Annual Report 2017

Contents

This is Immunovia

Immunovia is a molecular diagnostics company capable of detecting cancer at an early stage using a simple blood sample based on its IMMray™ platform.

Early detection is the key to curing pancreatic cancer
Pancreatic cancer is one of the deadliest forms of cancer, and the key to increase survival is to begin treatment at an early stage. IMMray™ PanCan –d, which may become the first blood-based test for early detection of pancreatic cancer in stages I-II when the cancer is still operable. If more patients can be diagnosed in stages I and II, total five-year survival could increase from 5-7 percent to 50 percent.

Operations
Immunovia is active in the market for diagnostics of different cancer indications and autoimmune diseases. Based on its proprietary IMMray™ platform, Immunovia has developed the IMMray™ PanCan –d test for early diagnosis of pancreatic cancer (hence the name PanCan).

IMMray™ PanCan –d is a blood-based test capable of diagnosing patients with high levels of sensitivity and specificity, enabling the diagnosis of pancreatic cancer in patients before symptoms have occurred (stages I and II). With current diagnostic methods, this is problematic and ineffective.

The company's ambition is for IMMray™ PanCan –d to become the world's first test for early diagnosis of pancreatic cancer.

The company was founded in 2007 by researchers at the Institution of Immunotechnology and CREATE Health—the Strategic Division of Translational Cancer Research at Lund University, Sweden. Immunovia is headquartered in Lund, Southern Sweden, and has two wholly owned subsidiaries: one in the US with an office in Boston, and one in Germany with an office in Frankfurt. The company's shares have been listed on Nasdaq First North since December 2015.

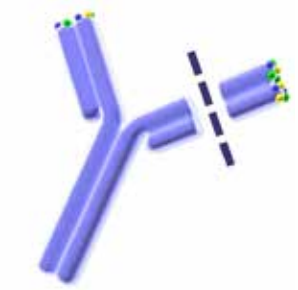
Immunovia's ambition is to create a blood-based test for the early diagnosis of pancreatic cancer as the standard for pancreas specialists and diabetes physicians worldwide to detect pancreatic cancer in high-risk groups far earlier than is possible at present.

Vision
Immunovia's vision is to significantly increase cancer patient survival, expand therapy choices and improve the quality of lives of patients and their families.

Market introduction and future prospects
The first test based on Immunovia's IMMray™ platform is undergoing commercialization through several clinical evidence studies, both ongoing and in the planning stage. IMMray™ PanCan –d addresses an estimated potential market exceeding over SEK 35 billion.

The journey to the market begins in 2018, when Immunovia plans to commence sales of the IMMray™ PanCan –d test to self-pay private individuals and healthcare organizations. To achieve this, the company worked intensively on industrializing IMMray™ PanCan –d in 2017, work that will conclude in 2018.

Immunovia sees high potential in developing tests for other unsolved problems in cancer and autoimmunity through its IMMray™ platform. Tests on SLE, based on the positive outcomes communicated in early-2017, are next on its agenda.



Highlights of 2017

Immunovia started its goal-oriented work on bringing the company's patented, blood-based pancreatic cancer test IMMray™ PanCan –d to the market in 2017. Its main activities focused on prospective clinical studies, certification, accreditation and scaling up production capacity, of the product itself, and laboratory capacity. Its consistent aim is to commence sales in 2018. Selected highlights of the year:

- Final study data demonstrated that IMMray™ biomarkers distinguish SLE and rheumatoid arthritis from other autoimmune diseases with accuracies of 96 and 89 percent respectively.
- Immunovia enrolled the University of Michigan Pancreatic Cancer Center as a new collaborative partner in its global prospective study PANFAM-1 to validate Immunovia's blood-based test, IMMray™ PanCan –d. The Sahlgrenska University Hospital became the first Swedish participant and was also joined subsequently by the University of Pittsburgh.
- Immunovia's biomarker signatures secured a Japanese patent.
- Immunovia established premises for the head office of its US operation and accredited reference laboratory in Boston. A US subsidiary had previously been incorporated in 2015.
- Immunovia initiated a partnership with researchers at the Lund University Diabetes Centre (LUDC) to validate the company's biomarker signature in the high-risk group of recently diagnosed diabetes type 2 diabetes patients aged 50 or older (NOD).
- Immunovia commenced the world's most extensive study on diabetes patients in a prospective pancreatic cancer study.
- Immunovia commenced a large-scale partnership with Linköping University on the detection of autoimmune biomarkers.
- Immunovia received a SEK 4.9 m grant from Swedish government innovation programme Swelife for pancreas studies in partnership with CREATE HEalth translational Cancer Center at Lund University. A consortium consisting of Lund University, Uppsala University, the Lund University Diabetes Center and the Uppsala and Skåne regional health authorities received a SEK 7.6 m grant from Swelife.
- University College London Hospital started collecting blood samples to evaluate Immunovia's IMMray™ PanCan –d for patients with early symptoms.
- The company concluded the necessary preparations to apply for its initial public offering on Nasdaq Stockholm's Main List. The application was filed at the end of the year.

96 percent accuracy when IMMray™ isolates SLE from other auto-immune diseases

Six clinics participated in the prospective PanDIA-1 study in early-2018

SEK 37 billion – estimated yearly total market potential for IMMray™ PanCan –d

2018, the year when Immunovia plans to be able to generate its first commercial sales revenues.

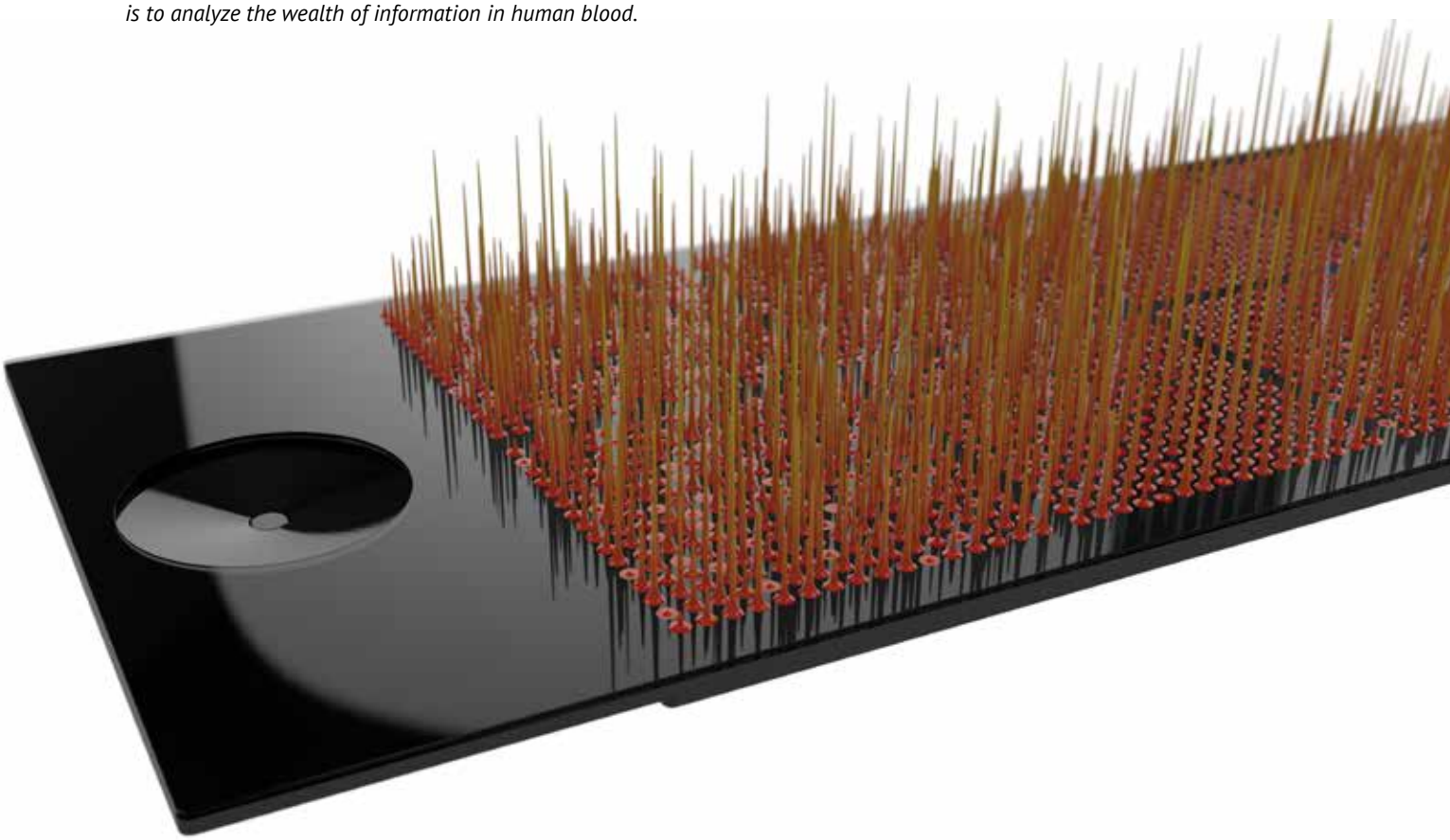
96
percent

6
clinics

SEK
37
bn

2018
sales revenues

Immunovia AB was founded by researchers from the Institution of Immunotechnology at Lund University in 2007. Immunovia's strategy is to analyze the wealth of information in human blood.



Focused efforts towards sales start

2017 marked an important inflection point for Immunovia in many aspects. We ended our final year of purely pre-commercial activity, and have now started what is planned as our first business year that will lead to the start of sales in the second half of 2018. During 2017 we carried out preparations for moving the trade of the company ś shares from First North to the main list of Nasdaq Stockholm and we are currently in the Nasdaq process to achieve this goal.

During 2017 we have continued to work purposefully to take our patented, blood-based test for pancreatic cancer, IMMray™ PanCan –d to the market. The primary activities currently taking place aimed at reaching the commercialization phase are prospective studies, certification, accrediting and scaling up of production capacity, both for the product itself and regarding laboratory capacity. In each area, the focus is on the goal of starting sales during 2018.

In 2017 our prospective study program was extended as planned to cover the use of IMMray™ PanCan –d by all three risk patient target groups. The main purpose of these studies is to validate our blood-based IMMray™ PanCan –d test so that it meets the criteria for reimbursement from health insurance systems while also moving towards national guidelines. PANDIA-1, our prospective study for the diabetes risk group, which focus on patients newly-onset Type II diabetes patients diagnosed with newly-onset Type two diabetes after 50 years of age (NOD), which are one of the largest risk groups for pancreatic cancer.

We have in this project a collaboration with Lund University Diabetes Centre (LUDC). LUDC has collected samples from virtually all newly diagnosed diabetes patients since 2008 in the Skåne region of Sweden, a total of over 17,000 patients. In December 2017, we initiated PanDIA-1, the world's most comprehensive prospective study of this risk group, through a consortium that includes Lund University and Uppsala University, Lund University Diabetes Center, Region Skåne and Region Uppsala. This consortium will receive a SEK 7.6 million grant from SWElife, the Swedish government's strategic innovation program, for the project "Improved diagnostics and treatment of diabetes-related comorbidities". Through this project, Immunovia will be able to access up to 6,000 new-onset diabetics, over 50 years of age, for prospective testing with the IMMray™ PanCan –d biomarker signature assay. In January 2018, the Danish Center for Strategic Research into Type 2 Diabetes (DD2) joined the PanDIA-1 study, adding up to 3,500 patients in what is planned to be a global collaborative study.

PANSYM-1, our prospective study for early symptom risk groups, started with the collection of samples in a pilot study in collaboration with University College London Hospital, under the leadership of Professor Steve Pereira, one of the world's most prominent key opinion leaders in this field. The results of the pilot study, which covers 360 patients, can be expected in 2018. PANSYM-1 will be expanded if the results are positive. Work has continued on our prospective study for familiar and hereditary risk groups, PANFAM-1, where we are working to sign up further cancer centers, both in the US and the EU. In December, we announced that Sahlgrenska University Hospital in Göteborg, had become the first Swedish site to join the study, and that the University of Pittsburgh, one of the most renowned centers of pancreatic cancer expertise in the US, had also become involved. Their participation contributes a patient base that gives the study greater breadth and legitimacy. The breadth of collaboration not only has benefits for the study itself, it is also an important long-term market investment because participants are important potential customers in future commercial phases. Other participant partners are: Mount Sinai in New York, Knight Cancer Institute at Oregon Health and Sciences University as well as the University of Michigan. The European partners are IRYCIS in Madrid and the University of Liverpool in the UK.

Final preparations for self-pay sales in 2018

In 2018, we expect to reach our goal of starting sales of IMMray™ PanCan –d commercially by offering the test to customers, both as private individuals or healthcare institutions, so-called self-pay customers. To achieve this, we worked intensively during 2017 to industrialize IMMray™ PanCan –d. This work will be completed in 2018. The work has primarily involved development and documentation, preparations for ISO 13485 certification of the development and production processes, ISO 17025 accreditation of the clinical laboratory in Lund, CLIA/CAP accreditation of the laboratories in the US, and CE marking of the product. Authorities in both the US and the EU regu-

larly update these standards. We comply with these updates and adapt continually to developments. Preparations ahead of the market launch also include scaling up production and laboratory processes with the same robustness and reproducibility maintained through the retrospective validation studies. We are making good progress and a large number of improvements were made during the period, including reducing turnaround times in the laboratory from five to two days. Even if a significant amount of this essential validation work remains, we expect to complete it as planned in the latter part of 2018. The company will then start generating its first sales revenue.

Innovation achievements recognized
In November, our business was honored with a visit by His Majesty King Carl XVI Gustaf of Sweden and a delegation of industrial leaders that included AstraZeneca chairman Leif Johansson, and Swedish public officials. The visit was part of a program of visits to Sweden's most innovative companies. Being chosen was a great honor and very welcome confirmation that our business involves a high level of innovation. Another, more concrete confirmation that also others see the potential in our blood-based test, was the award during the final quarter of the year of an SEK 4.9 million grant from Swelife, the Swedish government's strategic innovation program, to be used in collaboration with CREATE Health at Lund University in our pancreatic work.

IMMray™ has great potential within autoimmunity
In the long term Immunovia sees great potential in the development of tests for other unsolved problems within the cancer and autoimmunity fields via its IMMray™ technology. Tests will next be carried out for SLE and RA, based on the very positive results announced in early 2017. During the year we announced a major collaboration with Linköping University, which has expertise and valuable biobanks in RA, SLE, Vasculitis and Sjögren's Syndrome. The goal is to develop the next generation of diagnostics for autoimmune diseases based on our IMMray™ platform.

Move to main Nasdaq Stockholm list
The internal work on preparing the company for a listing on the main Nasdaq Stockholm stock exchange was completed during the year. We have submitted our application and are expecting a decision in the first quarter of 2018. Listing on Nasdaq First North has served the company well. Since the introduction in 2015 we have had access to capital and an investor base that has given us the opportunity to make the necessary preparations for taking the company to a commercial phase. I would like to conclude by thanking shareholders for their support. I look forward to a 2018 where we will launch our commercial journey!

Thank you for your continuing support of Immunovia!

Mats Grahn
CEO, Immunovia AB

Market overview

Immunovia expects to generate its first revenues in 2018. The estimated market value for IMMrayTM PanCan –d is SEK 37 billion yearly.

Introducing IMMray™ PanCan –d on the US and European markets is planned to commence for self-pay customers once accreditation processes and production upscaling is complete, with revenues expected from late-2018. IMMray™ PanCan –d addresses an estimated market value of 37 billion yearly.

Pancreatic cancer – the deadliest form of cancer
Pancreatic cancer is one of the deadliest and hardest-to-diagnose forms of cancer because its signs and symptoms resemble many other illnesses. Over 40,000 people die from pancreatic cancer every year, and 50,000 new cases are diagnosed in the US alone. The current five-year survival level for pancreatic cancer is 4-6 percent. From 2020 onwards, pancreatic cancer is forecast to become the second most common cause of cancer death. Early discovery is critical to significantly improving patient five-year survival. If achieved, survival could increase from 5-8 percent up to 50 percent.

Current diagnostics inappropriate for early detection
All currently available methods are regarded as inadequate for early detection. Due to the low incidence of pancreatic cancer, the costs for screening the whole population are too high. A large number of biomarkers for early diagnosis of pancreatic cancer have also been examined and evaluated. However, no marker has demonstrated sufficient sensitivity and specificity to serve as a reliable screening tool to date. The best marker utilized at present is neither fully comprehensive nor sufficiently specific, which reduces its clinical usability as a diagnostic marker.

TRENDS
Immunovia operates on a market with three main drivers:
- Early diagnosis is the key to improving the prognosis of cancer patients.
- The cost pressure in the care system is sharpening the focus on early diagnosis.
- Rapidly growing interest in new diagnostic technologies with simultaneous measurement of multiple biomarkers.

Three high-risk pancreatic cancer groups
Immunovia's primary market for its core segment of pancreatic cancer consists of three groups, all of which are subject to increased risk of developing pancreatic cancer:

1. **Patients with previous cases of pancreatic cancer in their families** (hereditary pancreatic cancer), or patients with chronic pancreatitis, as well as patients with Peutz-Jaeger syndrome. Immunovia estimates that there are some 200,000 of these patients in Europe and the US. Immunovia considers that these high-risk groups need lifelong screening twice yearly from age 40 onwards.
2. **Patients diagnosed with type 2 diabetes, aged 50 and over.** The patient group aged 50 or over that have also received their first type 2 diabetes diagnosis have an eight-times-higher risk of contracting pancreatic cancer then the rest of the population, and accordingly should be regularly screened in the first years. If no pancreatic cancer is discovered two to three years after type 2 diabetes is diagnosed, pancreatic cancer can generally be ruled out. In this group, there are an estimated three million new patients each year in Europe and the US. If they are each tested once a year in the first two years, this would translate to 6,000,000 tests per year on full penetration. At pricing of SEK 5,000 per test, this corresponds to annual market value of some SEK 30 billion.
3. **Patients with early symptoms.** The time that passes for patients with pancreatic cancer from their initial primary care visit to accurate diagnosis by a specialist may be six to nine months. This period may involve the patient's condition deteriorating from treatable to untreatable. A blood-based test such as Immunovia's IMMray™ PanCan –d could reduce this lead-time, maximize the number of treatable patients, and increase the chances of improved survival.

The total estimated annual market potential for the three high-risk groups reviewed above is SEK 37 billion.

In November, Immunovia was honored by a visit from His Majesty King Carl XVI Gustaf of Sweden and a delegation of industry leaders including AstraZeneca's Chairman Leif Johansson, as well as representatives of Sweden's regulatory authorities.

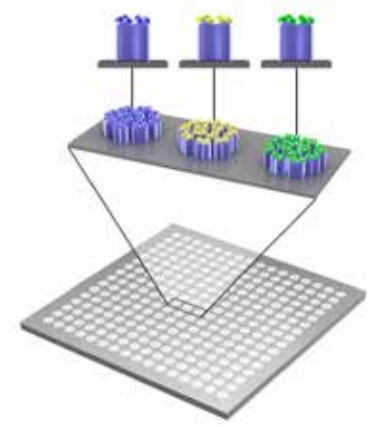
Immunovia's solution

Immunovia is developing a standard test for the early diagnosis of pancreatic cancer. As far as Immunovia is aware, it is the first company in the world that has developed a cancer diagnosis platform based on a set of specifically selected antibodies to analyze proteins in the blood.

Immunovia's solution is well timed due to three trends:

- Early diagnosis is the key to improving the prognosis of cancer patients.
- The cost pressure in the care system is sharpening the focus on early diagnosis.
- Rapidly growing interest in new diagnostic technologies with simultaneous measurement of multiple biomarkers.

Sophisticated analysis enables Immunovia to gather data on the state of the immune system, which is the body's initial reaction to any disease. Unlike other extant tests, this enables the patient's actual condition to be identified accurately in the first test despite the absence of symptoms.



Immunovia's method will be easy to use clinically and patients will need to leave just one blood sample, which will be sent for analysis at a reference laboratory at Immunovia's premises or with collaborative partners. The platform, based on complex biomarker signatures instead of individual markers, improves detection reliability and provides a simple yes/no response. This enables regular testing of high-risk groups before symptoms have expressed, or on vague symptoms that might indicate pancreatic cancer.

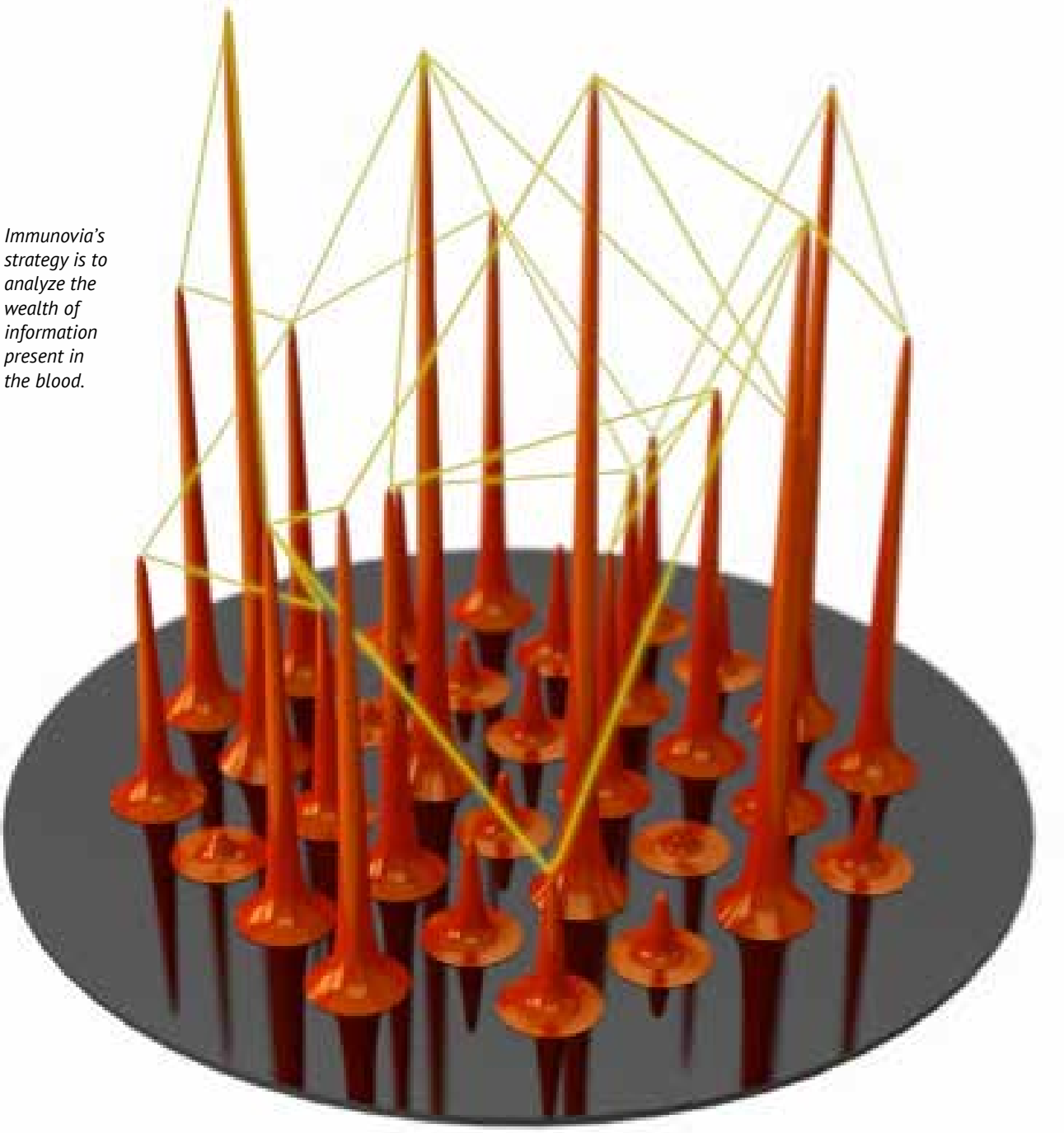
Because most pancreatic cancer-related deaths are caused by the cancer being detected too late, Immunovia's solution, which enables early and simple detection, may reduce the number of deaths, and improve patient five-year survival levels from some 5 percent up to 50 percent on discovery of the cancer in the earliest stage (stage I).

IMMray™ technology

IMMray™ technology is based on antibodies and utilizes the immune defence as an early, specific and sensitive sensor of diseases such as cancer and autoimmune diseases. Immunovia's technology platform detects high and low-concentration proteins, which means that unlike other technologies, it provides a more complete molecular view of each test. Analyzing the large volume of data generated is only possible thanks to Immunovia's bioinformatics, which quickly and effectively define biomarker signatures that can demonstrate a high degree of specificity and sensitivity.

IMMray™'s antibody-based micro matrix

Immunovia's concept of antibody-based micromatrixes is based on microscopic droplets (picoliter scale) of individual antibodies in an ordered micromatrix on a plastic surface smaller than a little fingernail. The antibodies specifically bind to unique target proteins present in the blood sample and create a specific pattern. As a result, detailed mapping of the proteins present in blood becomes possible.



Immunovia's strategy is to analyze the wealth of information present in the blood.

Product pipeline

Immunovia's portfolio of products in development can be divided into two main categories:

1 Two projects associated with diagnostic tests based on the IMMray™ platform:
   - **a** Detection of pancreatic cancer – IMMray™ PanCan –d, and
   - **b** Diagnosis of the autoimmune disease SLE based on IMMray™ technology.

2 Early-phase research projects based on the IMMray™ platform, and research projects based on other patents held by Immunovia conducted within the academic community, which may eventually transfer to Immunovia for continued research and development.

Our journey to the market

Immunovia's initial goal is to establish its blood-based test for the early diagnosis of pancreatic cancer – IMMray™ PanCan –d—as the standard methodology for pancreatologists worldwide when testing special high-risk groups. This includes the familial hereditary group, and the early symptom group. The next stage is to establish the test for the diabetes risk group.

In the longer term, Immunovia intends to develop, validate and globally commercialize other new diagnostic tools based on IMMray™ technology for patient classification, early detection, as well as monitoring of the course of patient disease and response to treatment.

Preparations for commercialization in Scandinavia and the US are ongoing in 2018. To achieve its established targets, Immunovia must first gain acceptance from KOLs and then start usage by experienced and eminent pancreatologists and diabetes physicians. Successful market adoption usually also covers achieving reimbursement from insurance organizations. Immunovia is working to satisfy the necessary criteria to achieve this, simultaneous with executing a controlled launch of the test in selected reference laboratories and private clinics.

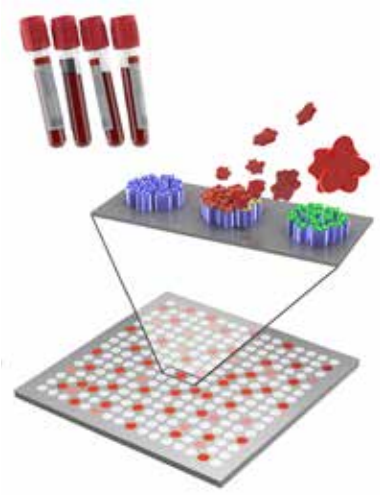
The prospective studies and certification, accreditation and production upscaling processes, of the product itself and laboratory capacity, are Immunovia's core activities for achieving the commercial phase. Important goals were achieved in 2017, and Immunovia is working towards starting sales of IMMray™ PanCan –d in the fourth quarter 2018.

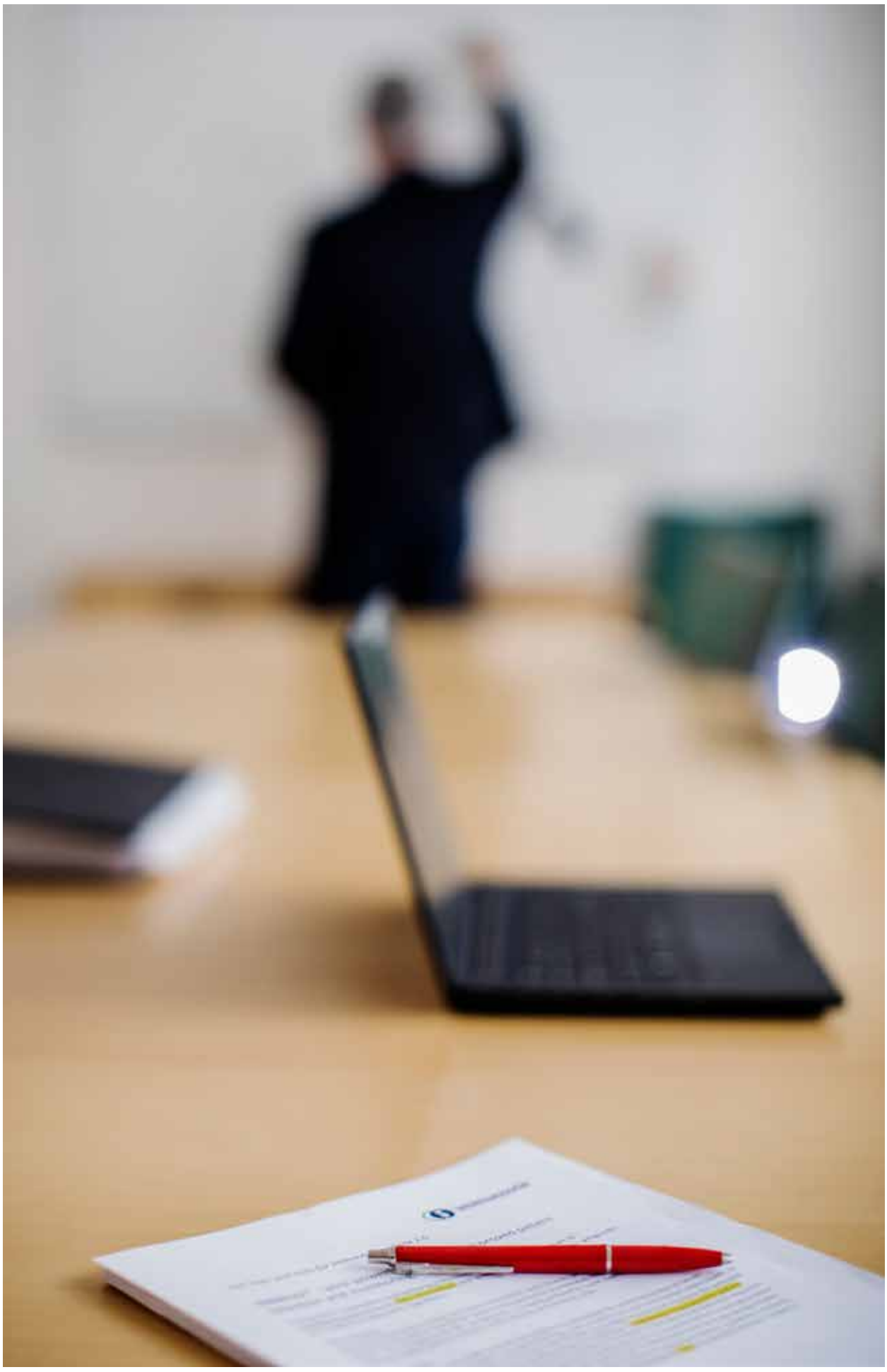
Market introduction

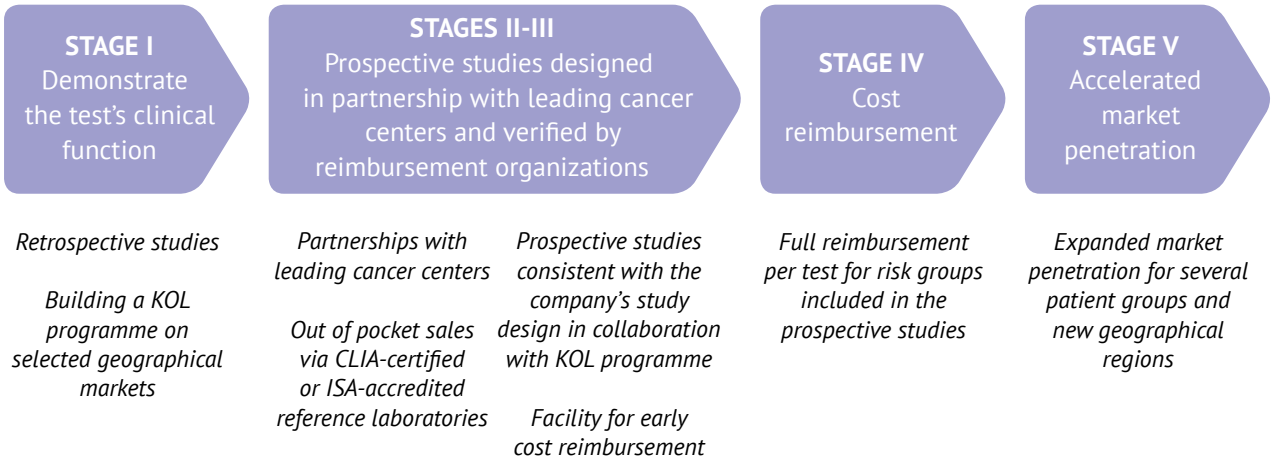
Cost reimbursement from insurance systems is often critical for achieving commercial success. Immunovia is conducting an early market introduction with paying patients and/or care organizations in anticipation of full reimbursement from insurance systems, known as self-pay or out of pocket. Work on preparing the market introduction was conducted in 2017, and Immunovia's commercial organization is being gradually increased through 2018. The company anticipates the first revenues from self pay sales in the fourth quarter of 2018.

National guidelines

Immunovia's goal is for IMMray™ PanCan –d to become part of national and global guidelines for testing special high-risk pancreatic cancer groups. Immunovia's KOL network will enable the company to present the health economic benefits of the test and relevant data from retrospective and prospective studies to the major cancer associations in the US and Europe.



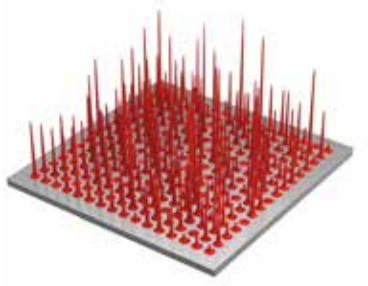




Distribution
Immunovia's core strategy is to access the whole market by transferring IMMray™ PanCan –d technology to appropriate partner laboratories and commercial reference laboratories. In the longer term, Immunovia also has the potential to enter partnerships with various instrumentation vendors.

Cost reimbursement
Immunovia needs to demonstrate IMMray™ PanCan –d's clinical benefit and performance, and health economic advantages, in terms of cost savings and improved quality of life for patients, in order to secure cost reimbursement from public and private insurance systems.

Long-term potential
If market adoption for IMMray™ PanCan –d increases, and the test does become subject to cost reimbursement, Immunovia intends to address more patient groups and move into other geographical markets. Expansion will be achieved through collaborations with reference laboratories. As the testing volumes increase, Immunovia will be transfering its IMMray™ technology to these sites. This may require the test being defined as a diagnostic kit in the US, and gaining approval as an IVD kit for delivery to the reference laboratories. In parallel, Immunovia intends to introduce IMMray™-based diagnostic tools for other forms of cancer and autoimmune disease.



Organization and network

The company's organization, including its Board of Directors, consists of leading researchers, entrepreneurs, marketers, business developers and specialists in research and diagnostics. Since incorporation, the company has grown progressively, and the group had 34 employees as of 31 December 2017, all of which held full-time positions.

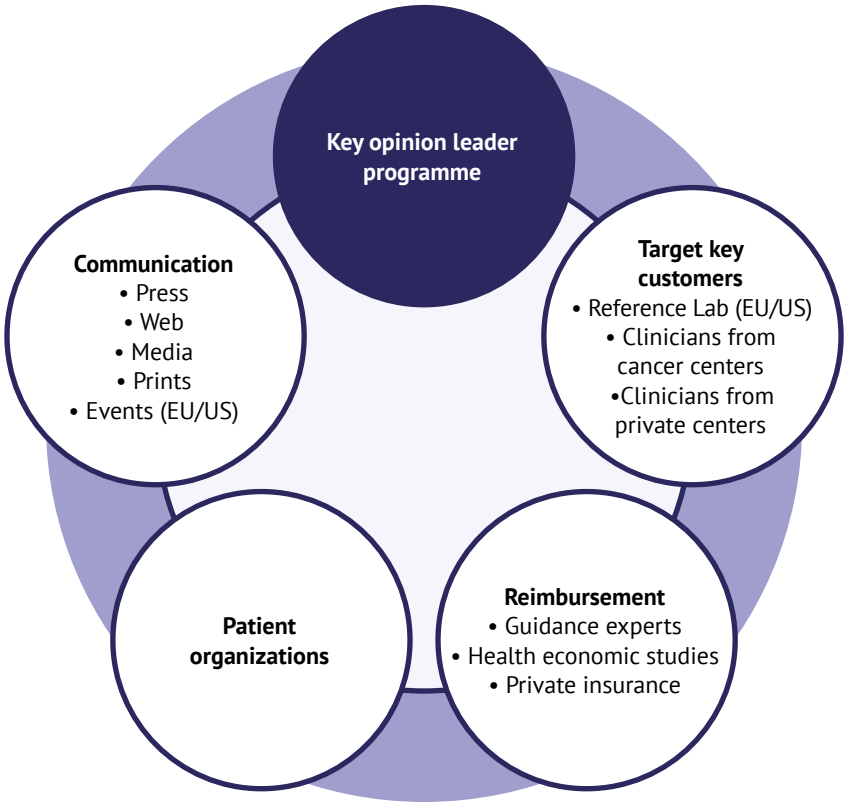
In addition to its employees, the company appoints contracted specialists in specific segments. Immunovia's work on validating its blood-based test is conducted through consortia and collaborations with several of the world's well renowned clinics and research institutions. By participating, they contribute with clinical data and patient samples validating the studies. The breath of collaborations not only provides benefits to studies, but is also an important long-term investment in the market, because the clinics that participate in studies also service important potential customers in the commercial phase.

Strategic Scientific Advisory Board

Immunovia appointed Professor Stephen Pereira to its Scientific Advisory Board in the year. Professor Pereira is a world-leading expert in the diagnosis of the early symptoms of pancreatic cancer, and the initiator of multidisciplinary diagnostic centers. He is currently Professor of Hepatology & Gastroenterology at UCL (University College London), and practices pancreas-related medicine at UCL Hospitals and the Royal Free Hospital. Coincident with his appointment, Professor Pereira summarized his view of the potential of diagnosing pancreatic cancer in the following statement:

"Patients can exhibit symptoms at least 12 months before pancreatic cancer is diagnosed. A recent study by our team at UCL demonstrated that patients with pancreatic cancer visited their doctors with alarm symptoms such as abdominal pain (39 percent), jaundice (36 percent), changes to bowel habits (30 percent) and dyspepsia (21 percent) an average of 18 times before diagnosis was made.

These diagnostic centers are specifically intended for specialist assessment, and to improve the direct-to-test route in private healthcare, which combines risk assessments and symptom tools with biomarkers to hopefully improve early cancer diagnosis of patients. Immunovia's IMMray™ PanCan –d is an excellent fit for this profile, and I'm looking forward to offering advice on its application in pancreatic cancer testing and for other potential applications for the IMMray™ platform."



The key opinion leader programme is fundamental for the commercialization strategy .

The Immunovia share

Share information

Immunovia's shares have been listed on Nasdaq First North Stockholm since 1 December 2015, with the ticker IMMNOV.

First North is Nasdaq's European growth market and has less extensive regulation than the more regulated main market. Every company on First North is served by a Certified Advisor, who ensures that the company satisfies the standards and rules in place. Shares on First North and Nasdaq's main market are traded in the same system.

At the end of the reporting period, there were 17,318,059 shares. The quotient value of shares is SEK 0.05.

Share warrant programmes

The AGM on 25 April 2017 resolved on a share warrant programme designated series 2017/2020 for employees and key individuals of the company. The share warrants (61,000 warrants) can be exercised to subscribe for new shares of the company in the exercise period 15 September 2020 until 15 October 2020 inclusive. Each share warrant confers entitlement to subscribe for one share at a subscription price of SEK 205.00 per share. Upon full exercise, the company's share capital would increase by SEK 3,050.

The AGM on 30 May 2016 resolved on a share warrant programme designated series 2016/2019 to employees and key individuals of the company. The share warrants (137,000 warrants) can be exercised to subscribe for new shares of the company in the exercise period from the present and until 15 October 2019 inclusive. Each share warrant confers entitlement to subscribe for one share at a subscription price of SEK 82.90 per share. Upon full exercise, the company's share capital would increase by SEK 6,850.

The AGM on 1 June 2015 resolved on a share warrant programme designated series 2015/2018 for employees and key individuals of the company. The share warrants (47,000 warrants) can be exercised to subscribe for new shares of the company from the present until 15 October 2018 inclusive. 10,000 share

Share capital history

Year	Event	Total share capital (SEK)	Change (SEK)	Total no. of shares	Change in shares	Quotient value (SEK)
2007	Incorporation	100,000.00	100,000.00	1,000,000	1,000,000	0.10
2011	New share issue	105,263.00	5,263.00	1,052,630	52,630	0.10
2011	Share split 5:1	105,263.00	-	5,263,150	4,210,520	0.02
2012	New share issue	108,869.92	3,606.92	5,443,496	180,346	0.02
2013	New share issue	122,483.76	13,613.84	6,124,188	680,692	0.02
2013	New share issue	124,899.76	2,416.00	6,244,988	120,800	0.02
2014	New share issue	220,924.32	96,024.56	11,046,216	4,801,228	0.02
2015	Bonus issue	552,310.80	331,386.48	11,046,216	-	0.05
2015	New share issue	714,560.80	162,250.00	14,291,216	3,245,000	0.05
2016	New share issue	823,728.40	109,167.60	16,474,568	2,183,352	0.05
2016	New share issue	840,202.95	16,474.55	16,804,059	329,491	0.05
2017	New share issue via options	865,902.95	25,700.00	17,318,059	514,000	0.05
At end of period		865,902.95		17 318 059		0.05

warrants have been exercised, and 37,000 remain available for exercise. Each share warrant confers entitlement to subscribe for one share at a subscription price of SEK 13.50 per share. Upon full exercise, the company's share capital would increase by SEK 1,850.

All share warrants are subject to customary conversion terms in tandem with share issues, etc.

Apart from the aforementioned share-based incentive programmes, the AGM 2017 conferred the board with entitlement to also decide on cash-based incentive programmes for key individuals in other countries where granting share warrants is not appropriate for various reasons. The expense of such programme may not exceed USD 920,000.

Dividend policy

Immunovia has not adopted a dividend policy.

Proposed dividend

The Board of Directors is proposing to the AGM 2018 that no dividend is paid for the financial year 2017.

The ten largest shareholders as of December 31, 2017

Name	No. of shares	Share capital and votes
Carl Borrebaeck	1,709,900	9.87 %
Vincent Saldell	1,000,000	5.77 %
Sara Andersson Ek	888,950	5.13 %
Christer Wingren	888,950	5.13 %
Per Mats Ohlin	888,950	5.13 %
Handelsbanken Svenska Småbolag	695,425	4.02 %
Michael Löfman	594,731	3.43 %
Försäkringsbolaget Avanza Pension	589,871	3.41 %
Ålandsbanken on behalf of owners	543,106	3.14 %
Mats Grahn	413,039	2.39 %
Ten largest shareholders	8,212,922	47.42 %
Other	9,105,137	52.58 %
Total	17,318,059	100.00 %

Corporate Governance Report 2017

This Corporate Governance Report has been prepared in accordance with chap. 6 § 6 of the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance (the 'Code').

The Board of Directors is responsible for this Corporate Governance Report.

The Corporate Governance Report for the financial year has been examined by the company's auditor, as stated in 'the auditor's examination of the corporate governance statement.'

Immunovia is a Swedish public limited company, whose shares are listed for trading on Nasdaq First North. Immunovia complies with the corporate governance guidelines stated in internal and external rules and ordinances. In its capacity as a limited company listed on Nasdaq First North, Immunovia is regulated by the Swedish Companies Act and the Swedish Annual Accounts Act, other applicable Swedish and foreign laws and regulations, including Nasdaq First North's Rulebook for Issuers.

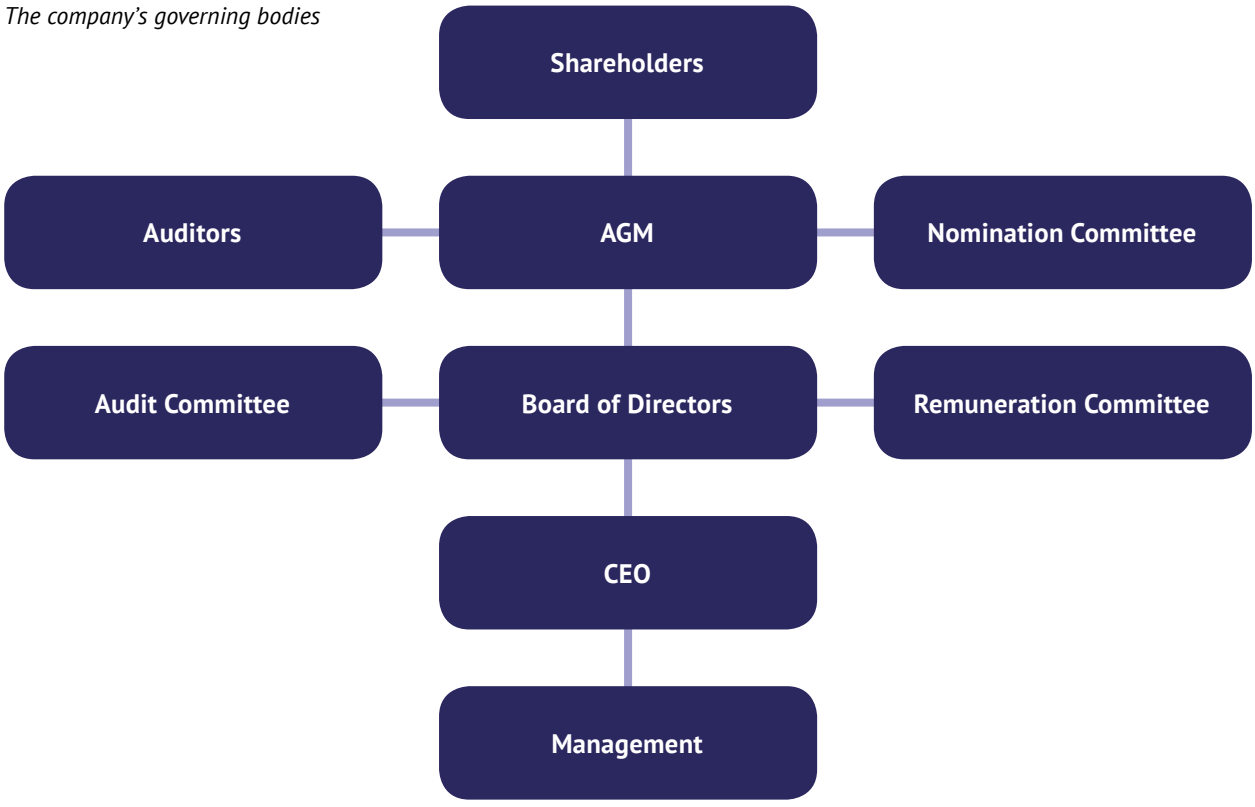
To ensure compliance with all applicable legal standards, Immunovia has also adopted internal instructions and policies, which are reviewed below. The Board of Directors has also adopted and implemented Rules of Procedure for its work, and adopted instructions for the Chief Executive Officer, with instructions for financial reporting.

Compliance with the Swedish Code of Corporate Governance

Immunovia's shares are listed for trading on Nasdaq First North, which means that the company is not obliged to apply the Swedish Code of Corporate Governance (the 'Code'). The company has still decided to adopt the Code, and Immunovia has undertaken to comply with best practice in corporate governance, which also includes compliance with the Code. The Code is available at the website of the Swedish Corporate Governance Board, which manages the Code (www.corporategovernanceboard.se). The Code is based on the principle of 'follow or explain,' which means that companies applying the Code may depart from individual rules, but if so, must give an explanation for the departure.

In the financial year 2016/17??, Immunovia had only one instance of departure from the Code, relating to

The company's governing bodies



the structure of incentive programmes. In two of the three outstanding share warrant programmes, the period from entering the option agreement until a share is acquired, is less than three years. For new share warrant programmes, the subscription period has changed to three years.

Articles of Association
Immunovia's Articles of Association, which are the basis of governing the company's operations, state the company's name, registered office, the aim of business operations, the company's shares and share capital, and also include rules governing shareholders' meetings. The Articles of Association state no limitations in terms of how many votes each shareholder is entitled to cast at shareholders' meetings, nor any stipulations regarding appointing and dismissing Directors, or amending the Articles of Association. The Articles of Association are stated at http://immunovia.com/sv/om-oss-2/bolagsstyrning/bolagsordning/.

The share and shareholders
The total number of shares and votes of the company as of 31 December 2017 was 17,318,059, and the share capital was SEK 865,902.95. Shares of the company are all of the same class, each share carries one vote, and all shares confer equal entitlement to the company's assets and earnings. The company's largest shareholders, representing at least one-tenth of the number of votes of all shares of the company as of 31 December 2017, are stated on page 19.

As far as the company is aware, all other significant relationships between Immunovia and the company's largest shareholders are stated in note 22. The Board of Directors is not aware of any shareholders' agreements or other agreements regarding voting rights or other shareholders' rights.

There is no authorization from the Annual General Meeting (AGM) for the Board of Directors to decide that the company may issue new shares or purchase treasury shares.

Annual General Meeting
The AGM is the company's chief decision-making body. The AGM should be held within six months of the end of the financial year. The AGM elects the Board of Directors and auditors. The AGM also adopts the Income Statement and Balance Sheet, and considers matters of the dividend, discharging the Directors and Chief Executive Officer from liability, and approving fees to the Board of Directors and auditors. The AGM also deals with matters that are incumbent on it pursuant to the Swedish Companies Act and the Articles of Association.

The company's ambition is for the AGM to be a satisfactory body for shareholders, and accordingly, its objective is for the whole Board, at least one representative of the Nomination Committee, the Chief Executive Officer and other members of management, as well as the auditor, to always attend the AGM.

Extraordinary General Meetings (EGM) are convened when the Board of Directors or auditors consider this appropriate.

Pursuant to Immunovia's Articles of Association, notices convening AGMs and EGMs are through an announcement in the Swedish Official Gazette, and by making the notice available at the company's website. Issuance of the convening notice is announced in Swedish daily newspaper *Dagens Industri*. Resolutions of meetings are published in press releases and are available on the website.

The AGM 2018 will be held at 4 p.m. on 3 May at Medicon Village in Lund, Sweden.

Entitlement to attend the AGM
All shareholders directly registered in the share register maintained by Euroclear Sweden AB five days prior to the AGM and have notified the company of their intention to attend (with potential assistants) by no later than the date stated in the convening notice of the AGM, are entitled to attend the AGM and vote for the number of shares they hold. Shareholders can attend the AGM personally or by proxy and may also be assisted by a maximum of two people. Normally, shareholders are able to register in several different ways, as stated in the convening notice.

Initiatives from shareholders
Shareholders that wish to have a matter considered at the AGM must submit a written request thereof to the Board. The Board should normally have received such request by no later than seven weeks prior to the AGM.

Nomination Committee
Pursuant to the Code, the company should have a Nomination Committee that is intended to submit proposals regarding the Chairman of shareholders' meetings, candidates for directorships (including the

chairman), fees and other remuneration for each Director and compensation for committee work, election and remuneration of external auditors, and proposals on principles of the work of the Nomination Committee for the next AGM.

The AGM 2017 resolved that the Chairman of the Board should contact the largest shareholder in terms of votes as of 1 September 2017, either registered or otherwise known, and request this shareholder to appoint three members of the Nomination Committee. The proposal for a new Nomination Committee from the largest shareholder in terms of the vote should secure the support of the second and third-largest shareholder in terms of votes as of 1 September 2017, either registered or otherwise known. If these shareholders have no objection, the proposal for the largest shareholder in terms of votes shall apply. If the three largest shareholders in terms of votes are unable to agree on the composition of the Nomination Committee, they shall each appoint one representative.

The Nomination Committee consists of those members appointed in the aforementioned manner. If a shareholder that has appointed one of the members of the Nomination Committee is no longer one of the three largest shareholders in terms of the votes of the company, or if a member of the Nomination Committee leaves the Nomination Committee before the AGM 2018 for any other reason, then in consultation with the three largest shareholders in terms of the votes, the members of the Nomination Committee will be entitled to appoint another representative of the three largest shareholders in terms of the vote to replace such member. The names of the members of the Nomination Committee, and information on the identity of the Chairman of the Nomination Committee, shall be published by no later than six months prior to the AGM 2018. The Nomination Committee shall appoint its Chairman internally, who may not be the Chairman of the Board.

The composition of the Nomination Committee has been published at the latest six months prior to the AGM.

The current Nomination Committee members are:

- Sara Ek appointed by Sara Ek;
- Carl Borrebaeck appointed by Carl Borrebaeck; and
- Astrid Samuelsson appointed by Handelsbanken Fonder

Pursuant to a resolution by the AGM 2017, the duties of the Nomination Committee include submitting proposals to the AGM 2017 for electing the Chairman of the Meeting, the Board of Directors, the Chairman of the Board, auditor, Directors' fees, audit fees and proposals regarding the Nomination Committee for the AGM 2018.

With the aim of making the principles of the Nomination Committee more consistent with accepted practice for companies listed on regulated marketplaces, the Nomination Committee will be proposing adoption of the following principles at the AGM on 3 May 2018.

The Nomination Committee, which will be appointed for the period until a new Nomination Committee has been appointed, should consist of four members, three of whom should be appointed by the company's largest shareholders in terms of the votes, and the fourth should be the Chairman of the Board. When evaluating which shareholder should be considered the largest shareholder of the company, calculations of participating interest should include ownership based on groups of shareholders that collaborate in the company's administration. As soon as possible after the end of the third quarter each year, the Chairman of the Board should contact the three largest shareholders at this date in an appropriate manner and encourage them to designate the individual such shareholder wishes to appoint as a member of the Nomination Committee in writing within a reasonable time that does not exceed 30 days. If one of the three largest shareholders does not exercise its right to appoint a member of the Nomination Committee, the next shareholder in turn will be offered the right to appoint a member of the Nomination Committee. In cases where several shareholders decline the entitlement to appoint members of the Nomination Committee, the Chairman of the Board should not need to contact more than eight shareholders, providing this is not necessary to compose a Nomination Committee with at least three members.

Unless otherwise agreed between members, the Chairman of the Nomination Committee should represent the largest shareholder. The Chairman of the Board or other Director may not serve as Chairman of the Nomination Committee.

Employees of the group may not be members of the Nomination Committee.

If a shareholder that has appointed a member of the Nomination Committee is no longer one of the

company's three largest shareholders in the year, the member selected by such shareholder should leave the Nomination Committee. Instead a new shareholder from amongst the three largest shareholders will be entitled, independently and at their own discretion, to appoint a member of the Nomination Committee. However, no marginal differences in shareholdings and changes to shareholdings arising later than three months prior to the AGM should cause any changes to the composition of the Nomination Committee, unless in special circumstances.

If a member of the Nomination Committee leaves before the Nomination Committee has completed its assignment due to reasons other than those stated in the preceding paragraph, that shareholder that appointed such member shall be entitled, independently and at their own discretion, to appoint a replacement. If the Chairman of the Board leaves the Board of Directors, his/her replacement should also replace the Chairman of the Board on the Nomination Committee.

No fees are payable to members of the Nomination Committee. However, the company will meet expenses that the Nomination Committee considers necessary to complete its assignment.

AGM 2017

The most recent AGM was held on 25 April 2017 at Medicon Village in Lund, Sweden. The Meeting resolved to re-elect the Directors Carl Borrebaeck, Ann-Christin Malmborg Hager, Hans Johansson, Åsa Hedin and Ann-Christine Sundell. It resolved that Directors' fees totaling SEK 720,000 would be payable, of which SEK 200,000 to the Chairman of the Board and SEK 100,000 to each of the other Directors, and SEK 40,000 to the Chairman of the Audit Committee, SEK 40,000 to the Chairman of the Remuneration Committee and SEK 20,000 each for other members of these Committees.

The AGM approved the proposal that no dividend should be paid for the financial year 2016.

The AGM elected Mazars Set Revisionsbyrå AB as the company's auditor, with Authorized Public Accountant Mats Åke Andersson as Auditor in Charge, for the period until the end of the AGM 2018.

The Meeting also resolved to constitute a Nomination Committee for the next AGM, in accordance with the Board of Directors' proposal, see above under the heading 'Nomination Committee.'

The Meeting resolved to issue a maximum of 90,000 share warrants waiving shareholders' preferential rights. The share warrants constitute one of Immunovia's incentive programmes for senior executives and employees, which is reviewed in more detail in 'The Immunovia share' section on page 18.

The AGM also resolved to confer the Board of Directors with entitlement to decide on the introduction of an alternative cash-based incentive programme for key individuals in countries where granting share warrants is not appropriate for various reasons. Such alternative incentive programme was introduced for six key individuals and is structured so that the financial effect for the key individual corresponds to the terms and conditions in the aforementioned incentive programme based on share warrants and is reviewed in more detail in the section on page 19. The total expense for the company for such alternative incentive programme may not exceed USD 920,000.

Board of Directors

The Board of Directors is the chief decision-making body after the AGM. The responsibilities of the Board of Directors are regulated through means including the Swedish Companies Act, the company's Articles of Association and other laws and ordinances, as well as the Board of Directors' Rules of Procedure and other internal policies.

Pursuant to the Swedish Companies Act, the Board of Directors is responsible for the company's administration and organization, which means that the Board is responsible for matters including setting goals and strategies, ensuring procedures and systems for evaluating established goals, continuously evaluating Immunovia's financial position and results of operations, as well as appraising executive management. The Board of Directors is also responsible for ensuring that the Annual Accounts and Consolidated Accounts, as well as interim reports, are prepared on time. The Board also appoints the Chief Executive Officer.

The Directors are elected by the AGM each year, or where appropriate, by an EGM, for the period until the end of the next AGM. The Chairman is elected by the AGM, or where appropriate, an EGM, and has a special responsibility to lead the work of the Board of Directors and for the work of the Board being well organized and conducted effectively.

The Board of Directors follows written Rules of Procedure, which are reviewed yearly and adopted at the Board meeting following election each year, or as necessary. The Rules of Procedure divide responsibil-

ities for the work of the Board between the Board and its Committees, and between the Board and the Chief Executive Officer. Pursuant to the Articles of Association, the Board should decide on strategies and budgets, adopt the Annual Accounts and other financial statements, important policies and authorization lists, appoint the Chief Executive Officer and appraise the work of the Chief Executive Officer, adopt rules governing internal controls and monitoring how internal controls are functioning, decide on major investments and far-reaching agreements, decide on the direction of the work of the Board of Directors, appoint the Audit and Remuneration Committees, and appraise the work of the Board's Committees.

The Chairman of the Board leads the work of the Board. The Chairman of the Board should monitor the company's progress and ensure that the Board receives the information necessary for the Board to perform its duties.

The Board meets in accordance with an annual schedule that is approved in advance. In addition to these meetings, further meetings can be arranged to deal with issues that cannot be considered at a scheduled meeting. In addition to Board meetings, the Chairman and CEO maintain an ongoing dialogue regarding management of the company.

The work of the Board of Directors

Board meetings are prepared by the Chairman of the Board jointly with the company's Chief Executive Officer. Written material is provided to the Board for each meeting. Certain matters are consulted within the audit committee, whose members are Åsa Hedin (Chairman) and Hans Johansson. Regular issues for Board meetings include reviews of business conditions and financial reporting. The minutes of Board meetings are recorded by the company's CFO.

Appraising the work of the Board

Pursuant to the Articles of Association, the Board appraises its work each year. The work of the Board is evaluated yearly through a systematic and structured process that is designed to produce good supporting data for improvements of the Board's own work. The appraisal is conducted partly individually, and partly through discussions at Board meetings. The aim of the appraisal is to provide the Chairman of the Board with information on how Directors perceive the efficiency and aggregate competence of the Board, and if there is a need for changes within the Board. The other Directors appraise the Chairman of the Board. The Chairman of the Board informs the Nomination Committee of the outcome of these appraisals.

Summary of Board meetings in the year

In 2017, the Board held 12 meetings, and one strategy day. Each Board meeting dealt with business conditions and financial reporting. In the year, the external auditors attended one meeting. Matters considered apart from schedule items included continuous reviews of long-term strategies, review of new product alternatives, and the budget for 2018.

Directors and their independence

Name	Assignment for the company and other material assignments	Elected to the Board	Attendance Board meetings	Attendance Remuneration Committee	Attendance Audit Committee	Dependent on the company and management	Dependent on major shareholders
Carl Borrebaeck (born 1948)	Chairman	2007	12/12	1/1		Yes	No
Ann-Christin Malmborg Hager (born 1965)	Member	2015	9/12			Yes	No
Åsa Hedin (born 1962)	Member	2015	11/12		4/4	No	No
Ann-Christine Sundell (born 1964)	Member	2017	12/12	1/1		No	No
Hans Johansson (born 1954)	Member	2017	12/12		4/4	No	No

Board of Directors

CARL BORREBAECK (1948), Chairman of the Board since 2007.

Education/background: Professor Carl Borrebaeck is the founder of Immunovia AB (publ). Professor Borrebaeck was a co-founder of Senzagen AB (publ), BioInvent International AB (publ) and Alligator BioScience AB (publ). Nominated as Biotech Builder of the Year for his entrepreneurship in 2017. Professor Borrebaeck is a life member of the IVA (Royal Swedish Academy of Engineering Sciences), a Director of CREATE Health—the Strategic Division of Translational Cancer Research (TCR) and former Deputy Vice Chancellor of Lund University (heading up its innovation systems and industrial partnerships), and Head of the Immunotechnology Department. Carl Borrebaeck is also a Founding Mentor of NOME (Nordic Mentor Network for Entrepreneurship).

Current assignments: Chairman of SenzaGen AB and CB Ocean Capital AB. Director of Alligator Bioscience AB, Clinical Laserthermia Systems AB and Scandion A/S. Managing partner of Immunova Handelsbolag.

Previous assignments (past five years): Chairman of LU Innovation System AB. Director of Atlas Therapeutics AB, BioInvent International Aktiebolag, LU Holding AB, Medicon Village Fastighets AB and Wntresearch AB. Deputy Director of Endo Medical AB.

Holdings in the company as of 31 Dec. 2017: 1,709,900 shares and 0 share warrants.

ÅSA HEDIN (1962), Director since 2015.

Education/background: Åsa Hedin holds an M.Sc. (Eng.) in biophysics from the University of Minnesota and a B.Sc. in physics from Gustavus Adolphus College. Åsa also holds a Pro Board Work Diploma, M Berglund Board value.

Current assignments: Director of CellaVision AB, C-Rad AB, E. Öhman J:or Fonder AB, Fingerprint Cards AB, HerMed Group Holding AB, Nolato Aktiebolag and Tobii AB.

Previous assignments (past five years): Chairman of Elekta Oy. Director of Sensavis AB and Svenska rymdaktiebolaget. Director and President of Elekta Instrument AB.

Holdings in the company as of 31 Dec. 2017: 10,000 shares and 0 share warrants.

HANS JOHANSSON (1954), Director since 2017.

Education/background: Hans Johansson holds an M.Sc. (Eng.) in chemical engineering and has long-term experience and a broad-based contact network from previous roles in the life science and diagnostic industries, most recently as Vice President of Companion Diagnostics in Thermo Fisher's Specialty Diagnostics Group. Prior to that, Hans' positions included serving as Global VP and Head of Marketing & Commercial Development for Thermo Fisher's ImmunoDiagnostics Division and VP of Pharmacia Biotechnology AB's Laboratory business area. Hans has also served as the President, Director and entrepreneur of various start-ups in the sector. He has a total of over 30 years' experience of global business development and commercialization of biotech and diagnostic innovations.

Current assignments: Chairman of Doloradix AB and Myrtila AB. Director of Single Technologies AB and Uppsala Innovation Centre AB.

Previous assignments (past five years): Deputy Director of Duvbo affärskonsult AB.

Holdings in the company as of 31 Dec. 2017: 23,460 shares and 0 share warrants.

ANKI MALMBORG HAGER (1965), Director since 2015.

Education/background: Anki Malmborg Hager holds an M.Sc. (Eng.) in chemical engineering and a Ph.D. in immunotechnology from Lund University Faculty of Engineering. Anki Malmborg Hager is the CEO of Senzagen AB, which has been listed on Nasdaq First North since September 2017. Anki previously served as the President of several start-ups, including Cantargia, Diaprost, XImmune, and as an Investment Director. Additionally, Anki has experience of business development from companies including Alligator Bioscience AB.

Current assignments: Director of Avena Partners AB, Diaprost AB and Hager Consulting AB. President of SenzaGen AB.

Previous assignments (past five years): Director of bulb Intelligence AB and Cantargia AB. President of Sista versen 26366 AB.

Holdings in the company as of 31 Dec. 2017: 0 shares or share warrants.

ANN-CHRISTINE SUNDELL (1964), Director since 2017.

Education/background: Ann-Christine Sundell holds an M.Sc. in biochemistry and has over 30 years' experience of global commercial positions in the diagnostics sector. Ann-Christine was EVP of Genetic Screening at PerkinElmer, one of the world's largest life science companies, for ten years, where she led one of the company's five strategic business areas with over 1,500 employees worldwide. Ann-Christine has rigorous strategic and operational experience in all segments significant to Immunovia Including Sales & Marketing, R&D, Production, Quality and regulatory issues.

Current assignments: Chairman of Oy Medix Biochemica Ab and Serres Oy. Director of Ab Archipelagia Golf Oy, BluePrint Genetics Oy, Ledil Group OY, Ledil Oy, Minervastiftelsen, Oy Medix Ab, Raisio Oyj and Revenio Group Oyj. Board member of Raisio Oyj's research foundation and partner of AConsult.

Previous assignments (past five years): Director of Vanadis Ab and Zymonostics ApS.

Holdings in the company as of 31 Dec. 2017: 0 shares or share warrants.

Board composition and independence
Pursuant to the company's Articles of Association, where elected by the AGM, the Board should consist of a minimum of three and a maximum of ten Directors and maximum of ten deputies. Otherwise, there is no stipulation in the Articles of Association regarding appointing or dismissing Directors. Pursuant to the Code, a majority of Directors elected by shareholders' meetings should be independent of the company and its management. At least two should also be independent of the company's major shareholders. Immunovia judges that its Board satisfies the requirements of independence.

At present, the company's Board of Directors consists of five members elected by shareholders' meetings.

The Board's members and their independence are stated in the following table.

Audit Committee
The Audit Committee members are Åsa Hedin (Chairman) and Hans Johansson. The primary duty of the Committee is to assure the quality of financial reporting, which includes internal controls, reviews of material accounting and measurement issues, and reviews of the company's external reporting. Before the AGM, the Committee should also provide the Nomination Committee with proposals regarding audit fees. The Audit Committee also determines which other services apart from auditing the company may purchase from the company's auditors.

The auditors meet the Board of Directors and Audit Committee each year, both with and without management in attendance.

Minutes are taken at all Audit Committee meetings and distributed to all Directors. The Committee also provides regular reports to the Board on its work through the Chairman of the Committee verbally reporting at the following Board meeting.

The Audit Committee monitors the company's internal controls through continuous feedback and maintains regular contact with the external auditors. Business and control processes will be subject to further documentation and evaluation in 2018, through self-assessment and external appraisal.

The AGM 2017 resolved that the Chairman of the Audit Committee would receive a fee of SEK 40,000 and that other members should each receive SEK 20,000.

Remuneration Committee
Carl Borrebaeck is Chairman of the Remuneration Committee, and Ann-Christine Sundell is a member of the Remuneration Committee. Its primary duty is to consult on salary, other benefits and employment terms for the Chief Executive Officer and other senior executives, as well as incentive programmes for each group. The Remuneration Committee should ensure compliance with the established guidelines for remunerating senior executives.

Minutes are taken at all Remuneration Committee meetings and distributed to all Directors. The Committee also provides regular reports to the Board on its work through the Chairman of the Committee verbally reporting at the following Board meeting.

The AGM 2017 resolved that the Chairman of the Remuneration Committee would receive a fee of SEK 40,000 and that other members should each receive SEK 20,000.

Auditors
The AGM 2017 appointed audit firm Mazars Set Revisionsbyrå AB as auditor, with Authorised Public Accountant Mats-Åke Andersson as Auditor in Charge. In addition to auditing, the company has appointed Mazars Set Revisionsbyrå AB for guidance related to the audit on accounting issues.

CEO and management
The CEO was appointed by the Board and has the primary responsibility for the company's ongoing administration and daily operations. The segregation of duties between the Board and CEO is stated in the Rules of Procedure of the Board of Directors and instructions for the CEO. The CEO and group management are also responsible for preparing reports and compiling information for group management for Board meetings and present this material at Board meetings. The CEO is responsible for the company's financial reporting, and accordingly, should ensure that the Board gathers sufficient information to enable continuous evaluation the company's financial position. Accordingly, and jointly with the rest of group management, the CEO is responsible for compliance with the group's overall strategy, financial and business controls, capital structure, risk management and acquisitions.

Management

MATS GRAHN (1962), Chief Executive Officer since 2013.

Education/background: Mats Grahn holds an M.Sc. (Eng.) in engineering physics from Lund University. Mats has over 25 years' experience of executive positions in the life science and diagnostic sectors, as well as extensive knowledge of business development, strategic development, marketing, product management, product development and accessing markets. Mats has headed up multinational and commercial operational organizations, restructured marketing organizations, integrated acquired companies and managed new start-ups. Much of Mats' experience has been gathered from the leadership of multinational management teams and organizations in Scandinavia, Europe, the US and Asia. Previous positions include: CVP of Marketing for Dako A/S, VP of Product Management for GE Healthcare, VP of Marketing for Amersham Biosciences, VP of Laboratory Separations for Pharmacia Biotech and VP of Prevas Bioinformatics.

Current assignments: Chairman & President of Gusmo AB. Deputy Director of Utas Glassmakeri AB.

Previous assignments (past five years): Chairman of Alligator Bioscience AB, Atlas Therapeutics AB and Bmatrix AB. Executive positions with Spiber Technologies AB and Biocrine AB.

Holdings in the company as of 31 Dec. 2017: 413,039 shares and 0 share warrants.

HANS LILJENBORG (1958), CFO since 2013.

Education/background: Hans Liljenborg is a graduate of specialist education in business administration and mathematics from Lund University. Hans has long-term experience as a Finance Director of growing, global medical device companies. Hans has served as Finance Director of Physio Control Inc./Jolife AB and Finance Manager of Vivoline Medical AB, which was listed on Nasdaq First North in March 2015. He is also proprietor of his own accounting firm.

Current assignments: Director of ADAYS AB. Deputy Director of Entreprenörskompetens i Lund AB, Gantus Training AB and IES Interactive Executive Search AB. auditor of cooperative Byns Förskola Ekonomisk förening. Partner of Prosperus.

Previous assignments (past five years): Executive positions with E-vård MinDoktor.se Sverige AB, Jolife AB, Quick-Cool AB and Vivoline Medical AB. Auditor of Bostadsrättsföreningen Långgårdsgatan 17 and Solbacka Trading.

Holdings in the company as of 31 Dec. 2017: PPersonally and through companies, 2,040 shares and 50,000 share warrants, conferring entitlement to subscribe for 50,000 new shares.

ROLF EHRNSTRÖM (1953), Chief Scientific Officer since 2013.

Education/background: Rolf Ehrnström holds an M.Sc. (Eng.) in biochemistry and biotechnology from the Royal Institute of Technology, Stockholm. Rolf is the proprietor of Reomics AB and an Independent Partner of Ventac-Partners. He has long-term experience of managing research and has served as Chief Scientific Officer of Dako/Agilent and Gyros AB. Rolf also has experience as Science Director of Amersham Bioscience and Pharmacia Biotech.

Current assignments: Director of Reomics AB and Fluimedix A/S Denmark. Member of the Nomination Committee of Idogen AB.

Previous assignments (past five years): Director of Biomonitor A/S.

Holdings in the company as of 31 Dec. 2017: 60,597 shares and 0 share warrants.

LOTTA BLOMGREN (1960), Operations Director since 2016.

Education/background: Lotta Blomgren holds an M.Sc. in chemical engineering from Lund University Faculty of Engineering and has over 30 years' experience of the life science and diagnostic industries, 15 of which in executive positions. Lotta brings experience as a manager of production, quality control and logistics teams, as well as project management in the transfer of new products from development to production scale. Lotta's experience includes managing staff and project portfolios in strategic reorganization processes of international production networks, due diligence for potential acquisitions of new businesses and contract manufacturing organizations. Previous positions include VP of Technical Operations for Euro Diagnostica AB, Head of Supply Chain for Bioglan AB, Product & Technology Support Director for Ferring A/S, Head of Process Development for Ferring AB, multifunctional roles within process development and project management with Astra AB, Kabi Pharmacia AB and ACO AB.

Current assignments: None.

Previous assignments (past five years): Executive positions with Bioglan AB and EuroDiagnostica AB.

Holdings in the company as of 31 Dec. 2017: 510 shares and 40,000 share warrants, conferring entitlement to subscribe for 40,000 new shares.

LAURA CHIRICA (1968), CCO since 2015.

Education/background: Laura Chirica holds an M.Sc. in biochemistry from Umeå University and a Ph.D. in biochemistry from Umeå University. With over 14 years' experience of business executive positions in the life science and diagnostics sectors, Laura brings extensive knowledge of business, organizational and strategic development, as well as sales, tactical marketing, product management and product support. Laura has led and restructured multinational sales and marketing organizations, managed business development, the integration of acquired companies, and developed brands and marketing communication platforms. Much of Laura's experience has been gathered from leadership of multinational management teams and organizations in Scandinavia, Europe, the US and Asia. Previous positions include: VP of Sales and Marketing for Euro Diagnostica AB, Director of Purification Technologies for Europe Sartorius Stedim, Global Marketing Director of Dako A/S and Global Marketing Programme Manager of GE Healthcare.

Current assignments: Director of SenzaGen AB.

Previous assignments (past five years): Executive positions with Euro-Diagnostica AB.

Holdings in the company as of 31 Dec. 2017: 0 shares or share warrants.

LINDA MELLBY (1979), Laboratory Director since 2013.

Education/background: Linda Mellby holds an M.Sc. in chemical engineering and a Ph.D. in immunotechnology from the Institution of Immunotechnology at Lund University. Linda has over ten years' experience of Immunovia's platforms, microarray technologies for recombinant antibodies and in-depth knowledge of the characteristics, technology development and clinical applications of the platform within oncoproteomics and autoimmunity. Linda has been one of the key researchers dealing with the development of Immunovia's microarray platform for disease proteomics, and has conducted extensive work on process optimization, standardization and clinical studies.

Current assignments: None.

Previous assignments (past five years): None.

Holdings in the company as of 31 Dec. 2017: 11,126 shares and 27,500 share warrants, conferring entitlement to subscribe for 38,626 new shares.

HENRIK WINTHER (1966), Senior Vice President of Business Development since 2017.

Education/background: Henrik Winther holds a DVM and Ph.D. in cellular biology and histology from Copenhagen University. Henrik has been at the leading edge of companion diagnostics for over ten years, and brings experience of research & development, business development, regulatory issues, production and commercialization of IVD products. Since 2006, Henrik has been R&D manager of Dako A/S, as well as Design Manager of HercepTest CDx. Henrik was then Head of Dako Business Development and was involved in the acquisition of Dako by Agilent Technologies. Previous positions include serving as Vice President and General Manager of Agilent Technologies in Santa Barbara, US, and Head of the R&D function of the Companion Diagnostics Division. Henrik was previously an associate professor of cellular biology but has been focusing on cancer diagnostics for the past 17 years.

Current assignments: Director of Saga Diagnostics AB.

Previous assignments (past five years): Executive positions with Agilent Technologies and Dako A/S.

Holdings in the company as of 31 Dec. 2017: 0 shares and 50,000 share warrants, conferring entitlement to subscribe for 50,000 new shares.

This includes preparing financial statements and communication with the capital markets.

In 2017, the CEO and six people in the management team made up group management.

Remuneration of group management

Total compensation and other benefits granted directly or indirectly by the company to members of group management are stated in note 9. The company has not issued any loans to members of group management.

Board of Directors' proposed guidelines for remunerating senior executives

The Board of Directors of Immunovia proposes that the AGM on 3 May 2018 adopts the following guidelines for remunerating senior executives:

Remuneration of senior executives of the company should consist of basic salary, potential variable compensation, other customary benefits and pensions. Total annual remuneration should be on market terms and competitive on the labour market where the executive is stationed, and consider individual qualifications and experience, as well as reflecting exceptional performance in overall compensation. Basic salary should be subject to annual review. Senior executives means the Chief Executive Officer and other members of the company's management.

Basic salary and variable compensation should relate to the executive's responsibilities and authority. Variable compensation should be payable in cash and/or in shares/share warrants/convertible instruments or other share-based instruments such as synthetic options or staff stock options and based on outcomes in relation to established target, and structured to promote shared interests between the executive and the company's shareholders. The vesting period or period from entering an agreement until a share may be acquired should not be less than three years. Variable cash compensation should not exceed basic salary. The terms and conditions governing variable compensation should be structured so that in especially severe financial conditions, the Board is able to limit or refrain from paying variable compensation if such payment is considered unreasonable

and irreconcilable with the company's other responsibilities to shareholders. The yearly bonus should have a capability for limitation or refraining from paying variable compensation if the Board considers that this is justified for other reasons.

If a Director renders services on the half of the company in addition to service on the Board, consulting fees and other compensation for such work should be payable subsequent to a special decision by the Board.

As far as possible, pension benefits should be defined contribution. The Chief Executive Officer and other senior executives should have maximum notice periods of 18 months. Basic salary during the notice period and severance pay should not exceed an aggregate maximum amount corresponding to two years' basic salary.

The company's Board of Directors should endeavour for subsidiaries of the group to apply these principles.

The Board should be entitled to depart from the above guidelines if the Board considers that there are special reasons justifying this in an individual case.

Questions regarding salary and other compensation to the Chief Executive Officer are subject to consultation by the Remuneration Committee, and decided by the Board. Questions regarding salary and other compensation to other senior executives are consulted and decided by the CEO.

Internal audit

The group has straightforward legal and operational structure, and established governance and internal control systems. Against this background, the Board has decided not to create a dedicated internal audit.

The Board's report on internal controls over financial reporting

The Board's responsibility for internal control and governance is regulated by the Swedish Companies Act and the Swedish Annual Accounts Act, and the Code is also applied. Immunovia endeavours to manage its operations as effectively as possible. Financial reporting should be reliable and reflect the company's operations accurately, and be prepared in accordance with applicable laws and ordinances. The Board determines which reports should be produced for the Board to be able to monitor the company's progress. Initially, the quality of financial reporting to the Board is evaluated by the Audit Committee.

Internal controls and control environment

The Board of Directors' responsibility for internal controls is regulated by the Swedish Companies Act and the Swedish Annual Accounts Act, which stipulates that information on the most important elements of the company's systems for internal controls and risk management relating to financial reporting should be included in the Corporate Governance Report, as well as the code. The Board's duties include ensuring that the company has good internal controls and formal procedures that ensure compliance with established principles for financial reporting and internal controls, and that expedient systems for monitoring and controlling the company's operations and the risks the company and its operations are associated with, are in place. Decision-paths, authorisations and responsibilities being clearly defined and communicated between different levels of the organisation, as well as control documentation such as policies and guidelines covering all material segments, and providing guidance to different executives within the group, is an important component of the control environment.

One significant part of the Board's work is to formulate and approve a number of fundamental policies, guidelines and frameworks. These include the Board's Rules of Procedure, the Instructions for the CEO, Corporate Communication and Finance Policies. The purposes of these policies include providing a foundation for good internal controls. All policies are subject to annual review and approval by management or the Board. Additionally, the Board should endeavour for its organisational culture to provide clearly defined roles, responsibilities and processes that favour efficient management of the operation's risks, and enable targets to be achieved.

The overall purpose of internal controls is to ensure that the company is following up on its operational strategies and goals, and its owners' investments are protected. Additionally, internal controls should ensure that there is reasonable assurance that financial reporting is reliable and prepared consistently with generally accepted accounting practice, compliant with applicable laws and ordinances and the standards applying to listed companies.

Financial reporting

The Board bears overall responsibility for internal controls over financial reporting. With the aim of creating and maintaining a functional control

environment, the Board has adopted a number of policies and control documents that regulate financial reporting. They mainly consist of the Board's Rules of Procedure, Instructions for the CEO and instructions for financial reporting. The Board has also adopted a dedicated approvals list and Finance Policy. The company has an accounting handbook stating the principles, guidelines and process definitions for accounting and financial reporting. Additionally, the Board has established an Audit Committee whose primary duty is to ensure compliance with established principles for financial reporting and internal controls, and for maintaining regular contact with the company's auditors. Responsibility for maintaining an effective control environment and ongoing work on internal controls over financial reporting has been delegated to the company's CEO. The CEO provides regular reports to the Board pursuant to the established instructions for the CEO, and instructions for financial reporting. The Board also receives reports from the company's auditor. Based on a control environment perceived as effective and external examination by auditors, the Board judges that there are no special circumstances in the operation, or other conditions, that would justify establishing an internal audit function.

Risk assessment
The risk assessment includes identifying risks that may arise if the fundamental standards apply to the company's financial reporting are not satisfied. The company's management has identified and evaluated the risks that are relevant to the company's operations and evaluated how these risks can be manage in a dedicated risk assessment document. Within the Board, the Audit Committee bears primary responsibility for continuously evaluating the company's risk situation, with the Board conducting an annual review of the risk situation subsequently.

Control activities
Control activities limit identified risks and ensure accurate and reliable financial reporting. The Board is responsible for internal controls and monitoring management. This is conducted through internal and external control activities, and by examining and following up on the company's control documents related to risk management.

Information and communication
The company has information and communication pathways intended to promote the accuracy of financial reporting and enable reporting and feedback from operations to the Board and management, through means including making control documents in the form of internal policies, guidelines and instructions for financial reporting available and familiar to the affected staff. The Board has also adopted a Corporate Communication Policy that formalises the company's communication through financial information in the form of interim reports, financial statements, annual accounts and press releases in tandem with significant events that may be share price sensitive. Corporate communication complies with the standards stated in Nasdaq Stockholm's Rulebook for Issuers. The Board reviews external financial reports prior to publication. The Corporate Communication Policy also stipulates how communication can be affected, and which parties may represent the company. Information distributed through press releases is also available on the company's website, as is other information considered valuable.

Monitoring
The compliance with, and effectiveness of, internal controls are subject to regular monitoring. The CEO insures that the Board receives regular reports on the progress of the company's operations, including the process of the company's results of operations and financial position, and information on important events, such as research outcomes and important agreements. The CEO also reports these issues at each Board meeting.

The auditor's examination of the corporate governance statement

To the general meeting of shareholders of
Immunovia AB (publ), corporate ID no. 556730-4299

Assignment and segregation of duties
The Board of Directors is responsible for that the corporate governance statement for 2017 on pages 20-30 has been prepared in accordance with the Annual Accounts Act.

Orientation and scope of review
Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinion
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Lund, 19 March 2018

Mazars SET Revisionsbyrå AB

Mats-Åke Andersson
Authorized Public Accountant

Statutory Administration Report

The Board of Directors and Chief Executive Officer of Immunovia AB (publ), corporate identity number 556730-4299, hereby present the Annual Accounts and Consolidated Accounts for the financial year 2017.

Unless otherwise stated, this information is for the group. Information in brackets is for the previous year. Amounts are in Swedish kronor (SEK) unless otherwise stated. Rounding errors may occur.

Essentially, the parent company's operations in the period were the same as the group's. Accordingly, comments on the progress of the group also apply to the parent company.

Operations

Immunovia AB conducts the development of new and improved methods for diagnosing complex diseases in cancer and autoimmunity. Operations are mainly conducted in the parent company Immunovia AB, and accordingly, the following comments apply to the group and parent company.

Progress of operations and significant events in the financial year

We worked on a goal-oriented footing in 2017 to bring our patented, blood-based pancreatic cancer test I M-D to the market. The main activities focused on prospective clinical studies, certification, accreditation and scaling up production capacity, both of the product itself and laboratory capacity. Immunovia Inc., with its office and proprietary reference laboratory, was incorporated in the Boston region. The consistent aim is to commence sales in 2018.

In 2017, we also executed preparations to transfer trading in the company's shares from First North to Nasdaq Stockholm's main market, and Immunovia is now undergoing Nasdaq's process to achieve this goal.

Prospective clinical trials paving the way for cost reimbursement

In 2017, we expanded our clinical study programmes to cover all three target groups of IMMray™ PanCan –d usage as planned. These studies, which we have designated PANDIA-1, PANFAM-1 and PANSYM-1, are designed to validate our blood-based test IMMray™ PanCan –d so it satisfies the criteria of health insurance systems' reimbursement programmes, as well as national guidelines. PANDIA-1, our prospective study for the diabetes risk group, focuses on patients recently diagnosed with type 2 diabetes aged over 50 (NOD), which is one of the biggest risk groups for pancreatic cancer.

In this project, we have a collaboration with Lund University's Diabetes Centre (LUDC) which has been gathering tests from basically all new diabetics in the Scania region since 2008, and now has a total of over 17,000 patients. We commenced PANDIA-1, the world's most extensive prospective study on this risk group in December, through a consortium including Lund and Uppsala Universities, the LUDC, and the Scania and Uppsala regional health authorities. This consortium has received a SEK 7.6 m grant from Swedish government innovation programme Swelife, in the Improved Diagnostics and Treatment of Diabetes-related Comorbidities project. Through this project, Immunovia will get access to up to 6,000 diabetes patients aged over 50, for prospective testing with IMMray™ PanCan –d. In January 2018, the Danish Centre for Strategic Research into Type 2 diabetes (DD2) joins the PANDIA-1 study and will continue to contribute up to 3,500 patients in the PANDIA-1 study, which is planned as a global collaborative study.

PANSYM-1, our prospective study for the early symptom risk group, began with gathering tests in a pilot study in collaboration with University College London Hospital. This study is led by Professor Steve Pereira, one of the world's key opinion leaders in the segment. This pilot study is enrolling a minimum of 360 patients, and results are expected as early as in 2018, and given positive results, PANSYM-1 will be expanded. Work also continued on our prospective study for the familiar and hereditary risk group, PANFAM-1.

We continued our work on enrolling additional cancer centers in the US and EU. In December, we were able to announce that Sahlgrenska University Hospital in Gothenburg had become a contributor to the trial as the first cancer center in this group, and the University of Pittsburgh, one of the most respected pancreatic cancer institutions in the US, also joined.

By participating, they will be contributing patient data improving the study's breath and legitimacy. The breadth of this collaboration not only confers advantages to the study itself but is also an important long-term market investment because the clinics participating in this study are also important potential customers in the commercial phase. Other US partners collaborating in the study are Mount Sinai in New

York, the Knight Cancer Institute at Oregon Health & Sciences University, and the University of Michigan. In Europe, IRYCIS in Madrid and the University of Liverpool in the UK are also contributors.

Final preparations for sales in 2018
Work has progressed well, and we expect to be able to commence selling I M-D as planned to self-pay private individuals and healthcare organizations in 2018. To achieve this, we worked intensively on industrializing I M-D in 2017, work that will conclude in 2018. This primarily involves development and documentation work, as well as all the preparations for ISO 13485 certification of the development and production process, ISO 17025 accreditation of the clinical laboratory in Lund, CLIA/CAP accreditation of the US laboratories, and CE-labelling of the product. Regulatory authorities in the US and EU are updating these standards continuously, and we have obviously been monitoring this progress, adapting to news as it emerges. Preparations for a market launch also involve us scaling up production and laboratory processes with retained robustness and reproducibility. Our work in this respect is well in phase, and we implemented a wide array of improvements in the year, including cutting the lab method's throughput time from 5 to 2 days. Even if much of the necessary validation work that is now ongoing remains to be done, we expect to be complete as planned in late-2018. This will put the company in a position to generate its first sales revenues.

IMMray™ enjoys substantial potential in autoimmunity
For the long term, Immunovia sees great potential in developing tests for other unsolved problems in cancer and autoimmunity based on its IMMray™ technology platform. Next up for us is the development of tests for SLE and RA, based on the very positive results announced in early-2017. We began a large-scale collaboration with Linköping University in the year, which will be providing biobanks and expertise in SLE, RA, vasculitis and Sjögren's syndrome. Our goal is to develop the next generation of diagnostics of autoimmune diseases based on the IMMray™ platform.

Transferring to Nasdaq Stockholm's Main List
The company's internal preparation for its IPO on Nasdaq Stockholm's main list concluded in the year. The application has been filed, and we expect a decision in the first quarter 2018. Our listing on Nasdaq First North has served the company well. Since our IPO in 2015, we have accessed capital and an investor base that has brought us the opportunity to execute the preparations necessary to bring the company to its commercial phase.

Risks and uncertainty factors
Operational risks
Immunovia's operations and market are subject to a number of risks that are wholly or partly outside the company's control, and effect, or may affect, Immunovia's operations, financial position and results of operations. The following risk factors have been reviewed without any internal order of priority, and without any claim as to completeness:

- Immunovia is a development enterprise with a fairly short operational history, which means there may be a delay before the company is able to report sales revenues.
- The company is in a commercialization phase, which involves risks that sales revenues are lower than expected, or do not appear at all.
- Validation studies may generate unforeseen or negative research outcomes
- Development expenses are difficult to estimate in advance. These expenses may be higher than planned.
- The company is dependent on collaborative and license agreements, and there is a risk that the company is unable to enter collaborations.
- There is a risk that Immunovia does not obtain the registrations necessary to sell and market its products.
- There is a risk that the company does not obtain accreditation pursuant to ISO 17025.
- Immunovia is subject to several government regulations that may be reformed.
- There is a risk that Immunovia is unable to defend granted patents, registered brands and other intellectual property, or registration applications filed are not granted.

Financial risks
For a review of the financial risks, please refer to note 3.

Human resources
The group had an average of 30 (16) employees in the period, and at the end of the period, there were 34 full-time positions, held by 34 people.

Incentive programmes
Detailed information on the company's outstanding share warrants programmes is in note 9 below.

Environmental impact
Immunovia does not conduct any operations that are hazardous to the environment that require permits or notification pursuant to the Swedish Environmental Code.

Dividend
The Board of Directors is proposing that no dividend is paid for the financial year 2017.

Post balance sheet events
The Danish Centre for Strategic Research into Type 2 Diabetes (DD2) joined the PANDIA-1 study in January 2018 and will contribute up to 3,500 patients to PANDIA-1, which is planned as a global collaborative study.

Prospects for 2018
Immunovia is focused on fundamentally transforming the diagnosis of complex forms of cancer and autoimmune diseases. The antibody-based platform IMMray™ is the result of 15 years' research at CREATE Health—Strategic Division of Translational Cancer Research (TCR) at Lund University.

IMMray™ is a technology platform for developing diagnostic tests, and the company's primary test I M-D is the world's first for early diagnosis of pancreatic cancer.

Introduction of IMMray™ PanCan –d on the US and European market is planned for self-pay customers, including private individuals and healthcare organizations, commencing when accreditation and upscaling production is completed, and revenues are expected in 2018. Immunovia will address a total market of over SEK 35 billion in the coming years.

Immunovia sees high potential in developing tests for other unsolved problems in cancer and autoimmunity using its IMMray™ technology platform. Retrospective studies to develop tests in systemic autoimmune diseases such as SLE, RA, vasculitis and Sjögren's syndrome are next on the company's agenda, based on the positive results communicated in early-2017.

Group financial summary

	2017	2016	2015
Net sales (SEK 000)	149	177	205
Profit/loss after financial items (SEK 000)	–45,232	–14,723	–7,384
Total assets (SEK 000)	250,770	283,409	91,509.0
Equity/assets ratio (%)	94	98	92

Parent company financial summary

	2017	2016	2015	2014	2013
Net sales (SEK 000)	149	177	205	359	1,179
Profit/loss after financial items (SEK 000)	–45,232	–14,723	–7,384	–8,859	–1,596
Total assets (SEK 000)	250,665	283,409	91,509	38,874	7,466
Equity/assets ratio (%)	94	98	92	92	66

Proposed appropriation of the company's earnings

The following funds are at the disposal of the Annual General Meeting:	
Share premium reserve	4,897,300
Profit brought forward	259,381,983
Net earnings/loss	–45,232,216
	219,047,067

The Board proposes that:	
Carried forward	219,047,067
	219,047,067

Financial statements

There has been rounding in certain cases, which means that tables and calculations do not always total exactly.

Group key indicators

	Group			Parent company	
SEK 000 unless otherwise stated	2017	2016	2015	2014	2013
Operating earnings/loss (SEK 000)	−45,520	−14,978	−7,424	−8,959	−1,614
Earnings/loss for the year (SEK 000)	−45,232	−14,723	−7,384	−8,859	−1,596
Basic and diluted earnings per share (SEK)	−2.67	−0.98	−0.65	−1.02	−3.20
R&D expenses (SEK 000)	−24,041	−24,293	−16,791	−3,126	0
R&D expenses as a percentage of operating expenses (%)	34	62	69	33	0
Cash and cash equivalents at end of period (SEK 000)	192,426	259,094	75,767	31,804	3,607
Cash flow from operating activities (SEK 000)	−46,318	−11,867	−6,531	−8,290	−414
Cash flow for the period (SEK 000)	−66,661	183,327	43,962	28,197	5,210
Equity (SEK 000)	236,795	276,631	83,801	35,743	4,939
Equity per share (SEK)	13.67	16.46	5.86	3.24	0.79
Equity/assets ratio (%)	94	98	92	92	66
Average number of employees	30	16	11	3	2
Average number of employees in R&D	16	11	8	2	2

The group was created in 2015 through the incorporation of subsidiary Immunovia Inc. To illustrate the progress of operations, parent company key indicators are stated for 2013 and 2014. The operations of the parent company remain very limited, and accordingly, the parent company's key indicators and the group's key indicators are essentially identical.

Alternative key indicators

Of the above key indicators, only the basic and diluted earnings per share metric is obligatory and defined pursuant to IFRS. Of the other key indicators, earnings/loss for the year, cash and cash equivalents at the end of the period, cash flow from operating activities, cash flow for the period and equity are from an IFRS-defined accounting presentation.

The following table indicates the computation of key indicators partly for the IFRS mandatory key indicators basic and diluted earnings per share, but also the key indicators R&D expenses, R&D expenses as a percentage of operating expenses, equity per share and equity/assets ratio. The company's operations are conducting research and development (R& D), explaining why R&D expenses as a percentage of operating expenses excl. depreciation and amortization is an essential key indicator as a measure of the efficiency and the share of expenses of the company used within R&D.

The company's operations do not generate a consistent flow of revenues, but revenues arise irregularly in tandem with signing licensing agreement and milestones achieved. Accordingly, the company monitors the key indicators of equity/assets ratio and equity attributable to equity holders of the parent per share in order to be able to judge the company's financial position and stability. The different cash flow measures that result from the Consolidated Statement of Cash Flows are also monitored with these key indicators.

For definitions, see the Definitions section below.

	Group			Parent company	
SEK 000 unless otherwise stated	2017	2016	2015	2014	2013
Earnings/loss for the year (SEK 000)	−45,232	−14,723	−7,384	−8,859	−1,596
Average number of shares before and after dilution	16,932,559	14,985,688	11,424,799	8,992,357	5,109,031
Basic and diluted earnings per share (SEK)	**−2.67**	**−0.98**	**−0.65**	**−0.99**	**−0.31**
Operating expenses (SEK 000)	−69,768	−39,481	−24,431	−9,493	−2,794
Administrative expenses (SEK 000)	−44,463	−14,639	−7,352	−6,108	−2,295
Depreciation and amortization (SEK 000)	−1,264	−549	−288	−259	−499
R&D expenses (SEK 000)	**−24,041**	**−24,293**	**−16,791**	**−3,126**	**0**
R&D expenses as a percentage of operating expenses (%)	**34**	**62**	**69**	**33**	**0**
Equity (SEK 000)	236,795	276,631	83,801	35,743	4,939
Registered number of shares on the reporting date	17,318,059	16,804,059	14,291,216	11,046,216	11,046
Equity per share (SEK)	**13.67**	**16.46**	**5.86**	**3.24**	**447.13**
Equity (SEK 000)	236,795	276,631	83,801	35,743	4,939
Total assets (SEK 000)	250,770	283,409	91,509	38,874	7,466
Equity/assets ratio (%)	**94**	**98**	**92**	**92**	**66**

Consolidated Income Statement

SEK	Note	Full year 2017	Full year 2016
Operating income, etc.			
Net sales	5, 6	148,963	177,284
Work performed by the company for its own use and capitalized		24,040,810	24,292,671
Other operating revenues	7	58,662	32,583
Total		**24,248,435**	**24,502,538**
Operating expenses			
Other external expenses	6, 8	–39,113,417	–24,115,164
Personnel expenses	9	–29,137,188	–14,814,829
Depreciation of property, plant and equipment		–1,263,509	–548,732
Other operating expenses		–254,085	–1,821
Total operating expenses		**–69,768,199**	**–39,480,546**
Operating earnings/loss		**–45,519,764**	**–14,978,008**
Profit/loss from financial items			
Interest income, etc.	10	297,734	255,933
Interest expenses, etc.	11	–10,170	–1,147
Total financial items		**287,564**	**254,786**
Profit/loss after financial items		**–45,232,200**	**–14,723,222**
Tax on earnings for the year	12	**0**	**0**
Earnings/loss for the year		**–45,232,200**	**–14,723,222**
Earnings per share (SEK)		–2.67	–0.98
Average number of shares before and after dilution		16,932,559	14,985,688
Number of shares at end of year		17,318,059	16,804,059

Consolidated Statement of Comprehensive Income

SEK	Full year 2017	Full year 2016
Earnings/loss for the year	–45,232,200	–14,723,222
Items that are re-classifiable to profit or loss	*0*	*0*
Exchange rate differences, foreign net investments	0	0
Other comprehensive income for the year	0	0
Total comprehensive income for the year	**–45,232,200**	**–14,723,222**

Comments on the Income Statement

Operating income
Net sales to 2017 were SEK 149,000 (177,000). Sales mainly consist of royalties.

Operating expenses and earnings/loss
Earning/loss for the year was SEK –45,232,000 (–14,723,000). The net loss for the current year is largely due to increased expenses resulting from expanding organizational resources, the creation of a laboratory in the US and upscaled marketing activities. Other external expenses and personnel expenses increased by a total of SEK 29,320,000 on the previous year and amounted to SEK 68,251,000 in 2017.

Research and development work
Research and development work proceeded as planned. Total expenses for research and development for 2017 amount to SEK 24,041,000 (24,293,000), or 34 (62)% of the group's total operating expenses. Most development expenditure in the financial year was capitalized.

Consolidated Balance Sheet

SEK	Note	Dec 31, 2017	Dec 31, 2016
ASSETS			
Non-current assets			
Intangible assets			
Capitalized development expenditure	13	22,526,986	7,604,735
Patents, licenses and similar rights	14	14,264,418	11,877,448
		36,791,404	**19,482,183**
Property, plant and equipment			
Equipment, tools, fixtures and fittings	15	7,210,853	3,002,393
		7,210,853	**3,002,393**
Financial assets			
Other non-current receivables		2,758,947	0
		2,758,947	**0**
Total non-current assets		**46,761,204**	**22,484,576**
Current assets			
Current receivables			
Other receivables		9,986,095	1,305,632
Prepaid expenses and deferred income		1,596,607	524,744
		11,582,702	**1,830,376**
Cash and cash equivalents		**192,425,655**	**259,094,216**
Total non-current assets		**204,008,357**	**260,924,592**
TOTAL ASSETS		**250,769,561**	**283,409,168**
EQUITY AND LIABILITIES			
Equity	17		
Share capital		865,903	840,203
Other paid-up capital		314,170,349	308,799,079
Reserves		0	0
Accumulated earnings or loss incl. earnings/loss for the year		−78,240,783	−33,008,584
Total equity		**236,795,468**	**276,630,698**
Current liabilities			
Accounts payable		7,470,195	2,422,431
Other liabilities		1,118,995	1,581,436
Accrued expenses and deferred income		5,384,903	2,774,603
Total current liabilities		**13,974,093**	**6,778,470**
TOTAL EQUITY AND LIABILITIES		**250,769,561**	**283,409,168**

Comments on the Balance Sheet

Investments

Purchases of intangible assets totaled SEK 25,919,000 for the year, allocated between capitalized expenditure for development of SEK 23,329,000 and patents of SEK 2,590,000. Capitalized development expenditure was partially funded with decided and paid subsidies, less the carrying amount of the corresponding amounts. SEK 8,406,000 (18,451,000) of the investment in capitalized expenditure for development expenses was covered by subsidies.

Property, plant and equipment in the form of equipment of SEK 5,365,000 was purchased in the year, compared to SEK 2,781,000 in the previous year.

Investments in financial assets in the form of deposits were made as blocked back bank funds of SEK 2,759,000 in 2017, and SEK 0 in the previous year.

Consolidated Statement of Changes in Equity

SEK	Share capital	Other paid-up capital	Reserves	Accumulated earnings or loss incl. earning/loss for the year	**Total equity**
Opening balance, 1 January 2016	**714,561**	**101,371,477**	**0**	**–18,285,362**	**83,800,676**
Comprehensive income for the year				–14,723,222	**–14,723,222**
Transactions with shareholders in their capacity as owners:					
Deposited share warrant premiums		320,580			**320,580**
New share issue	125,642	218,491,699			**218,617,341**
Share issue expenses		–11,384,677			**–11,384,677**
Closing balance, 31 December 2016	**840,203**	**308,799,079**	**0**	**–33,008,584**	**276,630,698**
Opening balance, 1 January 2017	**840,203**	**308,799,079**	**0**	**–33,008,584**	**276,630,698**
Comprehensive income for the year				–45,232,200	**–45,232,200**
Transactions with shareholders in their capacity as owners:					
Deposited share warrant premiums		473,970			**473,970**
New share issue	25,700	4,897,300			**4,923,000**
Closing balance, 31 December 2017	**865,903**	**314,170,349**	**0**	**–78,240,784**	**236,795,468**

Consolidated Cash Flow Statement

SEK	Note	Full year 2017	Full year 2016
Operating activities			
Operating earnings/loss		−45,519,765	−14,978,008
Adjustments for non-cash items	18	1,472,205	548,732
Interest received		297,734	255,933
Interest paid		−10,170	−1,147
Tax paid		0	0
Cash flow from operating activities before changes in working capital		**−43,759,996**	**−14,174,490**
Cash flow from changes in working capital			
Decrease (+)/increase(−) in operating receivables		−9,757,533	−645,187
Decrease (−)/increase(+) in operating liabilities		7,199,575	2,952,853
Cash flow from operating activities		**−46,317,954**	**−11,866,824**
Investing activities			
Investment in intangible assets		−25,918,983	−28,028,473
Investment in property, plant and equipment		−5,365,672	−2,781,019
Investment in financial assets		−2,861,433	0
Cash flow from investing activities		**−34,146,088**	**−30,809,492**
Financing activities			
National and European subsidies of development expenses		8,406,360	18,450,727
Share warrant premiums deposited		473,970	320,580
New share issue		4,923,000	207,232,664
Cash flow from financing activities		**13,803,330**	**226,003,971**
Cash flow for the year		**−66,660,712**	**183,327,655**
Cash and cash equivalents at beginning of year		259,094,216	75,766,561
Exchange rate difference in cash and cash equivalents		−7,849	0
Cash and cash equivalents at end of year	19	**192,425,655**	**259,094,216**

Comments on the Cash Flow Statement

Cash flow from operating activities for 2017 amounted to SEK −46,318,000 (−11,867,000) and total cash flow was SEK −66,661,000 (183,328,000). The negative cash flow for the year was generated by negative earnings and investments made in the year.

Cash and cash equivalents and financial position
Cash and cash equivalents amounted to SEK 192,426,000 (259,094,000) as of 31 December 2017. Management judges that there is sufficient working capital to cover the requirement for working capital, for some 18 months ahead with the current business and development plan.

Equity at the end of the period was SEK 236,795,000 (276,631,000) and the equity/assets ratio was 94 (98)%. The company exercised a total of 514,000 options in the period, generating SEK 4,923,000 in cash for the company.

Parent Company Income Statement

SEK	Note	Full year 2017	Full year 2016
Operating revenue, etc.			
Net sales	6	148,963	177,284
Work performed by the company for its own use and capitalized		24,040,810	24,292,671
Other operating revenues	7	58,662	32,583
Total		**24,248,435**	**24,502,538**
Operating expenses			
Other external expenses	8	−44,983,657	−25,112,037
Personnel expenses	9	−23,343,351	−13,817,956
Amortization and depreciation of intangible assets and property, plant and equipment		−1,263,509	−548,732
Other operating expenses		−254,085	−1,805
Total operating expenses		**−69,844,602**	**−39,480,530**
Operating earnings/loss		**−45,596,167**	**−14,977,992**
Profit/loss from financial items			
Interest income, etc.	10	365,581	255,933
Interest expenses, etc.	11	−1,630	−1,147
Total financial items		**363,951**	**254,786**
Earnings/loss before tax		**−45,232,216**	**−14,723,206**
Tax on earnings for the year	12	0	0
Earnings/loss for the year		**−45,232,216**	**−14,723,206**

Parent Company Statement of Comprehensive Income

SEK	Full year 2017	Full year 2016
Earnings/loss for the year	−45,232,216	−14,723,206
Other comprehensive income	0	0
Other comprehensive income for the year	0	0
Total comprehensive income for the year	**−45,232,216**	**−14,723,206**

Parent Company Balance Sheet

SEK	Note	Dec 31, 2017	Dec 31, 2016
ASSETS			
Non-current assets			
Intangible assets			
Capitalized development expenditure	13	22,526,986	7,604,735
Patents, licenses and similar rights	14	14,264,418	11,877,448
		36,791,404	**19,482,183**
Property, plant and equipment			
Equipment, tools, fixtures and fittings	15	4,596,775	3,002,393
		4,596,775	**3,002,393**
Financial assets			
Participations in group companies	16	8	8
		8	**8**
Total non-current assets		**41,388,187**	**22,484,584**
Current assets			
Current receivables			
Receivables from group companies		5,618,135	915
Other receivables		9,909,199	1,305,632
Prepaid expenses and deferred income		1,533,342	524,744
		17,060,676	**1,831,291**
Cash and bank balances		**192,215,779**	**259,093,309**
Total current assets		**209,276,455**	**260,924,600**
TOTAL ASSETS		**250,664,642**	**283,409,184**
EQUITY AND LIABILITIES			
Equity	17		
Restricted equity			
Share capital		865,903	840,203
Fund for development expenditure		16,882,498	24,292,671
		17,748,401	**25,132,874**
Non-restricted equity			
Share premium reserve		4,897,300	207,107,022
Accumulated earnings or loss		259,381,983	59,114,024
Earnings/loss for the year		−45,232,216	−14,723,206
		219,047,067	**251,497,840**
Total equity		**236,795,468**	**276,630,714**
Current liabilities			
Accounts payable		7,406,931	2,422,431
Other liabilities		1,077,340	1,581,436
Accrued expenses and deferred income		5,384,903	2,774,603
Total current liabilities		**13,869,174**	**6,778,470**
TOTAL EQUITY AND LIABILITIES		**250,664,642**	**283,409,184**

Parent Company Statement of Changes in Equity

SEK	Share capital	Fund for develop-ment expenditure	Share premium reserve	Accumulated earnings or loss	Earnings/loss for the year	**Total equity**
Opening balance, 1 January 2016	**714,561**	**0**	**55,231,215**	**35,238,580**	**–7,383,680**	**83,800,676**
Transfer of previous year's earnings/loss			–55,231,215	47,847,535	7,383,680	**0**
Comprehensive income for the year					–14,723,206	**–14,723,206**
Capitalized development expenditure for the year		24,292,671		–24,292,671		**0**
Transactions with shareholders in their capacity as owners:						
Deposited share warrant premiums				320,580		**320,580**
New share issue	125,642		218,491,699			**218,617,341**
Share issue expenses			–11,384,677			**–11,384,677**
Closing balance, 31 December 2016	**840,203**	**24,292,671**	**207,107,022**	**59,114,024**	**–14,723,206**	**276,630,714**
Opening balance, 1 January 2017	**840,203**	**24,292,671**	**207,107,022**	**59,114,024**	**–14,723,206**	**276,630,714**
Transfer of previous year's earnings/loss			–207,107,022	192,383,816	14,723,206	**0**
Comprehensive income for the year					–45,232,216	**–45,232,216**
Capitalized development expenditure for the year		–7,410,173		7,410,173		**0**
Transactions with shareholders in their capacity as owners:						
Deposited share warrant premiums				473,970		**473,970**
New share issue	25,700		4,897,300			**4,923,000**
Share issue expenses						**0**
Closing balance, 31 December 2017	**865,903**	**16,882,498**	**4,897,300**	**259,381,983**	**–45,232,216**	**236,795,468**

Parent Company Cash Flow Statement

SEK	Note	Full year 2017	Full year 2016
Operating activities			
Operating earnings/loss		−45,596,166	−14,977,992
Adjustments for non-cash items	18	1,263,509	548,732
Interest received		365,581	255,933
Interest paid		−1,630	−1,147
Tax paid		0	0
Cash flow from operating activities before changes in working capital		**−43,968,706**	**−14,174,474**
Cash flow from changes in working capital			
Decrease (+)/increase(−) in operating receivables		−15,229,386	−645,202
Decrease (−)/increase(+) in operating liabilities		7,090,704	2,951,945
Cash flow from operating activities		**−52,107,388**	**−11,867,731**
Investing activities			
Investment in intangible assets		−25,918,983	−28,028,473
Investment in property, plant and equipment		−2,654,489	−2,781,019
Cash flow from investing activities		**−28,573,472**	**−30,809,492**
Financing activities			
National and European subsidies of development expenses		8,406,360	18,450,727
Share warrant premiums deposited		473,970	320,580
New share issue		4,923,000	207,232,664
Cash flow from financing activities		**13,803,330**	**226,003,971**
Cash flow for the year		**−66,877,530**	**183,326,748**
Cash and cash equivalents at beginning of year		259,093,309	75,766,561
Cash and cash equivalents at end of year	19	**192,215,779**	**259,093,309**

Notes

Note 1 GENERAL INFORMATION

Immunovia AB, with registered office in Lund, registered in Sweden with corporate identity number 556730-4299, is the parent company of wholly owned subsidiary in Immunovia Inc., file number 350589-6, with registered office in Wilmington, US. These companies are collectively termed the group, or Immunovia. The address is Medicon Village, 223 81 Lund, Sweden. The group was formed in December 2015 through the incorporation of Immunovia Inc.

The group's operations consist of the development of new and improved methods for diagnosing complex diseases within cancer and autoimmunity.

The Board of Directors approved these Consolidated Accounts for publication on 20 March 2018.

Note 2 ACCOUNTING POLICIES

The Consolidated Accounts have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, International Financial Reporting Standards (IFRS) and interpretation statements from the IFRS Interpretations Committee (IFRS IC) as endorsed by the EU.

The parent company's Annual Accounts have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. This recommendation means that the parent company applies the same accounting policies as a group, apart from in those cases where the Swedish Annual Accounts Act or applicable tax regulation limit the scope to apply IFRS. Differences between the parent company's and group's accounting policies are stated under the parent company's accounting policies below.

Basis of preparation

The Consolidated Accounts have been prepared in accordance with the cost method. The Balance Sheet items entitled current assets and current liabilities are expected to be recovered and paid within 12 months. All other Balance Sheet items are expected to be recovered or paid later. The group's functional reporting currency is Swedish kronor. The Consolidated Accounts and Annual Accounts are issued in Swedish kronor (SEK) unless otherwise stated.

New and revised standards applied by the group

None of the standards to be applied by the group for the first time for financial years beginning 1 January 2017 have had, or are expected to have, any effect on the group's accounting policies or disclosures.

New standards and interpretation statements that have not yet been applied by the group

A number of new standards and interpretation statements come into effect for financial years that begin after 1 January 2017 and have not been applied in the preparation of these annual accounts. The new standards and interpretation statements that may have an effect on the consolidated financial statements are reviewed below.

IFRS 9 Financial Instruments deals with the classification, measurement and recognition of financial assets and liabilities, and prepares for new rules governing hedge accounting. IFRS9 replaces parts of IAS 39 that relate to the classification and measurement of financial instruments and introduces a new model of impairment. This new model for measuring bad debt proceeds from expected bad debt, which may require earlier recognition of bad debt. The group has not identified any effect of classification and measurement of the group's financial assets and liabilities. IFRS 9 is applied from 1 January 2018.

IFRS 15 Revenue from Contracts with Customers deals with the recognition of revenues. Pursuant to IFRS 15, revenue should be recognized when the customer obtains control over the sold good or service, and as the opportunity to use all receive benefit from the good or service. The standard implies increased liability of disclosure. IFRS 15 applies from 1 January 2018. The group's revenues are currently limited, and consist of royalties.

IFRS 16 Leases will replace IAS 17 Leases and associated interpretation statements. This standard requires assets and liabilities relating to all leases, with a few exceptions, being recognized in the Balance Sheet. This accounting is based on the view that the lessee has a right to use an asset for a specific period and a simultaneous obligation to pay for this right. The standard applies to financial years beginning 1 January 2019 or later. The group does not intend to use the facility of early adoption.

The group judges that IFRS 16 will mean the premises the group leases being recognized as an asset in the Balance Sheet. The present value of future lease payments will be recognized as a liability. If IFRS 16 were to apply at the beginning of 2018, the used asset and liability would amount to SEK 16.5 m, which includes an option period. The annual depreciation can be measured at SEK 3.0 m per year, compared to annual rent of SEK 3.3 m.

No other IFRS or IFRS IC interpretation statements that have not come into effect are expected to have any material effect on the group.

Consolidated Accounts

Subsidiaries are all companies over which the group exerts a controlling influence. The group controls a company when it is exposed, or has rights, to variable returns from its holding in the company, and has the possibility to affect returns through its influence in the company. Subsidiaries are included in the Consolidated Accounts effective the date when controlling influence is transferred to the group. They are derecognized from the Consolidated Accounts effective the date the controlling influence ceases.

Acquisition accounting is used for recognizing the group's business combinations. The purchase price for the acquisition of a subsidiary consists of the fair value of the assets acquired and liabilities the group takes over from previous owners of the acquired company, and the shares issued by the group. The purchase consideration also includes the fair value of all assets or liabilities that are a consequence of an agreement on a conditional purchase consideration. Identifiable acquired assets and liabilities taken over in a business combination are initially measured at fair value on the acquisition date. Acquisition-related costs are expensed as they arise.

Intra-group transactions, Balance Sheet items and unrealized gains and losses on transactions between group companies are eliminated. The accounting policies for subsidiaries have been amended were applicable to ensure consistent application of the group's policies.

Translation of foreign currency

Functional currency and presentation currency

Items recognized in the financial statements for the different entities of the group are measured in the currency used in the economic environment where each entity is mainly operational (functional currency). In the Consolidated Accounts, Swedish krona (SEK) is utilized, which is the group's presentation currency.

Transactions and balance sheet items

Transactions in foreign currency are translated to the functional currency at the rates of exchange ruling on the transaction date, or the date when these items are restated. Exchange rate gains and losses arising on payment of such transactions and on translation of monetary assets and liabilities in foreign currency at closing day rates, are recognized through profit or loss. The exception is when transactions are hedges that satisfy the conditions of hedge accounting of cash flows, or of net investments, when gains/losses are recognized in other comprehensive income.

Exchange rate gains and exchange rate losses from loans and cash and cash equivalents are recognized in profit or loss as financial income or expenses. All other exchange rate gains and exchange rate losses are recognized net in the other operating income or other operating expenses items in the Income Statement.

Group companies

The results of operations and financial positions of all group companies that have different functional currencies than the presentation currency are translated to the group's as follows:

- Assets and liabilities for each balance sheet are translated at closing day rates,
- Revenues and expenses for each income statement are translated at average rates of exchange and
- All exchange rate differences arising are recognized in other comprehensive income.

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are recognized at cost after deducting for amortization and depreciation. Cost includes expenditure directly related to the purchase of the asset. Additional expenditure is added to the carrying amount of the asset, or recognized as a separate asset, depending on which is appropriate, only when it is likely that the future economic benefits associated with the asset will flow to the group and the asset's cost can be measured reliably. Expenditure for repairs and maintenance are recognized as an expense and the Income Statement in the period they occur.

Depreciation and amortization is on a straight-line basis as follows:

Patents	16 years
Licenses	5 years
Equipment, tools, fixtures and fittings	5 years

Development expenditure that increases functionality and value is recognized as an intangible asset when the following criteria are satisfied:

- It is technically and economically viable to complete the asset,
- The intention and conditions exist to sell or use the asset,
- It is likely that the asset will generate revenues or lead to cost savings and
- Expenditure can be measured satisfactorily.

Directly related expenditure capitalized as a portion of an intangible asset includes expenditure for employees and a reasonable share of indirect expenses. Other development expenses that do not satisfy the above criteria are expensed as they arise. Development expenses that had been previously expensed are not recognized as an asset in the subsequent period.

The residual values and useful lives of assets are tested at each reporting date and restated as required. The residual life of an asset is impaired to its recoverable amount immediately if the asset's carrying amount exceeds its estimated recoverable amount.

Impairment

Intangible assets that are not ready for use are not impaired, but rather subject to yearly impairment tests. Assets that are depreciated/amortized are subject to impairment tests whenever events or changed circumstances indicate that the carrying amount may not be recoverable. Impairment is taken at an amount whereby the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less selling expenses and value in use. When measuring value in use, estimated future cash flows are discounted to present value by applying a discount rate before tax that reflects the current market assessment of the time value of money, and the risks associated with the asset. When conducting impairment tests, assets are grouped at the lowest level where there are essentially independent cash flows (cash-generating units). For assets that have been previously impaired, a test of reversal is conducted at each reporting date.

Financial assets
The group classifies its financial assets in the following categories: financial assets measured at fair value through profit or loss, loan receivables and accounts receivable, as well as saleable financial assets. This classification depends on the purpose for which the financial asset was purchased. Management determines the classification of financial assets on first-time recognition. At present, the group only has financial assets in the loan receivables and accounts receivable category.

Loan receivables and accounts receivable
Loan receivables and accounts receivable are non-derivative financial assets which have determined all determinable payments and that are not listed on an active marketplace. They are included in current assets with the exception of items with maturities more than 12 months after the end of the reporting period, which are classified as non-current assets. Measurement is at amortized cost by applying the effective interest method. A reserve for impairment is made when there is objective evidence that the company will not be able to recover all amounts due pursuant to the original terms of receivables. The size of the reserve consists of the difference between the asset's carrying amount and the present value of estimated future cash flows.

The impairment of accounts receivable and loan receivables is recognized in profit or loss as an other external expense item.

Cash and cash equivalents
In the Balance Sheet and Statement of Cash Flows, cash and cash equivalents include cash, bank balances and other investments in securities, etc. with maturities within three months of the acquisition date.

Equity
Share capital
Ordinary shares are classified as share capital.

Share issue expenses
Transaction expenses that are directly related to the issue of new ordinary shares or options are recognized net of tax in equity, as a deduction from the issue proceeds.

Loan liabilities and accounts payable
Loan liabilities are recognized at amortized cost by applying the effective interest method.

Loan liabilities are initially recognized at fair value, net of transaction expenses. Loan liabilities are then recognized at amortized cost by applying the effective interest method.

Income tax
The recognition of income taxes include current tax and deferred tax. Tax is recognized in the Income Statement, apart from those cases where it relates to items recognized directly in equity. In such cases, tax is also recognized in equity. Deferred tax is recognized pursuant to the balance sheet method on all temporary differences. A temporary difference exists when the book value of an asset or liability differs from its value for tax purposes.

Deferred tax is measured by applying the tax rates that are enacted or substantively enacted on the reporting date, and are expected to apply when the affected tax asset is realized or the tax liability is settled.

Deferred tax assets are recognized to the extent it is likely that future taxable surpluses will exist against which the temporary differences can be utilized.

Because the group has not yet reported earnings, no loss carry-forwards have been measured.

Revenue recognition
Revenue is measured at the fair value of what has been received or will be received for goods sold after deducting for discounting, returns and value-added tax.

Revenues in the form of royalties are recognized in accordance with the economic substance of the relevant royalty agreement. Revenue from service assignments on open account is recognized as work is performed. Revenue from interest income is recognized over the term by applying the effective interest method.

Recognition of public subsidies
Public subsidies are recognized at fair value providing there is reasonable assurance that the terms associated with the subsidy will be satisfied, and that thereby, the subsidy will be received. Subsidies received to cover expenses are recognized under the heading other income in the same period as the expenses arise. Subsidies relating to an asset reduce the asset's value in the Balance Sheet.

Leases
Lease arrangements are classified either as finance or operating leases. Finance leases occur when the economic risks and rewards associated with the leased item are essentially transferred to the lessee. Otherwise, the arrangement is an operating lease. The group has no material finance leases, and accordingly, all leases are recognized as operating leases, which means that lease payments are allocated on a straight-line basis over the lease term.

Employee benefits
Liabilities for salaries and benefits and paid absence that is expected to be settled within 12 months of the end of the financial year, are recognized as current liabilities at the amount expected to be paid when the liabilities are settled, excluding discounts.

All the group's pension obligations are in defined contribution plans. In a defined contribution plan, the company pays predetermined fees to an independent pension institution. When these contributions are paid, the company has no further obligations. Benefits such as salary and pensions are recognized as an expense in the period when employees have rendered the services that the compensation relates to.

Cash Flow Statement
The Cash Flow Statement has been prepared in accordance with the indirect method, which means that net earnings/losses are restated for transactions that do not involve any payments made or received in the period, and for any revenues and expenses relating to cash flow from investing or financing activities. Cash and cash equivalents include cash and immediately available balances with banks.

Parent company accounting policies
The parent company applies the same accounting policies as the group, apart from in the respects stated below.

Participations in subsidiaries
Participations in subsidiaries are recognized at cost after deducting for potential impairment. Cost includes acquisition-related expenses and potential additional purchase considerations. When there is an indication that participations in subsidiaries are impaired, recoverable amount is measured. If recoverable amount is lower than the carrying amount, an impairment is taken. Impairment is recognized in the earnings/loss from participations in group companies item.

Financial instruments
The parent company does not apply IAS 39. The parent company measures financial non-current assets at cost less potential impairment and financial current assets at the lower of cost or market, less selling expenses.

Leases
The parent company reports all lease arrangements as if they were operating leases, which means that lease payments are allocated on a straight-line basis over the lease term.

Note 3 FINANCIAL RISK MANAGEMENT AND CAPITAL RISK

FINANCIAL RISK MANAGEMENT
Through its operations, the group is exposed to various financial risks such as market risk (extensive currency risk and interest risk in cash flow), credit risk and liquidity risk. The group's overarching risk management policy, which is adopted by the Board of Directors, is intended to minimize unfavorable effects on results of operations and financial position.

Market risk
Currency risks
The group operates nationally and internationally, which means exposure to fluctuations in various currencies, and then primarily, the USD and EUR. Currency risk arises through future business transactions, and reported assets and liabilities. The scope of the company's operations means that, at present, net exposure in foreign currencies is limited. Accordingly, there is no policy prescribing hedging of this exposure.

If the Swedish krona had depreciated or appreciated by 10%, with all other variables constant, adjusted earnings after tax as of 31 December 2017, would have been SEK 949,000 (25,000) lower/higher, mostly as a consequence of gains and losses on the restatement of current receivables and liabilities. The corresponding impact on the parent company would have been SEK 949,000 (25,000).

Interest risk in cash flow
Interest risk is the risk that the value of financial instruments varies due to fluctuations in market interest rates. At present, the group only has interest-bearing financial assets in the form of bank balances.

On the basis of the financial interest-bearing assets and liabilities that accrue variable interest as of 31 December 2017, a one percentage point change in market interest rates would affect the group's earnings by SEK 1,952,000 (2,591,000). For the parent company, the corresponding effect would be SEK 1,922,000 (2,591,000).

Credit risk
Credit risk is the risk that a party in a transaction with a financial instrument is unable to fulfil its obligations. The maximum exposure for credit risks in financial assets as of 31 December 2017 is SEK 203,419,000 (259,200,000). The corresponding figure for the parent company was SEK 200,374,000 (259,200,000).

Liquidity risk
Prudence in the management of liquidity risk means holding sufficient cash and cash equivalents or contracted credit facilities to be able to close market positions. Based on the current business plan, liquidity would be sufficient for some 1.5 years. The maturity structure of the group's financial liabilities is stated below.

Financial liabilities as of 31 December 2017 become due for payment:

SEK 000	Within 3 mth.	Between 3 mth. and 1 yr.	Between 1 yr. and 2 yr.	Between 2 yr. and 5 yr.	Later than 5 yr.
Accounts payable	7,470	0	0	0	0
Accrued expenses	1,752	0	0	0	0
Total	**9,222**	**0**	**0**	**0**	**0**

Managing capital risk
The group's goal in terms of capital structure, defined as equity, is to secure the company's ability to continue its operations to enable it to generate returns to shareholders and benefits to other stakeholders, and that its capital structure is optimal considering the cost of capital. Dividends to shareholders, redemption of shares, issuance of

new shares or sales of assets are examples of actions the company could use to adjust its capital structure.

The group's debt/equity ratio	
	2017
Total interest- bearing assets (SEK 000))	0
Less interest-bearing assets (SEK 000)	195,185
Net debt (SEK 000)	**–195,185**
Total equity (SEK 000)	236,795
Net debt/equity ratio (%)	**–82**

Net debt
Interest-bearing liabilities less interest-bearing assets (incl. cash and cash equivalents).

Net debt/equity ratio
Net debt in relation to equity.

Note 4 SIGNIFICANT ESTIMATES AND JUDGEMENTS FOR ACCOUNTING PURPOSES

The most important assumptions regarding the future and other sources of uncertainty in estimates as of the reporting date, which involve significant risk of material restatements in the carrying amounts of assets and liabilities in the following financial years are stated below. The greatest uncertainty is within intangible assets. Intangible assets have not yet started amortization, and accordingly, are subject to annual impairment tests.

Impairment tests are based on a review of recoverable amount, which is estimated on the basis of the value in use of assets. Management makes estimates of future cash flows in accordance with internal business plans and forecasts. Estimates of the discount rate and future growth rates beyond the determined budgets and forecasts are used in this review. The carrying amount of intangible assets is SEK 36,791,000 (19,482,000), of which capitalized development expenditure amounts to SEK 22,527,000 (7,605,000) and SEK 14,264,000 (11,877,000) consists of patents and licenses.

Changes to the assumptions management employed in impairment tests could have a material effect on the company's results of operations and financial position.

Note 5 SEGMENT INFORMATION

Business segments are reported in a manner that is consistent with the internal reporting presented to the chief operating decision maker. The chief operating decision maker is that function responsible for allocating resources and judging the performance of operating segments. In the group, this function has been identified as management, which consists of six individuals including the CEO.

Management has determined that the group as a whole is a single segment based on information considered in consultation with the board used as supporting data to allocate resources and evaluate performance. All non-current assets are located in Sweden.

The group's net sales consist of royalty revenues, which are all invoiced from Sweden. Customers are mostly in the US.

The group had one customer representing 10% or more of the company's revenues.

Note 6 INTRA-GROUP PURCHASES AND SALES

	Parent company	
	2017	2016
Share of sales relating to group companies	0 %	0 %
Share of purchasing relating to group companies	10 %	4 %

Note 7 OTHER OPERATING INCOME

	Group		Parent company	
	2017	2016	2017	2016
Other subsidies	0	25,333	0	25,333
Exchange rate gains	58,662	7,250	58,662	7,250
Total	**58,662**	**32,583**	**58,662**	**32,583**

Note 8 LEASE PAYMENTS

	Group		Parent company	
	2017	2016	2017	2016
Operating leases incl. rent for premises				
Lease payments, expense for the year	1,502,498	898,315	1,502,498	898,315
Remaining lease payments becomes dye as follows:				
Within 1 yr.	3,271,545	1,587,064	1,944,624	1,587,064
Later than 1 yr. but within 5 yrs.	13,461,404	2,482,357	6,585,540	2,482,357
Later than 5 yrs.	0	0		0
Total	**16,732,949**	**4,069,421**	**8,530,164**	**4,069,421**

Note 9 EMPLOYEES AND PERSONNEL EXPENSES

Average number of employees

	2017		2016	
	No. of employees	Of which men	No. of employees	Of which men
Parent company				
Sweden	26	9	15	4
Subsidiary				
US	4	1	1	0
Group total	**30**	**10**	**16**	**4**

Gender balance, senior executives

	2017		2016	
	Women	Men	Women	Men
Board of Directors	3	2	3	2
CEO and rest of management	3	4	3	3

Personnel expenses

	2017		2016	
	Salary and benefits	Social security contributions	Salary and benefits	Social security contributions
Parent company				
Board and CEO	2,353,426	1,307,448	1,683,806	545,870
(of which pension expense)		(464,119)		(375,331)
Other employees	14,065,026	5,485,181	7,557,670	3,608,098
(of which pension expense)		(1,750,361)		(882,094)
Subsidiary				
Other employees	4,982,899	739,343	1,006,734	0
(of which pension expense)		(71,594)		(0)
Group total	21,401,351	7,531,972	10,248,210	4,153,968
(of which pension expense)		(2,286,074)		(1,257,425)

Senior executives mean the individuals that make up the company's management with the Chief Executive Officer. There are seven people in this group. Fees are payable to the Chairman of the Board and Directors pursuant to AGM resolution. The following table illustrates compensation received. Where Directors' fees are invoiced, social security contributions are included in the carrying amounts.

2017

Name	Position	Salary & benefits/ directors' fee	Pension expenses	Other benefits	**Total**
Carl Borrebaeck	Chairman	267,135	0	0	**267,135**
Hans Johansson	Director	105,136	0	0	**105,136**
Åsa Hedin	Director	119,900	0	0	**119,900**
Ann-Christin Malmborg Hager	Director	93,300	0	0	**93,300**
Ann-Christin Sundell	Director	80,000	0	0	**80,000**
Total, Board		**665,471**	**0**	**0**	**665,471**
Mats Grahn	Chief Executive Officer	1,731,480	464,119	0	**2,195,599**
Other senior executives		4,920,311	767,286	2,316,215	**8,003,812**
Total, Chief Executive Officer and senior executives		**6,651,791**	**1,231,405**	**2,316,215**	**10,199,411**

2016

Name	Position	Salary & benefits/ directors' fee	Pension expenses	Other benefits	**Total**
Carl Borrebaeck	Chairman	100,000	0	0	**100,000**
Åsa Hedin	Director	50,000	0	0	**50,000**
Patrik Dahlén	Director	40,000	0	0	**40,000**
Ann-Christin Malmborg Hager	Director	50,000	0	0	**50,000**
Total, Board		**240,000**	**0**	**0**	**240,000**
Mats Grahn	Chief Executive Officer	1,443,806	375,331	53,528	**1,872,665**
Other senior executives		2,659,314	448,856	2,465,620	**5,573,790**
Total, Chief Executive Officer and senior executives		**4,103,120**	**824,187**	**2,519,148**	**7,446,455**

The Chief Executive Officer has a notice period of six months on termination by the CEO. A notice period of six months applies to termination by the company. Other compensation to senior executives wholly consists of invoiced fees and compensation for service in management.

The Board of Directors and senior executives are members of share warrant programmes, whose terms are stated below.

The group's only pension obligations are in defined contribution plans. In defined contribution plans, the company pays predetermined charges to insurance companies. Retirement age is 65. For Chief Executive Officer Mats Grahn, the company pays a fixed premium of 22% of salary.

Share warrants

The AGM on 25 April 2017 resolved on a share warrant programme designated series 2017/2020 for employees and key individuals of the company. The share warrants (61,000 warrants) can be exercised to subscribe for new shares of the company in the exercise period 15 September 2020 until 15 October 2020 inclusive. Each share warrant confers entitlement to subscribe for one share at a subscription price of SEK 205.00 per share. Upon full exercise, the company's share capital would increase by SEK 3,050.

The AGM on 30 May 2016 resolved on a share warrant programme designated series 2016/2019 to employees and key individuals of the company. The share warrants (137,000 warrants) can be exercised to subscribe for new shares of the company in the exercise period from the present and until 15 October 2019 inclusive. Each share warrant confers entitlement to subscribe for one share at a subscription price of SEK 82.90 per share. Upon full exercise, the company's share capital would increase by SEK 6,850.

The AGM on 1 June 2015 resolved on a share warrant programme designated series 2015/2018 for employees and key individuals of the company. The share warrants (47,000 warrants) can be exercised to subscribe for new shares of the company from the present until 15 October 2018 inclusive. Each share warrant confers entitlement to subscribe for one share at a subscription price of SEK 13.50 per share. Upon full exercise, the company's share capital would increase by SEK 2,350.

The share warrants are subject to customary conversion terms in tandem with share issues, etc.

Apart from the aforementioned share-based incentive programmes, the AGM 2017 conferred the board with entitlement to also decide on cash-based incentive programmes for key individuals in other countries where granting share warrants is not appropriate for various reasons. The expense of such programme may not exceed USD 920,000.

Note 10 INTEREST INCOME ETC.

	Group		Parent company	
	2017	2016	2017	2016
Interest income, group companies	0	0	69,347	0
Interest income, other	297,734	255,933	296,233	255,933
Total	**297,734**	**255,933**	**365,580**	**255,933**

Note 11 INTEREST EXPENSES ETC.

	Group		Parent company	
	2017	2016	2017	2016
Interest expenses, group companies	−8,540	0	0	0
Interest expenses, other	−1,630	−1,147	−1,630	−1,147
Total	**−10,170**	**−1,147**	**−1,630**	**−1,147**

Note 12 TAX ON EARNINGS FOR THE YEAR

	Group		Parent company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Current tax	0	0	0	0
Deferred tax total	0	0	0	0
Total	**0**	**0**	**0**	**0**
Theoretical tax				
Reported earnings/loss before tax	−45,232,000	−14,723,222	−45,232,216	−14,723,206
Tax at applicable tax rate, 22%	9,951,084	3,239,109	9,951,088	3,239,105
Reconciliation of reported tax				
Effect of non-deductible expenses	−1,575,898	−42,556	−1,575,716	−42,556
Effect of non-taxable revenues	17,010	30,522	17,010	30,522
Issue expenses recognized in equity	0	2,504,629	0	2,504,629
Effect of loss carry-forwards that have not been measured	−8,392,192	−5,731,704	−8,392,382	−5,731,700
Utilization of previously unmeasured loss carry-forwards				
Total	**0**	**0**	**0**	**0**

Deductible loss carry-forwards in the group amount to SEK 90,909,000 (52,762,000) as of 31 December 2017. For the parent company, deductible lost carry-forwards amount to SEK 90,909,000 (52,762,000) as of 31 December 2017. All loss carry-forwards have no time limitation. The effect of issue expenses is reported in equity.

Note 13 CAPITALISED DEVELOPMENT EXPENDITURE

	Group		Parent company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Opening cost	41,083,948	16,791,277	41,083,948	16,791,277
Investment	23,328,610	24,292,671	23,328,610	24,292,671
Total	**64,412,558**	**41,083,948**	**64,412,558**	**41,083,948**
National and European subsidies of development expenditure				
Opening balance	−33,479,213	−11,146,789	−33,479,213	−11,146,789
Deducted in the year	−8,406,359	−22,332,424	−8,406,359	−22,332,424
Total	**−41,885,572**	**−33,479,213**	**−41,885,572**	**−33,479,213**
Carrying amount	**22,526,986**	**7,604,735**	**22,526,986**	**7,604,735**

Note 14 PATENTS, LICENSES AND SIMILAR RIGHTS

	Group		Parent company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Opening cost	12,707,660	8,971,857	12,707,660	8,971,857
Investment	2,590,373	3,735,803	2,590,373	3,735,803
Closing accumulated cost	**15,298,033**	**12,707,660**	**15,298,033**	**12,707,660**
Opening amortization	–231,699	–157,431	–231,699	–157,431
Amortization in the year	–203,402	–74,268	–203,402	–74,268
Closing accumulated amortization	**–435,101**	**–231,699**	**–435,101**	**–231,699**
Opening impairment	–598,513	–573,750	–598,513	–573,750
Impairment in the year	0	–24,763	0	–24,763
Closing accumulated impairment	**–598,513**	**–598,513**	**–598,513**	**–598,513**
Carrying amount	**14,264,419**	**11,877,448**	**14,264,419**	**11,877,448**

Note 15 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

	Group		Parent company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Opening cost	3,851,108	1,070,089	3,851,108	1,070,089
Purchases	5,365,672	2,781,019	2,654,489	2,781,019
Taken over on acquisition				
Sales and retirements	0	0	0	0
Reclassification				
Translation difference for the year	–97,105	0	0	0
Closing accumulated cost	**9,119,675**	**3,851,108**	**6,505,597**	**3,851,108**
Opening depreciation	–848,715	–399,014	–848,715	–399,014
Depreciation in the year	–1,060,107	–449,701	–1,060,107	–449,701
Sales and retirements				
Reclassification				
Translation difference for the year				
Closing accumulated depreciation	**–1,908,822**	**–848,715**	**–1,908,822**	**–848,715**
Carrying amount	**7,210,853**	**3,002,393**	**4,596,775**	**3,002,393**

Note 16 PARTICIPATIONS IN GROUP COMPANIES

Parent company

Company	Corporate ID no.	Reg. office.	No.	Participating interest	Carrying amount Dec 31, 2017	Carrying amount Dec 31, 2016
Immunovia Inc	350589-6	Wilmington, USA	1 000	100 %	8	8
Opening cost					8	8
Carrying amount					**8**	**8**

Note 17 EQUITY

There are 17,318,059 shares, each with one vote. The quotient value is SEK 0.05 per share.

Note 18 NON-CASH ITEMS

	Group		Parent company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Depreciation and amortization	1,263,509	548,732	1,263,509	548,732
Translation difference, internal transactions	208,696	0	0	0
Total	**1,472,205**	**548,732**	**1,263,509**	**548,732**

Note 19 CASH AND CASH EQUIVALENTS

	Group		Parent company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Cash	0	0	0	0
Bank balances	192,425,655	259,094,216	192,215,779	259,093,309
Total cash and cash equivalents	**192,425,655**	**259,094,216**	**192,215,779**	**259,093,309**

Note 20 FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Parent company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Loan receivables and accounts receivable measured at amortized cost				
Other non-current receivables	2,758,947	0	0	0
Other receivables	8,173,116	0	8,096,219	0
Accrued income	61,750	105,950	61,750	105,950
Cash and cash equivalents	192,425,655	259,094,216	192,215,778	159,093,309
	203,419,468	**259,200,166**	**200,373,747**	**159,199,259**
Loan liabilities and accounts payable measured at amortized cost				
Accounts Payable	7,470,195	1,252,224	7,470,195	1,252,224
Accrued expenses	1,751,457	390,120	1,751,457	390,120
	9,221,652	**1,642,344**	**9,221,652**	**1,642,344**

Loan receivables and accounts receivable
The group's operations give rise to very few customer receivables, which historically, have not amounted to material sums. Historically, there have been no losses related to accounts receivable. There were no accounts receivable as of the reporting date. Cash and cash equivalents primarily consist of bank balances in SEK. As of the reporting date, no receivables have been identified subject to impairment. All accrued income is in USD.

The fair value of the group's loan receivables and accounts receivable is judged as essentially consistent with carrying amount.

Loan liabilities and accounts payable
The group has no interest-bearing liabilities. The maturity structure of financial liabilities is stated in note 3. The group has not pledged any collateral for any of its financial liabilities. The fair value of the group's financial liabilities is judged as essentially consistent with carrying amount.

Note 21 POST BALANCE SHEET EVENTS

In January 2018, the Danish Centre for Strategic Research in Type 2 Diabetes (DD2) joined the PANDIA-1 study, contributing up to 3,500 patients to PANDIA-1, which is planned as a global collaborative study.

Note 22 TRANSACTIONS WITH RELATED PARTIES

Remuneration to the Board of Directors and senior executives is stated in note 9. All transactions with related parties are on an arm's length basis.

Note 23 APPROPRIATION OF EARNINGS/LOSS

Proposed appropriation of the company's earnings/loss

The following funds are at the disposal of the AGM:	
Share premium reserve	4,897,300
Earnings brought forward	259,381,983
Earnings/loss for the year	–45,232,216
	219,047,067
The Board of Directors proposes:	
Carried forward	219,047,067
	219,047,067

Board of Directors' and Chief Executive Officer's certification

The Consolidated Income Statement and Consolidated Balance Sheet will be presented to the Annual General Meeting on 3 May 2018 for adoption.

The Board of Directors and Chief Executive Officer hereby certify that the Consolidated Accounts have been prepared in accordance with International Financial Reporting Standards, IFRS, as endorsed by the EU and give a true and fair view of the group's financial position and results of operations. The financial statements for the parent company have been prepared in accordance with generally accepted accounting practice and give a true and fair view of the parent company's financial position and results of operations.

The Statutory Administration Report of the group and parent company gives a true and fair view of the progress of the group's and parent company's operations, financial position and results of operations, and states the material risks and uncertainty factors facing the parent company and companies in the group.

Lund, Sweden, 19 March 2018

Carl Borrebaeck
Chairman of the Board

Åsa Hedin
Director

Hans Johansson
Director

Ann-Christin Malmborg Hager
Director

Ann-Christine Sundell
Director

Mats Grahn
Chief Executive Officer

Our Audit Report was presented on 19 March 2018
Mazars SET Revisionsbyrå AB

Mats-Åke Andersson
Authorized Public Accountant
Auditor in Charge

The Consolidated Income Statement and Consolidated Balance Sheet, and the Parent Company Income Statement and Parent Company Balance Sheet will be subject to adoption at the Annual General Meeting.

Audit Report

To the general meeting of the shareholders of Immunovia AB (publ), corporate ID no. 556730-4299

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Immunovia AB (publ) for the year 2017 The annual accounts and consolidated accounts of the Company are included on pages 32-60 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Parent Company and the Group.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-31 and pages 64-67. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated

accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Immunovia AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are indepen-

dent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors [or the Managing Director] in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

Lund, Sweden, 19 March 2018
Mazars SET Revisionsbyrå AB

Mats-Åke Andersson
Authorized Public Accountant

Definitions

Key indicator	Definition	Motivation for using financial key indicator not defined pursuant to IFRS
Net sales	Revenues from goods and services sold, and royalties received relating to the main activity during the relevant period.	
Operating earnings/loss	Earnings/loss before financial items and tax.	Operating earnings/loss provides a view of the earnings that the company's ordinary activities have generated.
Basic and diluted earnings per share	Earnings/loss divided by the weighted number of shares in the period before and after dilution respectively.	
Average number of shares before and after dilution	The average number of outstanding shares in the period before and after dilution respectively. Because the group is generating a loss, there is no dilution, despite the subscription price being lower than the share price.	
R&D expenses	The company's direct expenses for research and development. Expenses for staff, materials and external services.	The company's main activity is research and development. Management considers that R&D expenses are an important parameter to monitor as an indicator of activity levels within the company.
R&D expenses as a percentage of operating expenses	R&D expenses divided by operating expenses, which include other external expenses, personnel expenses, depreciation and amortization.	Management considers that the company's R&D expenses in relation to total expenses are an important indication of the proportion of total expenses that are used for the company's main activity.
Cash and cash equivalents	Cash and bank balances.	
Cash flow from operating activities	Cash flow before cash flow from investing activities and financing activities.	
Cash flow for the period	The change in cash and cash equivalents for the period excluding effective unrealized exchange rate gains and exchange rate losses.	
Equity per share	Equity divided by the number of shares divided by the number of shares at the end of the period.	Management follows this indicator to monitor the value of equity per share.
Equity/assets ratio	Equity as a percentage of total assets	Management follows this indicator of the company's financial stability.
Average number of employees	The average number of employees is the total of working-hours in the period divided by scheduled working hours for the period.	
Average number of employees in R&D	The average of the number of employees in the company's research and development functions.	

Glossary

Antigen—a foreign substance that promotes an immuno-defence reaction on contact with the organism. This substance may be a chemical compound, a protein or a carbohydrate.
Antibodies—antibodies, or immunoglobulines, are a type of protein used by the body's immune system to detect and identify foreign entities such as viruses, bacteria or parasites.
Autoimmunity—autoimmunity is the harmful attack of the immune defence on the body's own tissue, which may express as a disease or rejection of organs in transplantation.
Benign—a benign tumor means that the tumor is benevolent and will not spread.
Bioinformatics—an inter-disciplinary field where algorithms for analyzing biological (especially molecular biological) data are developed.
Biomarker—a biomarker can be defined as a biological response to change caused by disease or foreign substance. Biomarkers can be used as early warnings of biological changes in an organism.
Companion diagnostics—a diagnostic tool designed to identify which patient groups will respond positively to a specific treatment, and thus exclude ineffective treatments.
Discovery study—research conducted to verify a particular hypothesis.
Actionable information—in this prospectus/Annual Report??, actionable information means information that is sufficiently reliable and specific to serve as the basis for clinical decisions.
Histology—histology is the study of biological tissue
Invasive—the term invasive means to enter or attack. Invasive medical examinations are examinations that involve some form of entry through a body cavity, or a surgical procedure.
Sensitivity—sensitivity is a statistical measure of reliability in a binary diagnostic test and states the likelihood that generating a positive result is correct.
Malignant—malignant tumors tend to deteriorate and become terminal, and unlike benign tumors, are termed cancers.
Metastasis—a metastasis is a tumor that has spread to other organs.
Microarray—a Microarray is a molecular biology test format for simultaneous measurement of the relevant concentration of proteins.
Molecular diagnostics—a collective technology used to analyze biological markers acting at gene and protein level (i.e. an individual's genetic code and how cells express genes as proteins in the body), such techniques are used to diagnose and monitor diseases, discover the risk of disease and determine which therapy will probably be best for the individual.
Palliative care—palliative care is administered when a patient's disease is no longer curable. The intention of palliative care is to provide patients and relatives with psychological and medical support.
PANDIA-1—prospective study for the diabetes risk group of patients aged over 50 that have been recently diagnosed with type 2 diabetes.
PANFAM-1—prospective study for the familiar and inherited risk group.
Pancreatologist—pancreatologists are specialists that focus on diseases with a connection to the pancreas.
PANSYM-1—prospective study for the early symptom risk group.
Prospective study—study where a group of individuals are studied and monitored for a period, often extended, to determine how a specific disease develops. Prospective studies are used to examine connections between different risk factors and a specific disease. Individuals with and without risk factors are monitored over time. At the endpoint of the study, the share of individuals that have contracted the disease is monitored and measured for comparisons between the two groups.
Proteomics—proteomics is a of branch of biology and involves examination of large data volumes regarding proteins.
Reproducibility—in statistics, reproducibility is defined as the consistency between the result of repeated measures conducted using different measurement devices of the same type, conducted with the aim of being able to eliminate potential measurement errors due to materials and personnel.
Retrospective study—a study involving retroactive examination of previous occurrences, i.e. using historical measurement data. A retrospective study proceeds from responses, i.e. when which individuals that have and have not contracted an illness is already known.
Screening—screening means medical examinations to identify a disease and is usually conducted before patients have expressed early symptoms.
Self-paying customers—patients and organizations that pay without reimbursement from insurance companies or health authorities.
Serum—serum is a yellow transparent liquid obtained by allowing blood to coagulate and then separating the blood cells and coagulation proteins. Serum contains proteins including antibodies.
SLE (systemic lupus erythematosus)—SLE is an autoimmune inflammatory disease that involves the immune defence attacking the body. This disorder is periodic, with patients experiencing periods of illness, and periods with no symptoms. The inflammation usually affects the joints, skin, blood and kidneys, which become inflamed, although the nervous system, lungs and heart can also be affected. The disease is currently difficult to diagnose and is often confused with other autoimmune diseases.
Specificity—specificity is a statistical measure of the reliability of a binary diagnostic test and states the probability that generating a negative result is de facto negative.
Vinnova— Vinnova is a Swedish government body within the Swedish Ministry of Enterprise, Energy & Communications, whose mission is to promote sustainable growth by improving the potential for innovation and financing needs-based research.

Shareholder information

Annual General Meeting 2018
Nasdaq First North is an alternative marketplace operated by the various constituent exchanges of Nasdaq. Companies whose shares are traded on First North are not obliged to follow the same rules as companies whose shares are listed on a regulated marketplace, but instead have a less extensive regulatory structure mainly intended for smaller, growth enterprises. Accordingly, an investment in a company whose shares are traded on First North may involve more risk than an investment in a company whose shares are traded on a regulated marketplace. All companies whose shares are traded on First North have a Certified Advisor monitoring that the company complies with First North's rules for communication with the market and investors.

Financial calendar

27 April 2018	Interim Report, Jan-Mar 2018
3 May 2018	AGM
24 August 2018	Interim Report, Jan-Jun 2018
7 November 2018	Interim Report, Jan-Sep 2018
14 February 2019	Year-end Report 2018

Information about Nasdaq First North
Nasdaq First North is an alternative market, operated by the different exchanges within NASDAQ. Companies whose shares are traded on First North are not obliged to follow the same rules as companies whose shares are traded on a regulated market, but are subject instead to a more limited regulatory framework adapted for small growth companies. An investment in a company whose shares are traded on First North may therefore be more risky than an investment in a company whose shares are traded on a regulated market. All companies whose shares are traded on First North have a Certified Advisor who ensures that the company complies with First North's rules for disclosure of information to the market and investors.

Certified Adviser
Wildeco Ekonomisk Information AB is the company's Certified Adviser on Nasdaq First North.

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The company's Annual Report is available for download at the company's website: www.immunovia.com

Immunovia in brief

Immunovia is a Swedish molecular diagnostics company with a secure financial position in the commercialization phase that is developing and commercialising diagnostic tools for complex forms of cancer and autoimmune disease.

Immunovia AB was founded in 2007 by researchers at the Institution of Immunotechnology and CREATE Health – the Strategic Division of Translational Cancer Research at Lund University, Sweden. The aim was to establish a base for discoveries and patents within human antibodies, biomarkers and antibody matrixes from research to clinical application.

Immunovia's central technology platform, IMMray™, is based on the analysis of micro arrays of biomarker antibodies. IMMray™ PanCan –d is the company's primary diagnostic tool, capable of diagnosing patients with very high sensitivity and specificity. This enables diagnosis of patients with pancreatic cancer before symptoms have expressed (stages I and II), which is not possible with extant diagnostic methods. Immunovia is now conducting clinical validation studies to prepare for commercialisation of IMMray™ PanCan –d, which may become the first blood-based test for early diagnosis of pancreatic cancer.

The antibody-based technology platform IMMray™ is the result of 15 years' research at CREATE Health at Lund University, and is used for decoding the mechanisms underlying immunodefence, which is the body's initial reaction to any disease. The platform is also used for developing diagnostic tests for autoimmune diseases.

Pancreatic cancer
Some 338,000 patients contract pancreatic cancer every year. This type of cancer has one of the poorest survival prognoses, with only some 5% of sufferers surviving for over five years, which makes it one of the world's deadliest forms of cancer. Given early detection, the estimated increase in five-year survival would be to 59%. The initial addressable market for Immunovia consists of the three high-risk groups within pancreatic cancer. The US and European market for diagnosing these patient groups has an estimated annual value of over SEK 30 billion.

Objective
Immunovia's objective is to provide diagnostic tests and enable earlier, more effective and more accurate diagnosis of patients at risk of contracting cancer or autoimmune disease. The ambition is for Immunovia's tests to be the first choice for specialists and general practitioners worldwide when screening especially high-risk groups, and on general suspicion of the aforementioned diseases.

Strategy
Immunovia's strategy is to be the first company to analyse the wealth of information in the blood and translate this into practical tools to diagnose complex diseases earlier and more accurately than has previously been possible. Its focus is on unsolved problems in early diagnostics, monitoring the course of disease, and patient response to therapy. These segments have an especially substantial clinical benefit for patients and the healthcare sector, there are either no, or inadequate, solutions present, while they also offer IMMray™ the greatest competitive edges.

Immunovia's initial main focus is to bring IMMray™ PanCan –d to the market. Because early detection of pancreatic cancer is a major clinical problem, Immunovia judges that there is very good potential to be the first mover and secure strong market positioning.

Corporate identity number: 556730-4299

Immunovia's head office is in Lund, Sweden. Immunovia's shares (IMMNOV) are listed on Nasdaq Stockholm First North. Wildeco is the company's Certified Advisor. For more information, go to: www.immunovia.com.

immunovia

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