing initially on commercializing two patent-protected lead products: Aspertec™ 325 mg and Aspertec™ 81 mg (referred to together as "Aspertec"). Aspertec 325 mg is approved by the U.S. Food and Drug Administration ("FDA") for over-the-counter distribution and is the first ever liquid filled aspirin capsule.

Organization, Reincorporation, and Merger with Dipexium Pharmaceuticals, Inc.
PLx Opco Inc., which was known as PLx Pharma Inc. immediately prior to the Merger described below, was originally incorporated in the State of Texas on November 12, 2002 under the name of ZT MediTech, Inc. ("ZTM"). In December 2002, ZTM changed its name to GrassRoots Pharmaceuticals, Inc. ("GrassRoots"). Business commenced upon initial capitalization on December 4, 2002. In March 2003, GrassRoots changed its name to PLx Pharma Inc. ("PLx Texas").

On December 31, 2013, PLx Texas converted pursuant to a Plan of Conversion from a Texas corporation to a Texas limited liability company and changed its name to PLx Pharma LLC ("PLx LLC"). Concurrently, PLx LLC changed its tax structure for U.S. federal and state income tax from a C Corporation to a partnership, and adopted a new Limited Liability Company Agreement for operations of the entity. Pursuant to the conversion, shares of common and preferred stock of PLx Texas were exchanged for an equivalent number of common and preferred member units in PLx LLC. The various classes of preferred stock and their associated rights, principally relating to distributions and liquidation values but excluding conversion features, were retained in each of the preferred member units in the exchange.

On July 21, 2015, PLx LLC's members voted to approve a Plan of Conversion whereby PLx LLC re-incorporated into a Delaware corporation, renamed PLx Pharma Inc. ("Old PLx" and such conversion, the "Reincorporation"), effective July 27, 2015. In conjunction with the Reincorporation, each Preferred Unit was converted on a one for two-sevenths basis into 5,013,690 shares of common stock. Additionally, each Common Unit was converted on a one for one-fourteenth basis into 302,937 shares of common stock. In connection with the Reincorporation, the $800,000 of notes executed in early 2015 plus accrued interest of $53,187 and the 1,313,840 Incentive Units issued in conjunction with the notes were exchanged for 249,196 shares of common stock. The note exchange was accounted for as an extinguishment of debt with the fair market value of the common stock issued treated as an increase to common equity and an associated loss on extinguishment of debt of $1,588,937 recorded in July 2015. Finally, all the remaining Incentive Units outstanding were cancelled in conjunction with the Reincorporation.

On December 22, 2016, Old PLx entered into an Agreement and Plan of Merger and Reorganization among Old PLx, Dipexium Pharmaceuticals, Inc. ("Dipexium") and Dipexium AcquireCo. (the "Merger"). The Merger closed on April 19, 2017. Pursuant to the terms of the Merger and after the consummation of the Merger, Old PLx was renamed PLx Opco Inc. and became a wholly-owned subsidiary of Dipexium, and Dipexium was renamed PLx Pharma Inc. and became the continuing registrant and reporting company. Immediately after the Merger, Old PLx's former shareholders owned a majority of the voting common stock of the combined company and controlled the combined company's board of directors, and Old PLx's officers became the officers of the combined company. The combined company, renamed as PLx Pharma Inc., together with its subsidiaries PLx Opco Inc. and PLx Chile SpA, is referred to herein as the "Company." The Merger was accounted for as a reverse acquisition business combination and Old PLx's historical consolidated financial statements have replaced Dipexium's historical consolidated financial statements with respect to periods prior to the completion of the Merger. See Note 4. Unless otherwise indicated, with respect to any period of time prior to the completion of the Merger, references to the "Company," "we," "our" or "us" refer to Old PLx and not Dipexium.

NOTE 2. LIQUIDITY AND GOING CONCERN

The accompanying unaudited consolidated financial statements have been prepared assuming that we will continue as a going concern, which contemplates continuity of operations, realization of assets, and satisfaction of liabilities in the ordinary course of business. The propriety of using the going-concern basis is dependent upon, among other things, the achievement of future profitable operations, the ability to generate sufficient cash from operations and potential other funding sources, in addition to cash on hand, to meet our obligations as they become due. Based on our expected operating cash requirements and capital expenditures, we believe the Company's cash on hand at March 31, 2018 is adequate to fund operations for at least twelve months from the date that these financial statements were issued.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Principles of Consolidation
The accompanying interim consolidated financial statements are unaudited. These unaudited interim consolidated financial statements have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, they do not include all the information and footnotes required by U.S. Generally Accepted Accounting Principles ("GAAP") for complete financial statements. The December 31, 2017 consolidated balance sheet included herein was derived from audited consolidated financial statements as of that date. Certain information and footnote disclosure normally included in financial statements prepared in accordance with GAAP have been omitted pursuant to instructions, rules, and regulations prescribed by the SEC. We believe that the disclosures provided herein are adequate to make the information presented not misleading when these unaudited interim consolidated financial statements are read in conjunction with the audited financial statements and notes previously filed in our Annual Report on Form 10-K for the year ended December 31, 2017. In the opinion of management, the unaudited interim consolidated financial statements reflect all the adjustments (consisting of normal recurring adjustments) necessary to state fairly the Company's financial position as of March 31, 2018 and the results of operations for the three months ended March 31, 2018 and 2017.

The accompanying consolidated financial statements include the accounts of PLx Pharma Inc. and its direct and indirect wholly-owned subsidiaries, PLx Opco Inc., PLx Chile SpA and Dipexium Pharmaceuticals Ireland Limited. All significant intercompany balances and transactions have been eliminated within the consolidated financial statements. The Company operates in one business segment.

Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. In the accompanying consolidated financial statements, estimates are used for, but not limited to, determining the fair value of tangible and intangible assets and liabilities acquired in business combinations, the fair value of warrant liabilities, share-based compensation, our allowance for inventory obsolescence, our allowance for doubtful accounts, contingent liabilities, the fair value and depreciable lives of long-lived assets, and deferred taxes and the associated valuation allowance. Actual results could differ from those estimates.

Foreign Currency
The functional currency of our foreign subsidiaries has been designated as the U.S. dollar. Foreign currency transaction gains and losses, excluding gains and losses on intercompany balances where there is no current intent to settle such amounts in the foreseeable future, are included in the determination of net loss. Unless otherwise noted, all references to "$" or "dollar" refer to the U.S. dollar.

Cash and Cash Equivalents
The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company maintains cash and cash equivalents in a financial institution that at times exceeds federally insured limits. Management believes that the Company's credit risk exposure is mitigated by the financial strength of the banking institution in which the deposits are held. As of March 31, 2018, the Company had cash and cash equivalents of approximately $20.4 million in U.S. bank accounts which were not fully insured by the Federal Deposit Insurance Corporation.

Allowance for Uncollectible Accounts Receivable
An allowance for uncollectible accounts receivable is estimated based on historical experience, credit quality, age of the accounts receivable balances, and economic conditions that may affect a customer's ability to pay. The allowance for uncollectible accounts receivable was zero as of March 31, 2018 and December 31, 2017, respectively.

Inventory
Inventory is stated at the lower of cost or net realizable value, using the average cost method. Inventory as of March 31, 2018 and December 31, 2017 was comprised of raw materials for the manufacture of Aspertec. The Company regularly reviews inventory quantities on hand and assesses the need for an allowance for obsolescence. The allowance for obsolete inventory was $743,170 and $319,736 as of March 31, 2018 and December 31, 2017, respectively. The provision for obsolete inventory for the three months ended March 31, 2018 was $463,625 and is included in research and development expenses in the consolidated statement of operations.

Fair Value of Financial Instruments
All financial instruments classified as current assets and liabilities are carried at cost, which approximates fair value, because of the short-term maturities of those instruments. The fair value of the noncurrent term loan approximates its face value of $7,500,000 based on the Company's current financial condition and on the variable nature of the term loan's interest feature as compared to current rates. For disclosures concerning fair value measurements, see Note 8.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation. The Company capitalizes additions that have a tangible future economic life. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to operations as incurred. Depreciation expense is computed using the straight-line method over the estimated useful lives of each class of depreciable assets. Management reviews property and equipment for possible impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If there is an indication of impairment, management prepares an estimate of future cash flows (undiscounted and without interest charges) expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value.

Intangible Assets and Goodwill

Intangible assets were acquired as part of the Merger and consist of definite-lived trademarks with an estimated useful life of seven years, an indefinite-lived intangible asset for acquired in-process research and development ("IPR&D") and goodwill (see Note 4).

Management evaluates indefinite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable, and at least on an annual basis on October 31 of each year, by comparing the fair value of the asset to its carrying amount. If the carrying amount of the intangible asset exceeds its fair value, an impairment loss would be recognized in the amount of such excess. Goodwill is not amortized but is subject to periodic review for impairment. Goodwill is reviewed annually, as of October 31, and whenever events or changes in circumstances indicate that the carrying amount of the goodwill might not be recoverable. Management performs its review of goodwill on its one reporting unit.

As described further below in this Note 3, the Company adopted Accounting Standards Update 2017-04, Intangibles-Goodwill and Other - Simplifying the Test for Goodwill Impairment, effective January 1, 2017. The adoption resulted in an update to the Company's accounting policy for goodwill impairment. The Company performs a one-step test in its evaluation of the carrying value of goodwill, if qualitative factors determine it is necessary to complete a goodwill impairment test. In the evaluation, the fair value of the relevant reporting unit is determined and compared to the carrying value. If the fair value is greater than the carrying value, then the carrying value is deemed to be recoverable, and no further action is required. If the fair value estimate is less than the carrying value, goodwill is considered impaired for the amount by which the carrying amount exceeds the reporting unit's fair value, and a charge is reported in impairment of goodwill in our consolidated statements of operations.

The Company recognized an impairment loss in the fourth quarter of 2017 of approximately $2.3 million for the full carrying value of its IPR&D and trademark intangible assets. The Company has not identified any events or changes in circumstances that indicate that a potential impairment of goodwill occurred during the three months ended March 31, 2018.

Revenue Recognition

Policy prior to the adoption of new revenue recognition guidelines on January 1, 2018

The Company recognized revenues when persuasive evidence of an arrangement existed, delivery had occurred or services had been provided, the purchase price was fixed or determinable and collectability reasonably assured. The Company's historical revenue was generated pursuant to cost reimbursable federal grants and pursuant to joint development arrangements. For cost reimbursable grants, revenues were based on internal and subcontractor costs incurred that are specifically covered under reimbursement arrangements, and where applicable, an additional facilities and administrative rate that provides funding for overhead expenses. Grant revenue was recognized as grant-related expenses were incurred by the Company or its subcontractors. The grant agreements with federal government agencies generally provide that, upon completion of a technology development program, the funding agency is granted a royalty-free license to use any technology developed during the course of the program for its own purposes, but not any preexisting technology that the Company uses in connection with the program. The Company retains all other rights to use, develop, and commercialize the technology. For joint development arrangements, revenue was recognized when the related expenditure was made under the reimbursement provisions of the sponsored research agreement or activities under a patent license agreement, or when the Company's obligations under the arrangements were completed.

The Company did not recognize revenue during the three months ended March 31, 2017.

Policy after the adoption of new revenue recognition guidelines on January 1, 2018

On January 1, 2018, the Company adopted *Topic* 606, *Revenue from Contracts with Customer* using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. The Company analyzes contracts to determine the appropriate revenue recognition using the following steps: (i) identification of contracts with customers; (ii) identification of distinct performance obligations in the contract; (iii) determination of contract transaction price; (iv) allocation of contract transaction price to the performance obligations; and (v) determination of revenue recognition based on timing of satisfaction of the performance obligation. The Company recognizes revenues upon the satisfaction of its performance obligations (upon transfer of control of promised goods or services to customers) in an amount that reflects the consideration to which it expects to be entitled to in exchange for those goods or services. Deferred revenue results from cash receipts from or amounts billed to customers in advance of the transfer of control of the promised services to the customer and is recognized as performance obligations are satisfied. When sales commissions or other costs to obtain contracts with customers are considered incremental and recoverable, those costs are deferred and then amortized as selling and marketing expenses on a straight-line basis over an estimated period of benefit.

The Company determined that its sole revenue arrangement as of the date of adoption, a cost-reimbursable federal grant with the National Institutes of Health, is not within the scope of the new revenue guidance and, accordingly, the Company will continue to recognize revenue on this grant as grant-related expenses are incurred by the Company or its subcontractors. As such, the adoption did not impact the Company's consolidated financial statements.

The Company also determined that it has not incurred incremental costs to obtain contracts with customers or material costs to fulfill contracts with customers and did not have any material contract assets or liabilities as of March 31, 2018.

Research and Development Expenses
Costs incurred in connection with research and development activities are expensed as incurred. Research and development expenses consist of direct and indirect costs associated with specific projects and include fees paid to various entities that perform research related services for the Company.

Share-Based Compensation
The Company recognizes expense in its consolidated statements of operations for the fair value of all share-based compensation to key employees, nonemployee directors and advisors, generally in the form of stock options and stock awards. The Company uses the Black-Scholes option valuation model to estimate the fair value of stock options on the grant date. Compensation cost is amortized on a straight-line basis over the vesting period for each respective award. The Company adopted new accounting guidance, effective January 1, 2017, with respect to share-based compensation and related income tax aspects, and now accounts for forfeitures as they occur rather than using an estimated forfeiture rate. The adoption did not have a material impact on the consolidated financial statements.

Income Taxes
Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Corporate tax rate changes resulting from the impacts of the Tax Cuts and Jobs Act of 2017 (the "Tax Act") were reflected in deferred tax assets and liabilities as of December 31, 2017 since the Tax Act was enacted in December 2017. A valuation allowance is established when necessary to reduce deferred income tax assets to the amount expected to be realized.

Tax benefits are initially recognized in the financial statements when it is more likely than not that the position will be sustained upon examination by the tax authorities. Such tax positions are initially, and subsequently, measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with the tax authority, assuming full knowledge of the position and all relevant facts.

The Company is no longer subject to U.S. Federal or state examinations by tax authorities for years ending before December 31, 2012.

Reverse Stock Split
The Company's Board of Directors approved a 1-for-8 reverse stock split of the Company's common stock effective April 19, 2017. Stockholders' equity and all references to share and per share amounts in the accompanying consolidated financial statements have been retroactively adjusted to reflect the reverse stock split for all periods presented.

Income (loss) per share
Basic loss per share is computed by dividing net loss available to common stockholders by the weighted average number of shares of common stock outstanding during the period.

For periods of net income, and when the effects are not anti-dilutive, diluted earnings per share is computed by dividing net income available to common stockholders by the weighted-average number of shares outstanding plus the impact of all potential dilutive common shares, consisting primarily of common shares underlying common stock options and stock purchase warrants using the treasury stock method, and prior to the Merger convertible notes using the if-converted method. None of the potential dilutive securities had a dilutive impact during the three months ended March 31, 2018. For periods of net loss, diluted loss per share is calculated similarly to basic loss per share because the impact of all potential dilutive common shares is anti-dilutive.

The number of anti-dilutive shares, consisting of common shares underlying (i) common stock options, (ii) stock purchase warrants, and (iii) prior to the Merger closing in April 2017, convertible notes exercisable for or exchangeable into common stock, which have been excluded from the computation of diluted loss per share, was 3,878,802 shares and 930,762 shares as of March 31, 2018 and 2017, respectively.

Recent Accounting Developments

Recently Adopted Guidance

In March 2016, the Financial Accounting Standards Board (the "FASB") issued guidance simplifying the accounting for, and financial statement disclosure of, share-based compensation awards. Under the guidance, all excess tax benefits and tax deficiencies related to stock-based compensation awards are to be recognized as income tax expenses or benefits in the income statement, and excess tax benefits should be classified along with other income tax cash flows in the operating activities section of the statement of cash flows. Under the guidance, companies can also elect to either estimate the number of awards that are expected to vest or account for forfeitures as they occur. In addition, the guidance amends some of the other share-based compensation awards guidance to more clearly articulate the requirements and cash flow presentation for withholding shares for tax-withholding purposes. The guidance is effective for reporting periods beginning after December 15, 2016, and early adoption is permitted, though all amendments to GAAP in the guidance must be adopted in the same period. The adoption of certain amendments in the guidance must be applied prospectively, and adoption of the remaining amendments must be applied either on a modified retrospective basis or retrospectively to all periods presented. The Company adopted this guidance effective January 1, 2017 and elected to account for forfeitures as they occur. The adoption did not have a material impact on the consolidated financial statements.

In July 2015, the FASB issued guidance for the accounting for inventory. One of the main provisions of this guidance update is that an entity should measure inventory within the scope of this update at the lower of cost and net realizable value, except when inventory is measured using LIFO or the retail inventory method. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. In addition, the FASB has amended some of the other guidance in Topic 330 to more clearly articulate the requirements for the measurement and disclosure of inventory. The amendments to GAAP in this update for public business entities are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The amendments in this update should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. The Company adopted this guidance effective January 1, 2017 and it did not have a material impact on the consolidated financial statements.

In November 2015, the FASB issued accounting guidance to simplify the presentation of deferred taxes. Previously, GAAP required an entity to separate deferred income tax liabilities and assets into current and noncurrent amounts. Under this guidance, deferred tax liabilities and assets will be classified as noncurrent amounts. The standard is effective for reporting periods beginning after December 15, 2016. The Company adopted this guidance effective January 1, 2017 and it did not have a material impact on the consolidated financial statements.

In January 2017, the FASB issued accounting guidance simplifying the test for goodwill impairment. The new guidance eliminates Step 2 from the goodwill impairment test. An entity no longer will determine goodwill impairment by calculating the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. This update is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company adopted this standard effective April 1, 2017. While the adoption of this accounting guidance may have a material impact in determining the results of future goodwill impairment tests and therefore impact the consolidated financial statements, there was no impact of the adoption during the year ended December 31, 2017.

In May 2014, the FASB issued guidance for revenue recognition for contracts, superseding the previous revenue recognition requirements along with most existing industry-specific guidance. The guidance requires an entity to review contracts in five steps: 1) identify the contract, 2) identify performance obligations, 3) determine the transaction price, 4) allocate the transaction price, and 5) recognize revenue. The new standard will result in enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue arising from contracts with customers. In August 2015, the FASB issued guidance approving a one-year deferral, making the standard effective for reporting periods beginning after December 15, 2017, with early adoption permitted only for reporting periods beginning after December 15, 2016. In March 2016, the FASB issued guidance to clarify the implementation guidance on principal versus agent considerations for reporting revenue gross rather than net, with the same deferred effective date. In April 2016, the FASB issued guidance to clarify the implementation guidance on identifying performance obligations and the accounting for licenses of intellectual property, with the same deferred effective date. In May 2016, the FASB issued guidance rescinding SEC paragraphs related to revenue recognition, pursuant to two SEC Staff Announcements at the March 3, 2016 Emerging Issues Task Force meeting. In May 2016, the FASB also issued guidance to clarify the implementation guidance on assessing collectability, presentation of sales tax, noncash consideration, and contracts and contract modifications at transition, with the same effective date. The Company adopted this guidance effective January 1, 2018 on a modified retrospective basis and it did not have a material impact on the consolidated financial statements.

In August 2016, the FASB issued guidance on the classification of certain cash receipts and cash payments in the statement of cash flows, including those related to debt prepayment or debt extinguishment costs, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance, and distributions received from equity method investees. The guidance is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The Company adopted this guidance effective January 1, 2018 on a retrospective basis and it did not have a material impact on the consolidated financial statements.

Unadopted Guidance

In February 2016, the FASB issued guidance for accounting for leases. The guidance requires lessees to recognize assets and liabilities related to long-term leases on the balance sheet and expands disclosure requirements regarding leasing arrangements. The guidance is effective for reporting periods beginning after December 15, 2018, and early adoption is permitted. The guidance must be adopted on a modified retrospective basis and provides for certain practical expedients. The Company is currently evaluating the impact, if any, that this guidance will have on the consolidated financial statements.

In June 2016, the FASB issued guidance with respect to measuring credit losses on financial instruments, including trade receivables. The guidance eliminates the probable initial recognition threshold that was previously required prior to recognizing a credit loss on financial instruments. The credit loss estimate can now reflect an entity's current estimate of all future expected credit losses. Under the previous guidance, an entity only considered past events and current conditions. The guidance is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted for fiscal years beginning after December 15, 2018. The Company is currently evaluating the impact, if any, that this guidance will have on the consolidated financial statements.

The Company does not believe that any other recently issued effective pronouncements, or pronouncements issued but not yet effective, if adopted, would have a material effect on the accompanying consolidated financial statements.

NOTE 4. REVERSE MERGER BUSINESS COMBINATION

On December 22, 2016, the Company entered into an Agreement and Plan of Merger and Reorganization among Old PLx, Dipexium and Dipexium AcquireCo. The Merger closed on April 19, 2017. Pursuant to the terms of the Merger and after the consummation of the Merger, Old PLx was renamed PLx Opco Inc. and became a wholly-owned subsidiary of Dipexium, and Dipexium (renamed PLx Pharma Inc.) became the continuing registrant and reporting company. Immediately after the Merger, Old PLx's former shareholders owned a majority of the voting common stock of the combined company and controlled the combined company's board of directors, and Old PLx's officers became the officers of the combined company. The combined company, renamed as PLx Pharma Inc., together with its subsidiaries PLx Opco Inc., PLx Chile SpA and Dipexium Pharmaceuticals Ireland Limited, is referred to herein as the "Company." The business purposes of the Merger included, among other purposes, obtaining the following potential advantages: (i) the combined organization's resources would be immediately available to allow commencement of manufacturing and pre-commercialization activities for Aspertec; and (ii) the public company status of Dipexium would allow the Company greater potential access to additional capital.

The Company accounted for the Merger as a reverse merger business combination using the purchase method of accounting. Because the Merger qualifies as a reverse acquisition and given that Old PLx was a private company at the time of the Merger and therefore its value was not readily determinable, the fair value of the Merger consideration was deemed to be equal to the quoted market capitalization of Dipexium at the Merger date, reduced by the effective settlement of pre-existing debt between Old PLx and Dipexium. Total purchase consideration is as follows:

Dipexium market capitalization at closing	$	15,048,883
Effective settlement of pre-existing debt		(2,045,151)
Total purchase consideration	$	13,003,732

The Company recorded all tangible and intangible assets acquired and liabilities assumed at their estimated fair values on the Merger date. The following represents the allocation of the purchase consideration:

Fair value of purchase consideration	$	13,003,732
Fair value of tangible assets acquired:		
Cash	$	11,776,427
Prepaid expenses		139,648
Fair value of identifiable intangible assets acquired:		
Trademarks		100,000
In-process research and development		2,200,000
Goodwill		2,061,022
Deferred tax liabilities, net		(920,000)
Fair value of liabilities assumed		(2,353,365)
	$	13,003,732

The estimated fair value of the acquired trademarks was determined using a cost approach. The estimated fair value of the acquired in-process research and development was determined using an income approach.

The Company received carryover tax basis in the acquired assets and liabilities and no tax basis in the intangible assets (including goodwill) established on the Merger date. Goodwill, primarily related to expected synergies gained from combining operations, sales growth from future product offerings and customers, together with certain intangible assets that do not qualify for separate recognition, including assembled workforce, is not tax deductible. The Company anticipates that the deferred tax liability associated with the book/tax basis difference in the acquired IPR&D is expected to reverse prior to the expiration of its other tax attributes. The Company recognized net deferred tax liabilities of $920,000 related to the book/tax basis differences in the acquired intangible assets. This acquired net deferred tax liability in the U.S. taxing jurisdiction resulted in an income tax benefit related to a reduction in the Company's previously established valuation allowance (which reduction is accounted for outside of purchase accounting).

Pro forma disclosures

The following unaudited pro forma financial information summarizes the results of operations for the three months ended March 31, 2017 as if the Merger had been completed as of January 1, 2017. Pro forma information primarily reflects adjustments relating to (i) conversion of convertible notes and elimination of associated interest expense and (ii) the amortization of intangibles acquired. The pro forma amounts do not purport to be indicative of the results that would have actually been obtained if the acquisition occurred as of January 1, 2017 or that may be obtained in the future.

Unaudited pro forma results		Three Months Ended March 31, 2017
Revenues	$	-
Net loss	$	(2,878,846)
Net loss per share	$	(0.48)

NOTE 5. DEBT

Term Loan Facility

On August 9, 2017, the Company entered into a Loan and Security Agreement with Silicon Valley Bank ("SVB") that provides for a Term Loan Facility (the "Term Loan Facility" and all amounts borrowed thereunder, the "Term Loan"). Under the Term Loan Facility, the Company borrowed an initial amount of $7.5 million, and will have the right to borrow an additional $7.5 million on or before December 31, 2018, provided that the Company first obtains (a) net new capital of not less than $20,000,000 and (ii) FDA approval for the 81 mg formulation of Aspertec, the Company's lead product.

The Term Loan Facility carries interest at a floating rate of 4.0% above the prime rate per annum (for a total interest rate of 8.75% at March 31, 2018), with interest payable monthly. The monthly payments will consist of interest-only for the first 18 months, after which the Term Loan will be payable in 24 equal monthly installments of principal, plus accrued interest. All outstanding principal and accrued and unpaid interest under the Term Loan will be due and payable on February 1, 2021. Once repaid, the Term Loan may not be reborrowed.

The Company may elect to prepay the Term Loan Facility prior to the maturity date subject to a prepayment fee equal to 3.0% of the then outstanding principal balance if the prepayment occurs within one year of the funding date, 2.0% of the then outstanding principal balance if the prepayment occurs during the second year following the funding date, and 1.0% of the then outstanding principal balance if the prepayment occurs after the second anniversary of the funding date. The Term Loan Facility includes a final payment fee equal to 8.0% of the term loan commitment. The final payment fee is being accrued using the effective interest method over the period of the Term Loan Facility.

The Term Loan Facility is collateralized by substantially all of the Company's assets, including the Company's intellectual property. The Term Loan Facility also contains certain restrictive covenants that limit the Company's ability to incur additional indebtedness and liens, merge with other companies or consummate certain changes of control, acquire other companies, engage in new lines of business, make certain investments, pay dividends, transfer or dispose of assets, amend certain material agreements or enter into various specified transactions, as well as financial reporting requirements. The Term Loan Facility contains customary events of default, including bankruptcy, the failure to make payments when due, the occurrence of a material impairment on the lenders' security interest over the collateral, and a material adverse change. Upon the occurrence of an event of default, subject to any specified cure periods, all amounts owed by the Company would begin to bear interest at a rate that is 5.00% above the rate effective immediately before the event of default and may be declared immediately due and payable by SVB.

In connection with entry into the Term Loan Facility, the Company issued to SVB and one of its affiliates, stock purchase warrants to purchase an aggregate of 58,502 shares of the Company's common stock at an exercise price of $6.41 per share (the "Warrants"). The Warrants are immediately exercisable, have a 10-year term, contain a cashless exercise provision, and are classified in equity. The relative fair value of the warrants, net of issuance costs, was $304,201.

As of March 31, 2018, the $7.5 million face value of the Term Loan was presented in the accompanying unaudited consolidated balance sheet net of unamortized discounts and issuance costs of $496,736.

Convertible Notes Payable and Convertible Notes Payable – Related Parties
During 2016 and during the 2017 period prior to the Merger, the Company borrowed $2,346,000 from a number of lenders in increments ranging from $5,000 to $250,000, including $588,300 from related parties. All notes accrued interest at 8% per annum with a maturity date of May 31, 2017. The notes provided for the conversion of principal and accrued interest at a fixed conversion price of $7.84 per share immediately prior to the Merger. The notes plus accrued interest converted into 250,681 shares of common stock of Old PLx immediately prior to the Merger. The Company recognized interest expense of $623,908 upon conversion relating to a contingent beneficial conversion feature.

Note Payable
On January 6, 2017, and pursuant to the Merger agreement with Dipexium, the Company borrowed $2 million from Dipexium. The loan accrued interest on all outstanding principal at a rate of 8% per annum and had as a maturity date the later of (a) October 15, 2017, or (b) the date that would have been 270 days following the termination of the Merger Agreement, subject to acceleration in the event that the Merger Agreement had been terminated by Dipexium under certain conditions. The loan was secured by a first priority perfected security interest in, and lien on, all right, title and interest of Old PLx in and to substantially all of its assets. Upon the occurrence of certain events that would have resulted in a termination of the Merger agreement, any security interest created by the promissory note would have ceased to be effective. However, as the Merger closed on April 19, 2017, those provisions are no longer applicable and the applicable security interest has been terminated. The note payable and related accrued interest were effectively settled with the Merger (see Note 4) and subsequent to the Merger closing were eliminated in consolidation.

Total interest expense recognized on the various debt arrangements for the three months ended March 31, 2018 and 2017 was $275,354 and $81,557, respectively.

NOTE 6. STOCKHOLDERS' EQUITY

Equity Financing
On June 14, 2017, the Company completed a concurrent public offering of common stock and private placement of stock purchase warrants to investors, issuing (i) 2,646,091 shares of common stock in the public offering at $6.875 per share and (ii) stock purchase warrants to purchase 2,646,091 shares of common stock at an exercise price of $7.50 per share in the private placement, generating total gross proceeds of approximately $18.2 million. The warrants, exercisable beginning six months and one day after issuance, have a 10-year term and are classified as liabilities due to certain cash settlement provisions.

Stock Options
Following is a summary of option activities for the three months ended March 31, 2018:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding, December 31, 2017	1,166,709	$ 18.54	7.8	$ 90,097
Granted	7,500	$ 6.29		
Exercise, cancelled or forfeited	-			
Outstanding, March 31, 2018	1,174,209	$ 18.47	7.6	$ -
Exercisable, March 31, 2018	888,124	$ 21.71	7.2	$ -

The Company grants options to employees, directors, advisors, and consultants from two current plans – the Old PLx Omnibus Stock Option Plan and the Dipexium 2013 Equity Incentive Plan. On April 19, 2017, the Company completed the Merger with Dipexium and Dipexium had 191,963 fully vested options outstanding as of the date of the Merger that continue to be exercisable. At March 31, 2018, an aggregate of 235,403 shares of common stock remained available for grant under the two plans.

During the three months ended March 31, 2018, the Company granted total stock options to purchase a total of 7,500 common shares to employees at a weighted average strike price of $6.29 per share. The options had an aggregate fair value of approximately $33,097, which was calculated using the Black-Scholes model on the grant date. Variables used in the Black-Scholes model include: (1) discount rate of 2.7%, (2) expected life of 6.0 years, (3) expected volatility of approximately 81%, and (4) zero expected dividends.

As of March 31, 2018, the Company had $1.1 million in unamortized expense related to unvested options which is expected to be expensed over a weighted average of 1.7 years.

During the three months ended March 31, 2018 and 2017, the Company recorded $281,505 and $187,909, respectively, in total compensation expense related to the stock options and stock bonuses. Substantially all stock-based compensation expense is classified as general and administrative expenses in the accompanying unaudited consolidated statements of operations.

NOTE 7. COMMITMENTS AND CONTINGENCIES

Lease Agreement

The Company presently leases office space under operating lease agreements, expiring on December 31, 2019, July 31, 2021 and October 3, 2021, respectively. The office leases require the Company to pay for its portion of taxes, maintenance and insurance. Rental expense under these agreements was $32,769 and $14,721 for the three months ended March 31, 2018 and 2017, respectively.

Future minimum obligations under non-cancelable operating leases with terms expiring in 2021 are:

2018	258,170
2019	349,804
2020	301,993
2021	190,874
Total	$ 1,100,841

Patent License Agreement with the Board of Regents of the University of Texas (NSAIDs)

On January 8, 2003, the Company entered into a patent license agreement with the Board of Regents of The University of Texas System, under which it acquired an exclusive license for several patents and patent applications both inside and outside of the United States relating to gastrointestinal safer formulations of nonsteroidal anti-inflammatory drugs ("NSAIDs"). Additionally, the Company acquired worldwide rights to commercialize licensed products which allow for the Company to grant sublicenses subject to royalty payments.

Under terms of the agreement, the Company is responsible for conducting clinical trials involving investigational use of a licensed product for the determination of metabolic and pharmacologic actions in humans, the side effects associated with increasing doses, examination of suspected indications, determination of the potential short-term side effects in humans and for establishing the safety, efficacy, labeled indications and risk-benefit profile in humans. The patent license agreement also requires the Company to provide reimbursement for all expenses incurred by The University of Texas Health Science Center at Houston for filing, prosecuting, enforcing and maintaining patent rights and requires an annual nonrefundable license management fee. In addition, the Company is obligated to pay certain milestone payments in future years relating to royalties resulting from the approval to sell licensed products and the resulting sales of such licensed products.

Master Services Agreement with Pharmaceutical Manufacturing Research Services, Inc.

In February 2017, the Company entered into a master services agreement with Pharmaceutical Manufacturing Research Services, Inc. ("PMRS"). Pursuant to the agreement, PMRS agreed to provide manufacturing and project management services related to Aspertec. The agreement has a term of five years and allows the Company and PMRS to contract multiple projects. The initial three projects are estimated to cost $2.8 million, and in 2017 the Company paid a total of $1,237,750 as deposits for project initiation. As of March 31, 2018, the remaining unused deposit was $593,000.

Investor Relations Agreement

On March 21, 2017, the Company entered into an agreement with an investor relations firm. The agreement has a term of 15 months and the Company agreed to pay a fee of $11,250 in cash for the period from March 15, 2017 through April 30, 2017 and a monthly fee of $15,000 starting May 1, 2017. The $15,000 monthly fee is $7,500 payable in cash and $7,500 payable in the Company's common shares. The Company issued 3,375 common shares valued at $22,500 during the three months ended March 31, 2018 as payment for services during the period.

Severance Obligations
Effective July 31, 2017, the Company entered into a separation agreement with its former Acting Chief Financial Officer. Pursuant to the agreement, the Company agreed to pay monthly severance payments of $12,500 for twelve months following the separation date. Accordingly, the Company has approximately $50,000 of remaining severance related to this arrangement accrued and unpaid as of March 31, 2018.

NOTE 8. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received in the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company has categorized all investments recorded at fair value based upon the level of judgment associated with the inputs used to measure their fair value.

Hierarchical levels, directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities that the organization has the ability to access at the reporting date.
- Level 2: Inputs other than quoted prices included in Level 1, which are either observable or that can be derived from or corroborated by observable data as of the reporting date.
- Level 3: Inputs include those that are significant to the fair value of the asset or liability and are generally less observable from objective resources and reflect the reporting entity's subjective determinations regarding the assumptions market participants would use in pricing the asset or liability.

Financial assets and liabilities measured at fair value on a recurring basis
The Company evaluates financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level at which to classify them each reporting period. This determination requires the Company to make subjective judgments as to the significance of inputs used in determining fair value and where such inputs lie within the hierarchy.

The stock purchase warrants issued in June 2017 contain certain cash settlement features and, accordingly, the Company considered them to be liabilities and accounted for them at fair value using level 3 inputs. The Company determined the fair value of this warrant liability using a binomial asset pricing model that consisted of a conditional probability weighted expected return method that values the Company's equity securities assuming various possible future outcomes to estimate the allocation of value within one or more of the scenarios. Using this method, unobservable inputs included the Company's equity value, expected timing of possible outcomes, risk free interest rates and stock price volatility.

The following table sets forth a summary of changes in the fair value of Level 3 liabilities measured at fair value on a recurring basis for the three months ended March 31, 2018:

Description	Balance at December 31, 2017	Additions in 2018	Change in Fair Value	Balance at March 31, 2018
Warrant liability	$ 15,242,915	$ -	$ (8,424,647)	$ 6,818,268

The following table identifies the carrying amounts of such liabilities at March 31, 2018 and December 31, 2017:

	Level 1	Level 2	Level 3	Total
Warrant liability	$ -	$ -	$ 6,818,268	$ 6,818,268
Balance at March 31, 2018	$ -	$ -	$ 6,818,268	$ 6,818,268

	Level 1	Level 2	Level 3	Total
Warrant liability	$ -	$ -	$ 15,242,915	$ 15,242,915
Balance at December 31, 2017	$ -	$ -	$ 15,242,915	$ 15,242,915

Financial assets and liabilities carried at fair value on a non-recurring basis
The Company does not have any financial assets or liabilities measured at fair value on a non-recurring basis.

Non-financial assets and liabilities carried at fair value on a recurring basis
The Company does not have any non-financial assets or liabilities measured at fair value on a recurring basis.

Non-financial assets and liabilities carried at fair value on a non-recurring basis
The Company measures its long-lived assets, including property and equipment and intangible assets (including goodwill), at fair value on a non-recurring basis when they are deemed to be impaired. No such impairment was recognized in the three months ended March 31, 2018 and 2017.

See Note 4 for a discussion of the fair value of assets acquired and liabilities assumed in the Merger.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Statements in this Quarterly Report that are not strictly historical are forward-looking statements and include statements about products in development, results and analyses of pre-clinical studies, clinical trials and studies, research and development expenses, cash expenditures, and alliances and partnerships, among other matters. You can identify these forward-looking statements because they involve our expectations, intentions, beliefs, plans, projections, anticipations, or other characterizations of future events or circumstances. These forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that may cause actual results to differ materially from those in the forward-looking statements as a result of any number of factors. These factors include, but are not limited to, risks relating to our ability to conduct and obtain successful results from ongoing clinical trials, commercialize our technology, obtain regulatory approval for our product candidates, contract with third parties to adequately test and manufacture our proposed therapeutic products, protect our intellectual property rights and obtain additional financing to continue our development efforts. Some of these factors are more fully discussed in the section of this Quarterly Report entitled "Risk Factors" and elsewhere herein. We do not undertake to update any of these forward-looking statements or to announce the results of any revisions to these forward-looking statements except as required by law.

We urge you to read this entire Quarterly Report on Form 10-Q, including the "Risk Factors" referenced under Item 1A, the financial statements, and related notes. As used in this Quarterly Report, unless the context otherwise requires, the words "we," "us," "our," "the Company" and "PLx Pharma" refers to PLx Pharma Inc. and its subsidiaries. The information contained herein is current as of the date of this Quarterly Report (March 31, 2018), unless another date is specified. We prepare our interim financial statements in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). Our financials and results of operations for the three months ended March 31, 2018 are not necessarily indicative of our prospective financial condition and results of operations for the pending full fiscal year ending December 31, 2018. The interim financial statements presented in this Quarterly Report as well as other information relating to the Company contained in this Quarterly Report should be read in conjunction and together with the reports, statements and information filed by us with the United States Securities and Exchange Commission (the "SEC").

Our Management's Discussion and Analysis of Financial Condition and Results of Operations is provided in addition to the accompanying financial statements and notes to assist readers in understanding our results of operations, financial condition and cash flows.

Overview

We are a late-stage specialty pharmaceutical company initially focused on developing our clinically validated and patent-protected PLxGuard delivery system to provide more effective and safer aspirin products. Our PLxGuard delivery system works by releasing active pharmaceutical ingredients into the duodenum, the first part of the small intestine immediately below the stomach, rather than in the stomach itself. We believe this could improve the absorption of many drugs currently on the market or in development, and reduces acute gastrointestinal (GI) side effects — including erosions, ulcers and bleeding — associated with aspirin and ibuprofen, and potentially other drugs.

Our U.S. Food and Drug Administration ("FDA") approved lead product, Aspertec 325 mg, is a novel formulation of aspirin using the PLxGuard delivery system that is intended to significantly reduce acute GI side effects while providing better antiplatelet effectiveness for cardiovascular disease prevention as compared with the current standard of care, enteric-coated aspirin. Aspertec 325 mg (formerly PL2200 Aspirin 325 mg) was originally approved under the drug name aspirin, and the proprietary name 'Aspertec' was granted subsequent to the FDA approval. A companion 81 mg dose of the same novel formulation — Aspertec 81 mg — is in late-stage development and will be the subject of an sNDA, leveraging the already approved status of Aspertec 325 mg. Our goal is to begin selling both products in the United States by mid-2020, subject to approval by the FDA.

Our commercialization strategy will target both the over the counter (OTC) and prescription markets, taking advantage of the existing OTC distribution channels for aspirin while leveraging the FDA approval of Aspertec 325 mg and expected approval for Aspertec 81 mg for OTC and prescription use when recommended by physicians for cardiovascular disease treatment and prevention. Given our clinical demonstration of better antiplatelet efficacy (as compared with enteric-coated aspirin) and improved acute GI safety over regular aspirin, we intend to use a physician-directed sales force to inform physicians — and, by extension, consumers — about our product's clinical results in an effort to command both greater market share and a higher price for our aspirin product. Our product pipeline also includes other oral nonsteroidal anti-inflammatory drugs ("NSAIDs") using the PLxGuard delivery system that may be developed, including a clinical-stage, GI-safer ibuprofen — PL1200 Ibuprofen 200 mg — for pain and inflammation.

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Note 3 of the Notes to Unaudited Consolidated Financial Statements included elsewhere herein describes the significant accounting policies used in the preparation of the financial statements. Certain of these significant accounting policies are considered to be critical accounting policies, as defined below.

A critical accounting policy is defined as one that is both material to the presentation of our financial statements and requires management to make difficult, subjective or complex judgments that could have a material effect on our financial condition and results of operations. Specifically, critical accounting estimates have the following attributes: (1) we are required to make assumptions about matters that are highly uncertain at the time of the estimate; and (2) different estimates we could reasonably have used, or changes in the estimate that are reasonably likely to occur, would have a material effect on our financial condition or results of operations.

Estimates and assumptions about future events and their effects cannot be determined with certainty. We base our estimates on historical experience and on various other assumptions believed to be applicable and reasonable under the circumstances. These estimates may change as new events occur, as additional information is obtained and as our operating environment changes. These changes have historically been minor and have been included in the financial statements as soon as they became known. Based on a critical assessment of our accounting policies and the underlying judgments and uncertainties affecting the application of those policies, management believes that our financial statements are fairly stated in accordance with U.S. GAAP and present a meaningful presentation of our financial condition and results of operations. We believe the following critical accounting policies reflect our more significant estimates and assumptions used in the preparation of our consolidated financial statements:

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. In the accompanying consolidated financial statements, estimates are used for, but not limited to, determining the fair value of tangible and intangible assets and liabilities acquired in business combinations, the fair value of warrant liabilities, share-based compensation, allowance for inventory obsolescence, allowance for doubtful accounts, contingent liabilities, fair value and depreciable lives of long-lived assets, and deferred taxes and associated valuation allowance. Actual results could differ from those estimates.

Fair Value Measurements
Fair value is defined as the price that would be received in the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company has categorized all investments recorded at fair value based upon the level of judgment associated with the inputs used to measure their fair value.

Hierarchical levels, directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities that the organization has the ability to access at the reporting date.
- Level 2: Inputs other than quoted prices included in Level 1, which are either observable or that can be derived from or corroborated by observable data as of the reporting date.
- Level 3: Inputs include those that are significant to the fair value of the asset or liability and are generally less observable from objective resources and reflect the reporting entity's assumptions about the assumptions market participants would use in pricing the asset or liability.

The Company's financial instruments (cash and cash equivalents, receivables, accounts payable and accrued liabilities) are carried in the consolidated balance sheet at cost, which reasonably approximates fair value based on their short-term nature. The Company's warrant liabilities are recorded at fair value, with changes in fair value being reflected in the statements of operations for the period of change. The fair value of the noncurrent term loan approximates its face value of $7,500,000 based on the Company's current financial condition and on the variable nature of term loan's interest feature as compared to current rates.

Research and Development Expenses
Costs incurred in connection with research and development activities are expensed as incurred. Research and development expenses consist of direct and indirect costs associated with specific projects and include fees paid to various entities that perform research related services for the Company.

Share-Based Compensation
The Company recognizes expense in the consolidated statements of operations for the fair value of all share-based compensation to key employees, nonemployee directors and advisors, generally in the form of stock options and stock awards. The Company uses the Black-Scholes option valuation model to estimate the fair value of stock options on the grant date. Compensation cost is amortized on a straight-line basis over the vesting period for each respective award. The Company adopted new accounting guidance, effective January 1, 2017 with respect to stock-based compensation and related income tax aspects, and now accounts for forfeitures as they occur rather than using an estimated forfeiture rate. The adoption did not have a material impact on our consolidated financial statements.

Adopted Accounting Guidance
For a discussion of significant accounting guidance recently adopted or unadopted accounting guidance that has the potential of being significant, see Note 3 of the Notes to Consolidated Financial Statements included elsewhere herein.

RESULTS OF OPERATIONS

Comparison of Three Months Ended March 31, 2018 and 2017

Revenue

Total revenues were $81 thousand for the three months ended March 31, 2018. Revenue recognized in 2018 is attributable to work performed under a recent award of the National Institutes of Health. No revenue was recognized for the three months ended March 31, 2017.

Operating Expenses

Total operating expenses were approximately $3.3 million during the three months ended March 31, 2018, a 147% increase over operating expenses of approximately $1.3 million in the comparable period in 2017. Operating expenses for the three months ended March 31, 2018 and 2017 were as follows:

	Three Months Ended March 31,		Increase (Decrease)	
	2018	2017	$	%
Operating Expenses				
Research and development expenses	$ 1,079,036	$ 128,339	$ 950,697	741%
General and administrative expenses	2,240,000	1,217,071	1,022,929	84%
Total operating expenses	$ 3,319,036	$ 1,345,410	$ 1,973,626	147%

Research and Development Expenses

Research and development expenses totaled approximately $1.1 million in the three months ended March 31, 2018 compared to $0.1 million in the prior year period, an increase of approximately $1.0 million. The increase was attributable to the near absence of any research and development expenses in 2017 and the initiation of technology transfer, contract manufacturing activities, and other product development activities for Aspertec throughout the first quarter of 2018, along with a provision for inventory obsolescence of $0.5 million in the three months ended March 31, 2018.

General and Administrative Expenses

General and administrative expenses totaled approximately $2.2 million in the three months ended March 31, 2018 compared to approximately $1.2 million in the prior year period, an increase of approximately $1.0 million. The increase was primarily attributable to (i) increased compensation expense of $0.6 million, including non-cash stock compensation expense, (ii) prelaunch marketing to healthcare professionals of approximately $0.2 million, and (iii) other professional fees including legal, accounting, financial advisory, insurance and other administrative costs totaling approximately $0.2 million.

Other income (expense), net

Other income (expense), net totaled approximately $8.2 million of net income in the three months ended March 31, 2018 compared to $0.1 million of net expense in the prior year period. The change is largely attributable to the non-cash change in fair value of warrant liability ($8.4 million of other income), partially offset by approximately $0.2 million of additional interest expense in the 2018 period.

LIQUIDITY AND CAPITAL RESURCES

Financial Condition

The following table summarizes the primary uses and sources of cash for the periods indicated:

	Three Months Ended March 31,	
	2018	2017
Net cash used in operating activities	$ (3,718,890)	$ (2,129,439)
Net cash used in investing activities	$ (267,323)	$ (72,411)
Net cash provided by financing activities	$ -	$ 2,568,300

Net Cash Used in Operating Activities

Net cash used in operating activities of approximately $3.7 million for the three months ended March 31, 2018 primarily reflects our net income for the period of approximately $5.0 million adjusted for various non-cash charges and income, including (i) approximately $8.4 million change in fair value of warrant liability reflected as other income, (ii) approximately $0.5 million for an increase to inventory obsolescence reserves, (iii) net operating asset/liability changes of approximately $1.1 million, partially offset by (iv) approximately $0.3 million of share based compensation.

Net cash used in operating activities of approximately $2.2 million for the three months ended March 31, 2017 primarily reflects our net loss for the period of approximately $1.4 million adjusted for net operating asset/liability changes of approximately $0.9 million, partially offset by $0.2 million of non-cash stock-based compensation expense.

Net Cash Provided by Investing Activities

Net cash used in investing activities totaled approximately $0.3 million and $0.1 million in the three months ended March 31, 2018 and 2017, respectively, relating to the purchase of property and equipment.

Net Cash Provided by Financing Activities

Net cash provided by financing activities totaled approximately $2.6 million in the three months ended March 31, 2017, primarily relating to borrowings under various debt arrangements. We had no financing activity in the three months ended March 31, 2018.

Future Liquidity and Needs

As of March 31, 2018, we had working capital of approximately $20.7 million, including cash and cash equivalents of approximately $20.4 million. Based on our expected operating cash requirements and capital expenditures, we believe the Company's cash on hand at March 31, 2018 is adequate to fund operations for at least twelve months from the date that this Quarterly Report on Form 10-Q was filed.

We have not generated any revenue from the sale of products, have not generated revenue from licensing activities, and have incurred losses in each year since we commenced operations. As of March 31, 2018, we had an accumulated deficit of approximately $62.4 million. We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future as we continue the development and commercialization of Aspertec and our other product candidates. Even if we do generate revenues, we may never achieve profitability, and even if we do achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our prior losses, combined with expected future losses, have had and will continue to have an adverse effect on our stockholders' equity and working capital. If we are unable to achieve and sustain profitability, the market value of our common stock will likely decline. Because of the numerous risks and uncertainties associated with developing biopharmaceutical products, we are unable to predict the extent of any future losses or when, if ever, we will become profitable.

We anticipate that we will need to obtain substantial additional financing in the future to fund our future operations. We may obtain additional financing through public or private equity offerings, debt financings (including related-party financings), a credit facility or strategic collaborations. On August 9, 2017, we entered into a Loan and Security Agreement with Silicon Valley Bank that provides for a Term Loan Facility. Under the Term Loan Facility, the Company borrowed an initial amount of $7.5 million, and will have the right to borrow an additional $7.5 million on or before December 31, 2018, provided that the Company first obtains (a) net new capital of not less than $20,000,000 and (ii) FDA approval for the 81 mg formulation of Aspertec, the Company's lead product.

Additional financing may not be available to us when we need it or it may not be available to us on favorable terms, if at all. Our failure to raise capital as and when needed could have a negative impact on our financial condition and our ability to pursue our business strategies. Future capital requirements will also depend on the extent to which we acquire or invest in additional complementary businesses, products and technologies. We currently have no understandings, commitments or agreements relating to any of these types of transactions. If we are unable to raise additional funds when needed, we may be required to sell or license to others technologies or clinical product candidates or programs that we would prefer to develop and commercialize ourselves. Without additional funding — or, alternatively, a partner willing to collaborate and fund development — we will be unable to continue development of PL1200 Ibuprofen or any other development-stage products in our pipeline.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are not required to provide the information required by this item as we are considered a smaller reporting company, as defined by Rule 229.10(f)(1).

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures
Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Based on an evaluation under the supervision, and with the participation, of the Company's management, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act were effective as of March 31, 2018 to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting
There were no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitations Over Internal Controls
The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. The Company's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets;
(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that the Company's receipts and expenditures are being made only in accordance with authorizations of the Company's management and directors; and
(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management, including the Company's principal executive officer and principal financial officer, does not expect that the Company's internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, any evaluation of the effectiveness of controls with respect to future periods is subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are parties to legal proceedings that we believe to be ordinary, routine litigation incidental to the business of present or former operations. It is management's opinion, based on the advice of counsel, that the ultimate resolution of such litigation will not have a material adverse effect on our financial condition, results of operations or cash flows.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, please carefully consider the risk factors described in our most recent Annual Report on Form 10-K, as amended, for the fiscal year ended December 31, 2017, under the heading "Part I – Item 1A. Risk Factors." The risks described are not the only risks facing us. Additional risks and uncertainties not currently known to us, or that our management currently deems to be immaterial, also may adversely affect our business, financial condition, and/or operating results. There have been no material changes to those risk factors since their disclosure in our most recent Annual Report on Form 10-K, as amended.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

Not Applicable.

ITEM 5. OTHER INFORMATION

Not Applicable.

ITEM 6. EXHIBITS

The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Form 10-Q.

INDEX TO EXHIBITS

Number	Description
31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of the Principal Financial and Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of the Principal Executive Officer and Principal Financial and Accounting Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document.*
101.SCH	XBRL Taxonomy Extension Schema Document.*
101.CAL	XBRL Taxonomy Calculation Linkbase Document.*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB	XBRL Taxonomy Label Linkbase Document.*
101.PRE	XBRL Taxonomy Presentation Linkbase Document.*

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PLX PHARMA INC.

Date: May 11, 2018

/s/ Natasha Giordano
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Rita O'Connor
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Natasha Giordano, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PLx Pharma Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2018

/s/ Natasha Giordano
Natasha Giordano
President and
Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rita O'Connor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PLx Pharma Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2018

/s/ Rita O'Connor
Rita O'Connor
Chief Financial Officer
(principal financial and accounting officer)

Exhibit 32.1

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of PLx Pharma Inc. (the "Company") for the quarterly period ended March 31, 2018 (the "Report") as filed with the Securities and Exchange Commission on the date hereof, the undersigned Chief Executive Officer and Chief Financial Officer of the Company hereby certify that, to such officer's knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification is provided solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Dated: May 11, 2018

/s/ Natasha Giordano
Natasha Giordano
President and
Chief Executive Officer
(principal executive officer)

Dated: May 11, 2018

/s/ Rita O'Connor
Rita O'Connor
Chief Financial Officer
(principal financial and accounting officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.