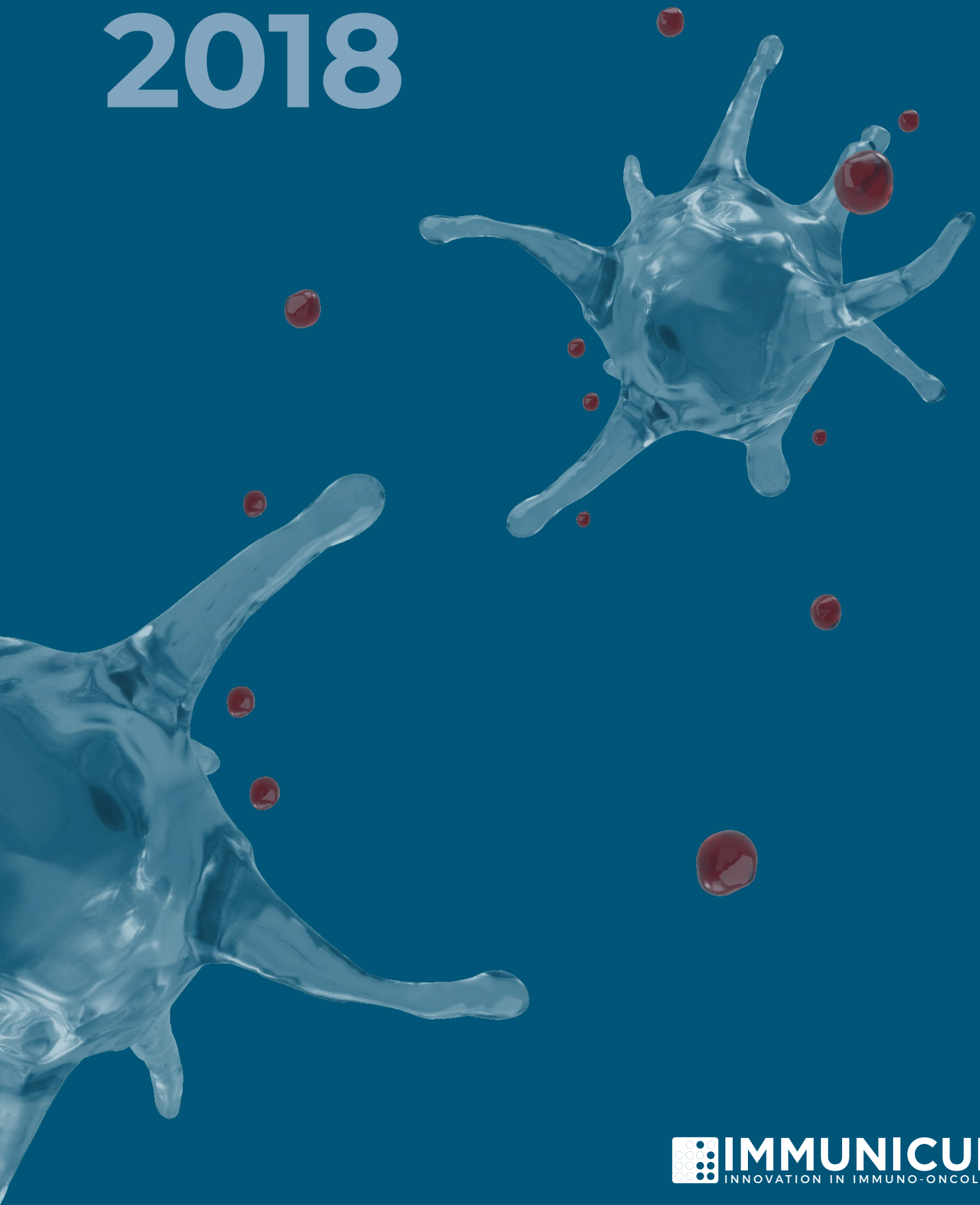
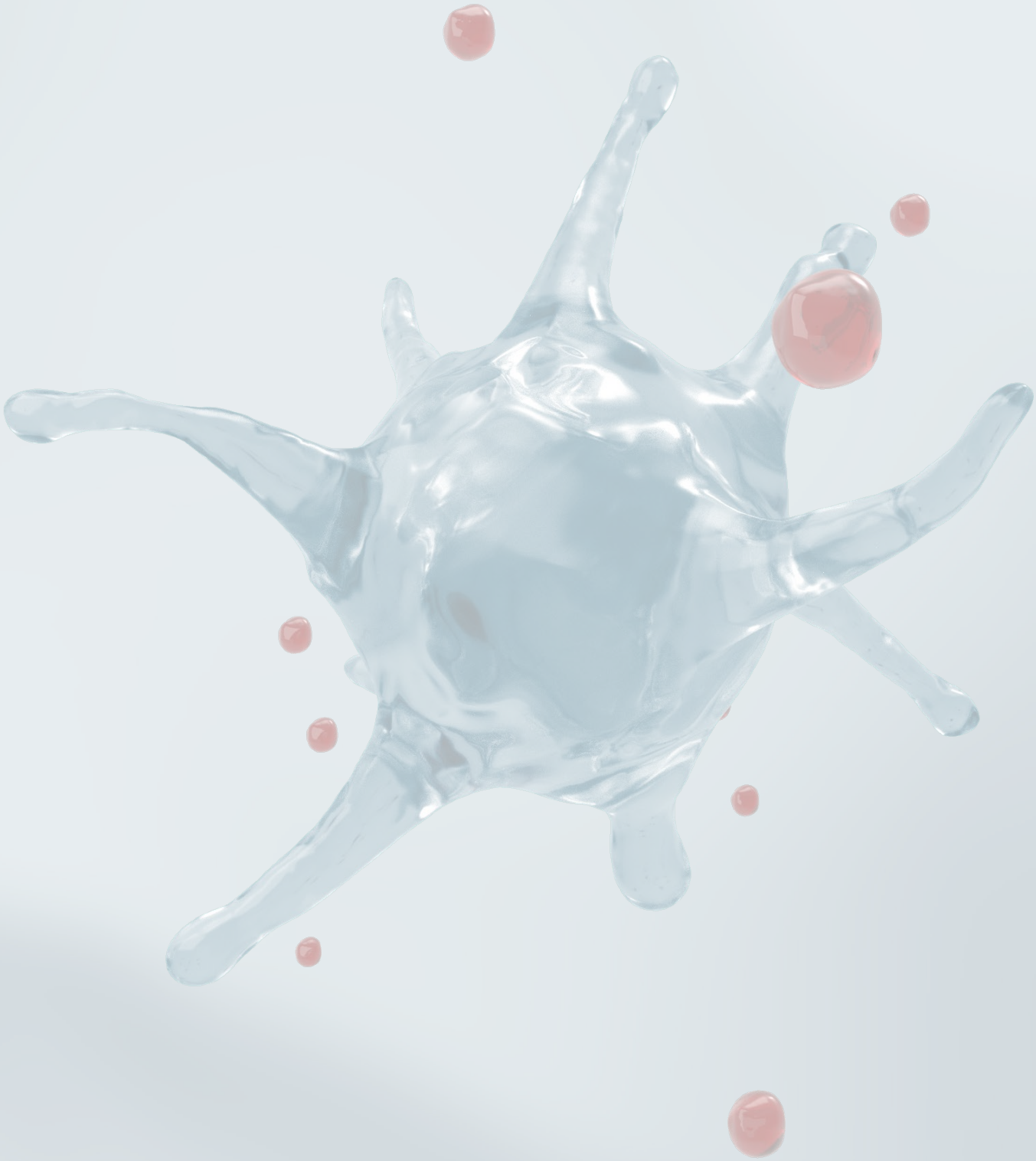
Annual report 2018



IMMUNICUM
INNOVATION IN IMMUNO-ONCOLOGY



Contents

2018 in brief

» **2018 was a** successful year for Immunicum and the Company's first year listed on Nasdaq Stockholm, Small Cap after the IPO on January 15. During the year the Company has reported on both ongoing and upcoming trials.

During the year, important milestones were achieved in the clinical field, including the completion of recruitment of patients to the Phase II study MERECA and the Phase I / II study GIST. The clinical study protocol for the Phase Ib / II study ILIAD was approved by the US Food and Drug Administration (FDA). Funding through a rights Issue and a directed issue with strong institutional investors was implemented, and Immunicum entered into a collaboration agreement with two major pharmaceutical companies.

Immunicum communicated the following significant events:

Q1

- Patient enrollment completed in Phase II study in RCC (MERECA).
- Immunicum initiates trading of shares on Nasdaq Stockholm small cap following uplisting from Nasdaq First North.

Q2

- The recruitment to the Phase I / II study GIST was completed.

Q3

- FDA approves protocol enabling initiation of the Phase Ib/II combination study with checkpoint inhibitors (ILIAD study) in the US.

Q4

- Immunicum presented preclinical results of ilixadencel in combination with checkpoint inhibitors and immune enhancers at ESMO 2018.
- Immunicum announces collaboration and supply agreement with Merck KGaA and Pfizer for the checkpoint inhibitor avelumab (Bavencio®) to evaluate lixadencel in combination avelumab (Bavencio®) in the Phase II part of the planned Phase Ib / II multi-indication study ILIAD.
- Immunicum raised SEK 351 million before issue costs for continued clinical development of ilixadencel through a directed issue and a rights issue.

Introduction to Immunicum

» **Immunicum is a biopharmaceutical company** that develops immune therapies against a range of solid tumors. Immunicum's approach allows for an off-the-shelf product based on a type of immune cells called dendritic cells that are designed to induce a personalized anti-tumor immune response in each patient.

The Company's lead product, ilixadencel, has been developed to be able to take advantage of each patient's own tumor-specific antigens, and thereby eliminate the need to create a personalized treatment for each patient. Ilixadencel is currently being evaluated in kidney cancer, liver cancer, gastrointestinal stromal tumors, head and neck cancer, non-small cell lung cancer and gastric cancer; with kidney cancer being the furthest advanced indication with an ongoing Phase II study. Ilixadencel offers a number of benefits such as covering all major aspects of immune priming and being applicable to injectable solid tumors.

Business and strategy

Immunicum's strategy is to position ilixadencel as the first choice of cancer immune primers that are to be combined with treatments that fight immune suppression so that the patient can receive a more effective and safe treatment.

Currently, the Company's focus is to generate attractive clinical and pre-clinical data on its programs, to build value and to provide the broadest range of corporate development opportunities. As ilixadencel gets closer to a market approval the company's strategy will be to enter into a license agreement with a larger pharmaceutical company. Cooperation with major pharmaceutical companies will only be sought after Immunicum has demonstrated strong clinical data that clearly shows the effect and thus the commercial value of ilixadencel.

The Company develops these immune-based therapies primarily by conducting a number of clinical trials to establish the product candidate's therapeutic potential and safety and demonstrate synergy in combination with other drugs.

The strategy is to build the value as these programs advance and gain clinical validation. The strategy also enables the Company to pursue a broad range of corporate development options to further develop, co-develop or partner with major pharmaceutical and/or biotech companies to ultimately deliver the product candidates to the market as efficiently as possible to build shareholder value and provide better cancer therapy.

CEO comment

» **2018 stands as** a very successful year for Immunicum; a year in which the Company laid the groundwork to achieve significant milestones and create value in the coming years.

By successfully securing long-term funding, entering into our first collaboration with two major pharmaceutical companies and externally validating our lead drug candidate ilixadencel, we have built a solid foundation for Immunicum's continued development in immuno-oncology. We now look forward to taking Immunicum to the next level in 2019.

During the last 12 months, Immunicum focused on the advancement of our clinical pipeline and enabling the continued exploration of the potential within our lead drug candidate, ilixadencel. On the clinical side, we achieved important milestones including completion of recruitment for patients in the Phase II MERECA trial and the Phase I/II GIST trial as well as receiving approval from the FDA for the clinical trial protocol of the Phase Ib/II ILIAD study. Within the medical and scientific community, we gained external validation and increased visibility through the publication of clinical and preclinical results in peer-reviewed journals and participation at global scientific conferences.

During the fall, we signed a collaboration with two global pharmaceutical leaders, Pfizer and Merck KGaA, that will allow us to further explore ilixadencel's potential as a backbone component in various cancer combination treatments. In addition, we secured long-term financing through a rights issue and directed issue with a set of renowned institutional owners, including Gladiator, Fourth AP-fund, the Second AP-fund, Alfred Berg, Nordic Cross and Adrigo. This funding will allow us to invest in the continued development and supportive preclinical validation of ilixadencel. Furthermore, it will enable us to develop full scale production capabilities so that we, or any possible future partners, would be prepared to manufacture at commercial scale for future pivotal studies and eventually, potential commercial launch. Importantly, we will be financed towards the end of 2021 which will provide us with the stability needed to meet our development goals and pursue strategic opportunities from a position of strength.

Moving forward, the rest of the year holds several key events for Immunicum. In the second half of 2019, we will gain access to the data from the global Phase II MERECA clinical trial in metastatic renal cell carcinoma, an exploratory study that will allow us to assess safety, tumor-specific immune activation and potential clinical efficacy, including survival data after 18 months, in a comparative fashion. In addition to this, we will announce initial data from the Phase Ib/II ILIAD study in head and neck cancer, non-small cell lung cancer and gastric and gastroesophageal junction adenocarcinoma and the results from the Phase I/II study in gastrointestinal stromal tumors. By exploring ilixadencel in a variety of solid tumor indications as well as in combination with diverse drugs including checkpoint inhibitors, tyrosine kinase inhibitors and other standard-of-care treatments, we can efficiently determine the best possible combinations for ilixadencel with the most valuable outcomes for patients.

Looking at the ongoing developments in immuno-oncology, it is promising to see the large number of advancements that are now making an impact for patients. As a Company that was founded to advance a "one-size-fits-all" immuno-oncology product that could be combined with a broad range of different classes of drugs, we are encouraged by the results that validate our fundamental approach. We have made progress that puts us in line with the developments in the space and are determined to advance the drug development process for ilixadencel as efficiently as possible. Our position within this highly innovative cancer field remains clearly defined as the developer of a complementary drug that can strengthen the immune system response and optimize the pathway for other therapies to effectively target tumors with the vision of improving quality of life for patients.

We recognize that the drug development process is lengthy and highly nuanced, so we would like to extend our thanks for the support on this journey to the team at Immunicum, our Board and our committed investors. We anticipate an exciting year ahead of us and look forward to announcing the next developments for Immunicum.

CARLOS DE SOUSA
President and CEO

”By successfully securing long-term funding, entering into our first collaboration with two major pharmaceutical companies and externally validating our lead drug candidate ilixadencel, we have built a solid foundation for Immunicum’s continued development in immuno-oncology. We now look forward to taking Immunicum to the next level in 2019.”

Strengths and competitive advantages

An off-the-shelf product offering personalized treatment

Immunicum's lead product ilixadencel is an immune primer containing allogeneic cells (cells from a healthy donor) specially treated to become inflammatory dendritic cells. The use of allogeneic cells makes the need for patient-specific cells obsolete which allows for the manufacturing of an off-the-shelf product that can be used for injectable, solid tumors. In addition, because we do not have to load our cells with patient-specific tumor antigens, we also do not need to use the patient's tumor as a source of antigens as part of the manufacturing process. Ilixadencel is produced and then stored frozen. At the point of use, it is simply thawed and administered directly into the tumor in order to induce a systemic and tumor-specific immune response.

Favorable positioning

The future of cancer treatment is expected to lie within combination therapies, meaning that different treatment regimens will be used in combination to improve the efficacy of cancer treatments. Ilixadencel is aimed to be part of those combinations. Since Immunicum's lead product ilixadencel functions by activating the immune system to kill the cancer, rather than eliminating the tumor's immunosuppression (as most of the immune therapies do), Immunicum believes ilixadencel to be ideally positioned to become a backbone of future combination therapies.

Advanced clinical stage projects in sizeable indications with large unmet need

Immunicum has conducted or is currently conducting clinical trials within six indications: kidney cancer (RCC), liver cancer (HCC), gastrointestinal stromal tumors (GIST), head and neck cancer (HNSCC), non-small cell lung cancer (NSCLC) and gastric cancer (GA). RCC is in Phase II (MERECA study), whereas the other indications are in Phase I/II development. The six indications have an addressable market of USD 21.3 billion and represent indications with large unmet needs and high potential for combination immunotherapeutic strategies.

Promising data indicating tumor-specific immune response and clinical efficacy

Trials conducted this far have shown promising early efficacy data. Within the Company's furthest progressed indication, newly diagnosed metastatic RCC, the results from the Phase I/II study indicated the desired immune response with a tumor-specific strong infiltration of CD8+ T cells in the primary kidney tumor in the majority of patients. The study further showed that the eleven patients treated with ilixadencel (including a number of patients subsequently treated with the tyrosine kinase inhibitors (TKIs) sunitinib or pazopanib) had an overall median survival of 48 months, compared to historical data of 14 - 16 months for patients with newly diagnosed metastatic RCC treated nephrectomy followed by TKIs, including sunitinib and pazopanib.[1]

The completed Phase I / II trial in liver cancer (HCC) confirms the previously announced positive results regarding safety and tolerability of ilixadencel, both when given as a single treatment and in combination with

1. Heng et al., Prognostic Factors for Overall Survival in Patients With Metastatic Renal Cell Carcinoma Treated With Vascular Endothelial Growth Factor–Targeted Agents: Results From a Large, Multicenter Study, 2009; Ko et al., First-, second-, third-line therapy for mRCC: benchmarks for trial design from the IMDC, 2014; Mejean et al., Sunitinib Alone of after Nephrectomy in Metastatic Renal-Cell Carcinoma, 2018

the first line standard treatment, sorafenib. In addition, increased levels of tumor-specific CD8 + T cells in circulating blood were demonstrated for the majority of evaluable patients, indicating a systemic immunological response. The final results provide further insights on the ilixadencel mechanism of action, evidence of clinical efficacy and important information that will guide future clinical development.

Excellent safety profile with low rate of treatment-related serious adverse events

Over 90 patients have been treated with ilixadencel in clinical studies to date. The number of serious adverse events (SAE) in the Company's studies has been low this far. The SAE observed has mainly been fever. Fever is a natural reaction to a stimulation of the immune system and is thus an expected outcome when patients are treated with an inflammatory and immune activating substance such as ilixadencel.

Robust development grade and development of commercial process

Immunicum currently has a development grade manufacturing process in place, which is done at a GMP certified production facility owned by BioNTech IMFS GmbH in Germany. BioNTech IMFS' facility permits the flexible manufacture of ilixadencel for Phase II clinical studies without the need for the Company to significantly invest in their own facilities or fix manufacturing quantities. To support pivotal clinical studies and eventual commercial supply, the Company is currently transferring the manufacturing process to a new contract manufacturer, Hitachi Chemical Advanced Therapeutic Solutions (HCATS), who has multiregional and commercial manufacturing capability. In preparation for pivotal clinical studies, an extensive program of process development activities will be initiated to develop a manufacturing process that will be fit for commercial supply and will meet the regulatory requirements to support a future market authorization.

Management team with extensive experience of late-stage drug and business development

The Company has formed a strong management team consisting of individuals with relevant experiences within late stage drug development, CMC, regulatory, QA, finance and business development. Previous experiences include senior positions at Nycomed/Takeda, Novartis, Pfizer, GlaxoSmithKline, Amgen, Sahlgrenska University, Uppsala University and the Swedish and UK regulatory agencies.

Operating within the fastest growing pharmaceutical area in which big pharma is closing high value licensing deals and acquisitions

Immuno-oncology, Immunicum's focus area, is currently the fastest growing pharmaceutical segment. Between 2015 and 2022 the market for immune therapies is expected to grow with a CAGR of 24 percent, from USD 17 billion in 2015 to USD 76 billion in 2022. In 2018, large pharmaceutical companies made high value licensing deals and acquisitions on immuno-oncology therapies that can be combined with checkpoint inhibitors; BMS with Nektar Therapeutics (USD 3.6 billion total deal value), MSD with Viralytics (USD 394 million total acquisition value) and J&J with BeneVir (USD 1.04 billion total acquisition value).

History and important milestones

2002

Immunicum was founded in 2002 as a spin-off from the Sahlgrenska University Hospital in Gothenburg, Sweden. Its founders – three researchers Alex Karlsson-Parra, M.D., Ph.D., who is the Company's Chief Scientific Officer, Bengt Andersson, M.D. Ph.D. Sahlgrenska University Hospital and AnnaCarin Wallgren, M.D., Ph.D., Karolinska University Hospital Stockholm – had been active in the field of immunology for many years and had studied the process of how the body rejects a transplanted organ. The basic idea was at first to try to inhibit this rejection process, when it however, was realized that it could instead be used to teach the body to also repel its own tumor transformed cells, and thereby have a positive potential outcome for cancer treatments.

2008

Research grant awarded and Scientific Advisory Board established.

2009-2011

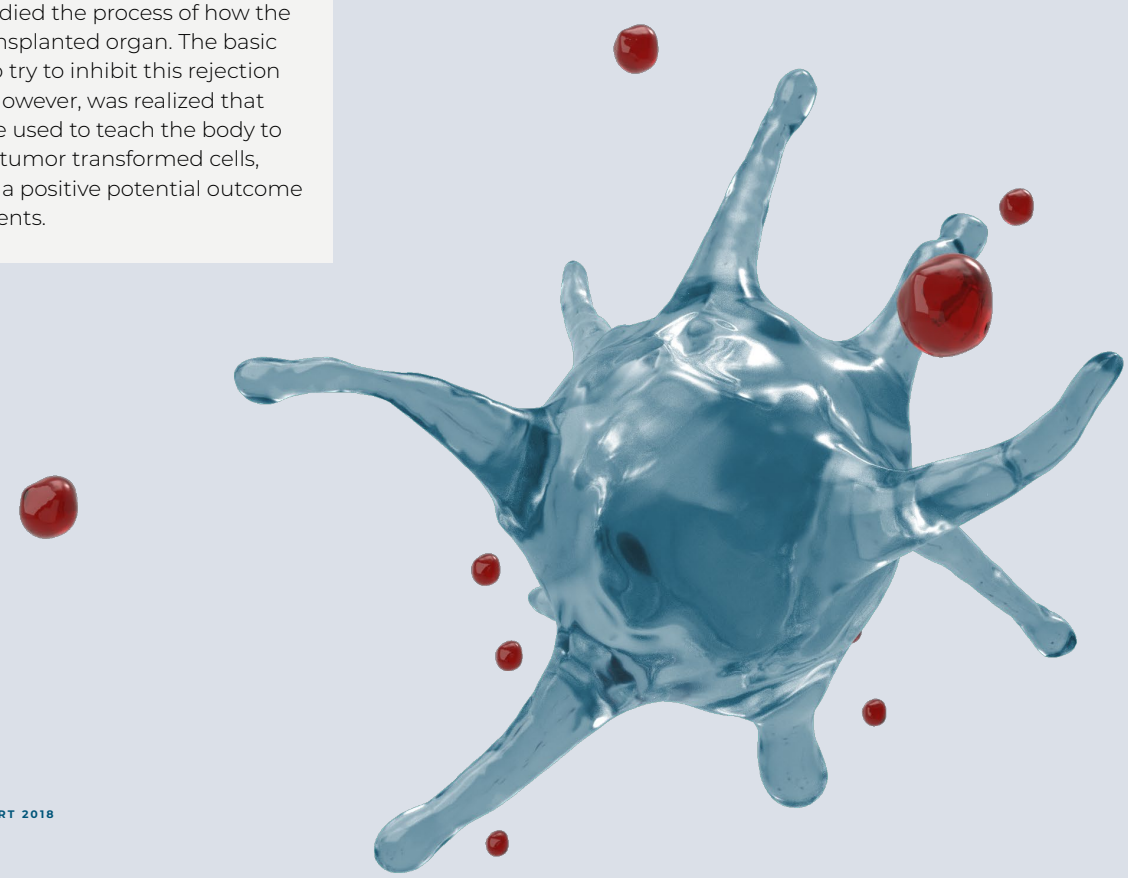
Phase I/II clinical trial for treatment of RCC initiated.

Immunicum lists its shares on Nasdaq First North.

Phase I/II clinical trial for the treatment of HCC initiated.

2012-2014

The Company develops an expansion protocol for tumor-specific T cells and conducts a number of pre-clinical studies. The Company also receives patent protection for the COMBIG platform from the EPO (European Patent Office).



2015-2016

The first patient receives treatment in the Phase II trial of ilixadencel in patients with metastatic renal cell carcinoma (the MERECA trial).

Immunicum and Karolinska Institutet submit a joint application to the Medical Products Agency to launch a Phase I / II study of ilixadencel for GIST patients.

Immunicum completes important adaptation of the manufacturing process for ilixadencel, meaning that the product can be used directly in hospitals without preparation at local pharmacies.

Immunicum's share is listed in the Nasdaq First North Premier segment.

Immunicum carries out a rights issue which is fully subscribed and thereby receives approximately SEK 128 million.

Immunicum announces that the U.S. Food and Drug Administration (FDA) cleared the Company's Investigational New Drug application for ilixadencel in the expansion of the MERECA study in the US.

Immunicum presents positive and updated data from the HCC Phase I / II study at the Society for Immunotherapy of Cancer (SITC) conference. The clinical data show an increased number of circulating tumor-specific CD8 + T cells that appear to correlate with prolonged survival.

2017

Immunicum enrolls first patient in Phase I/II study in gastrointestinal tumors (GIST), following a protocol amendment to broaden the recruitment basis.

Immunicum publishes data from Phase I/II study in RCC in Journal for ImmunoTherapy of Cancer and updates patient survival and follow-up data as of May 2017.

Immunicum completes Phase I/II study in HCC and announces positive top-line data supporting continued development in HCC.

Immunicum announces preliminary results from preclinical concept studies evaluating the effect of combining the drug candidate ilixadencel with an anti-PD-1 checkpoint inhibitor (CPI). In a mouse model with a solid tumor, the preliminary results show a higher proportion of survival among mice treated with a combination of ilixadencel and CPI.

2018

Patient enrollment complete in Phase II study in RCC (MERECA).

Immunicum initiates trading of shares on Nasdaq Stockholm, following uplisting from Nasdaq First North.

EMA grants ATMP certificate to ilixadencel for manufacturing quality and non-clinical data.

FDA approves protocol enabling initiation of Phase Ib/II combination study with checkpoint inhibitors (ILIAD study) in US.

Immunicum announces collaboration and supply agreement on checkpoint inhibitor Merck KGaA and Pfizer for evaluation of ilixadencel in combination with the checkpoint inhibitor avelumab (Bavencio®) in the planned Phase Ib / II multi-indication study, ILIAD.

Immunicum raised SEK 351 million before issue costs for continued clinical development of ilixadencel through a directed issue and a rights issue.

Ilixadencel

» **Immunicum's main product**
ilixadencel is an immune primer that strengthens the patient's immune system to fight the cancer cells.

Ilixadencel is made up of allogeneic, inflammatory dendritic cells and is administered *in situ*, directly into the tumor (see picture next page). The intratumorally injected allogeneic dendritic cells will be able to survive for 48 to 72 hours after administration and are activated to release immunostimulating factors, including chemokines and cytokines, during that time period. The local production of these factors within the tumor will induce a local recruitment and activation of endogenous immune cells (immune cells from the patient), including natural killer (NK) cells, immature dendritic cells and T cells. The recruitment of the patient's own dendritic cells will take place inside the tumor, where there are already high levels of tumor specific antigens (the concomitant recruitment and activation of NK cells leads to NK cell-mediated cell death of tumor cells at the injection site), and these can be taken up by the recruited dendritic cells which in this manner will become loaded with antigens. Once the dendritic cells are loaded and activated by the inflammatory environment created by ilixadencel they will migrate to nearby lymph nodes where they will prime/activate tumor-specific T cells, including CD8+ T cells that will migrate from the lymph node, through the blood circulation and then search for and kill tumor cells within both the primary tumor and metastases elsewhere in the body.

There are four major expected advantages with ilixadencel:

I. Intratumorally injected ilixadencel uniquely covers all major aspects of tumor specific immune priming:

» recruitment of immune cells including NK cells and dendritic cells into the tumor,

» induction of local tumor cell death leading to increased release of tumor-specific antigens and

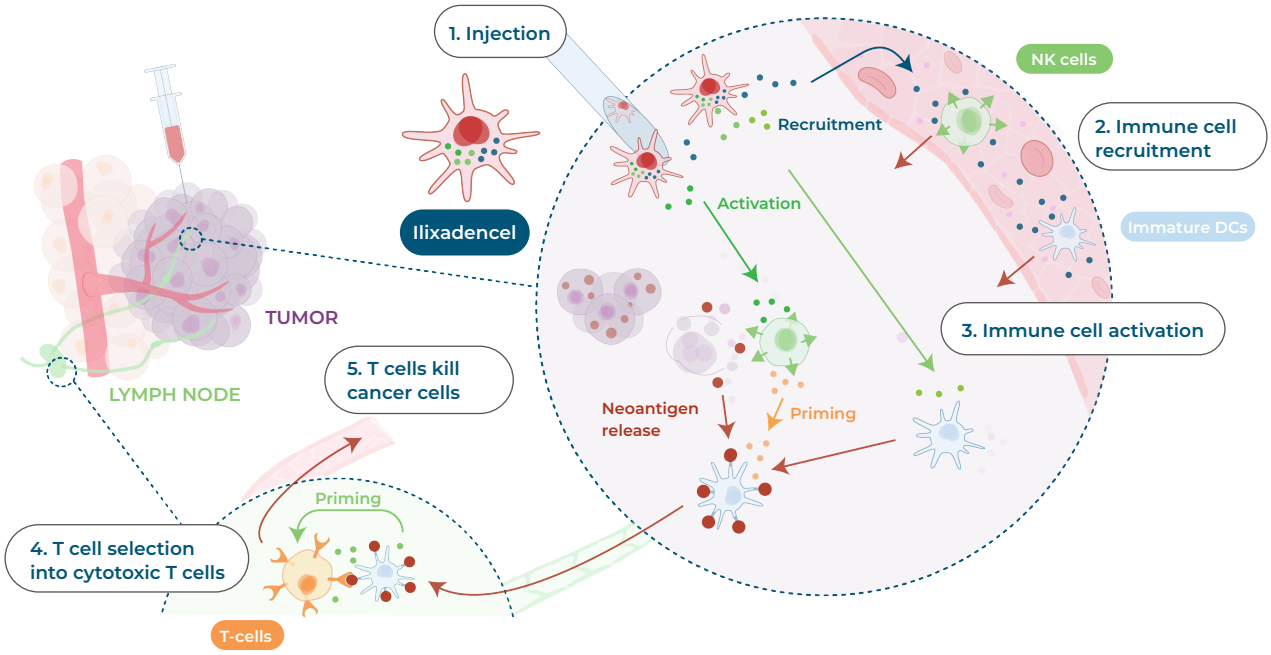
» maturation of antigen-loaded dendritic cells for subsequent migration to tumor-draining lymph nodes where the dendritic cells activate/prime tumor-specific T cells;

II. ilixadencel is applicable for injectable solid tumors;

III. off-the-shelf cell-based therapies are applicable to all patients and batches can be stockpiled and thereby be available for immediate use; and

IV. the concept uses the patient's own tumor as the antigen source *in vivo*, which aims to ensure that the full set of immunogenic neoantigens are used for activation of a tumor-specific immune response.

Mechanism of action



The figure above shows that ilixadencel produces recruiting and activating molecules in the tumor, which then recruit and activate natural killer (NK) cells for the release of tumor antigens and the patient's own dendritic cells (DCs) for the uptake of these tumor neoantigens. Thus, what Immunicum expects to accomplish by means of a standardized primer is to subsequently load the patients' own dendritic cells with their tumor-specific neoantigens *in vivo*, and in this way offer patients a more potent, individualized treatment. This is something that makes ilixadencel a unique cancer immune primer.

Clinical strategy for ilixadencel

Immunicum's strategy is to position ilixadencel as the leading cancer immune primer when used in combination with standard treatments that fight immune suppression for the effective and safe treatment of solid tumors.

The ongoing and planned clinical studies aim to determine whether ilixadencel:

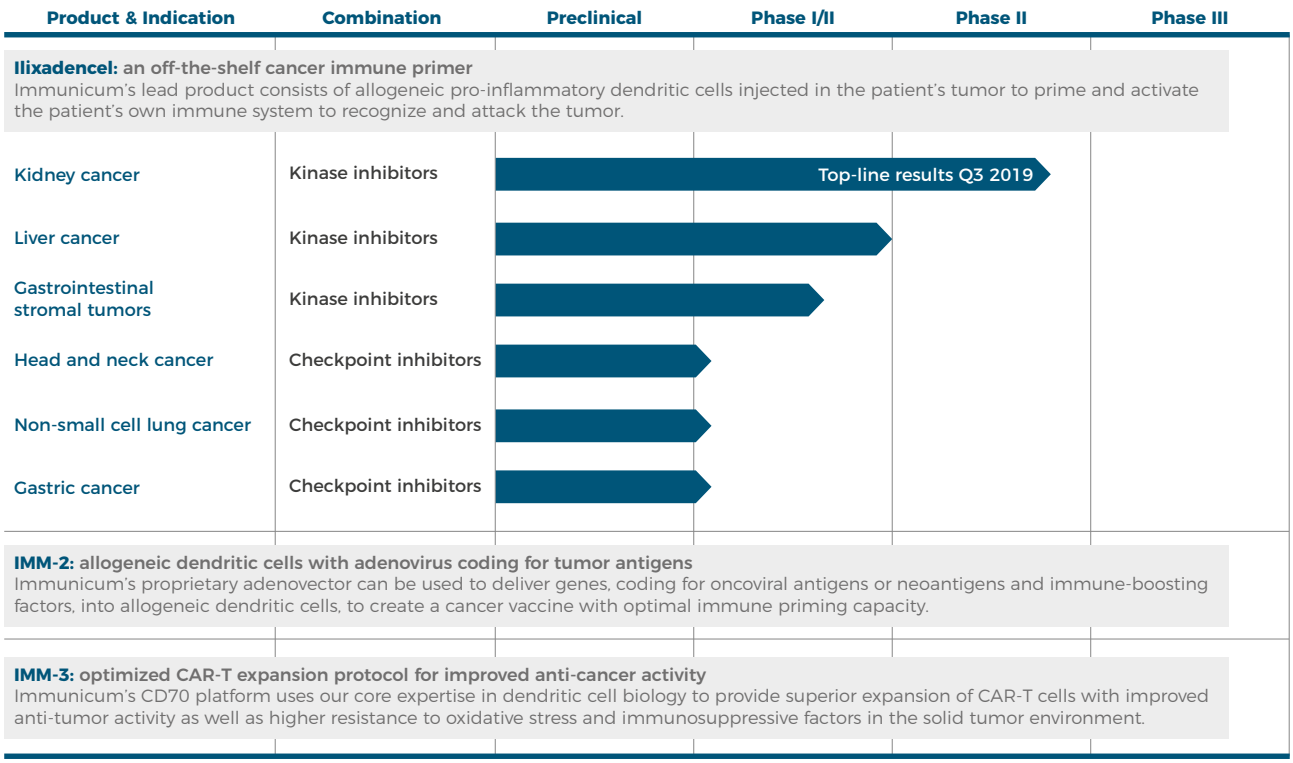
- is an effective cancer immune primer, in particular via measuring the intratumoral infiltration of CD8+ T cells and/or the generation of anti-tumor specific CD8+ T cells in peripheral blood in relevant tumor settings;
- can be included in combination therapies without increasing risk of side effects; and
- has a clinical efficacy, primarily via measuring of survival-related endpoints, best objective tumor response and duration of response.

Immunicum has completed a Phase I/II trial in kidney cancer (RCC) and liver cancer (HCC) and is currently conducting a Phase II study (MERECA) in RCC, a Phase I/II study in gastrointestinal stromal tumors (GIST) and a Phase Ib/II (ILIAD) study with checkpoint inhibitors in head and neck cancer (HNSCC), non-small cell lung cancer (NSCLC) and gastric cancer (GA).

Product portfolio

» **Immunicum's pipeline includes** three ongoing clinical studies and preclinical studies for the Company's lead product ilixadencel as well as two preclinical programs.

Pipeline



Kidney cancer (RCC)

Phase I/II

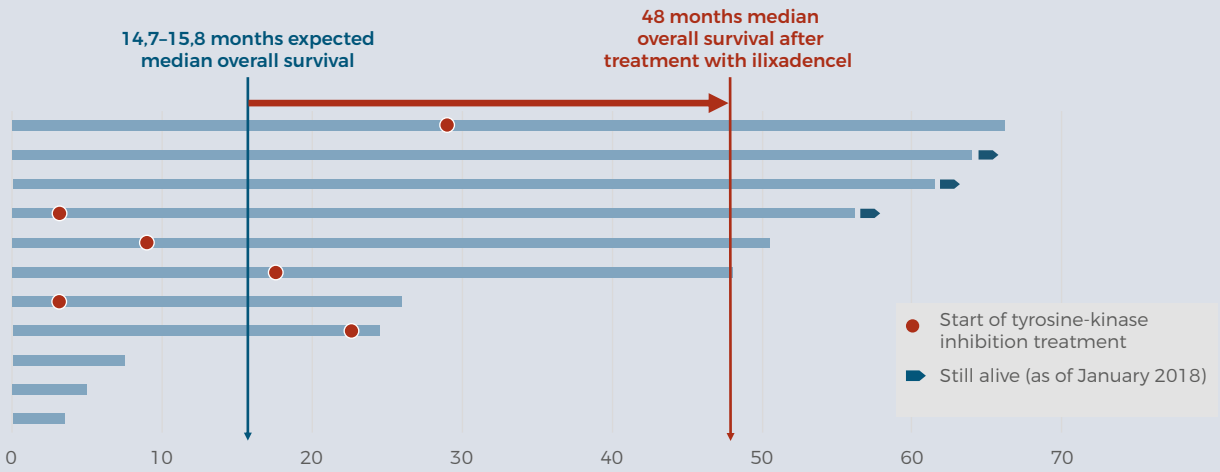
Immunicum's Phase I/II study was initiated in 2012 and included twelve patients with newly diagnosed metastatic renal cell carcinoma (mRCC). The last patient was treated in August 2013 and in March 2014 the concluding report was presented.

No treatment-related serious adverse events have been noted. The immunology data show clear signs of tumor-specific immune activation. The picture at the bottom of the next page shows strong infiltration of CD8+ T cells in the treated tumor, but also in a distant metastasis, which indicates that the activated immune system is also able to identify and target cancer cells in other parts of the body after injection of ilixadencel.

Immunicum published follow-up data from the Phase I/II study in the Journal for ImmunoTherapy of Cancer in June 2017, which contained data of patients up to December 2016[1]. Updated survival time data, as per January 2018, from the Phase I/II study, showed that three out of eleven evaluable patients were alive. Three out of eleven evaluable patients surpassed the 5-year survival and the median overall survival time for the patient group as a whole was 48 months compared to the expected median survival time of 14 – 16 months based on historical data of newly diagnosed metastatic patients being treated with tyrosine kinase inhibitors, including Sutent® (sunitinib) and Votrient® (pazopanib). For the six patients with a poor prognosis (MSKCC high risk), the median overall survival time was 36 months, compared to the expected 9 months based on historical control. The diagram at the top of the next page shows the expected median overall survival and median overall survival of the group as a whole.

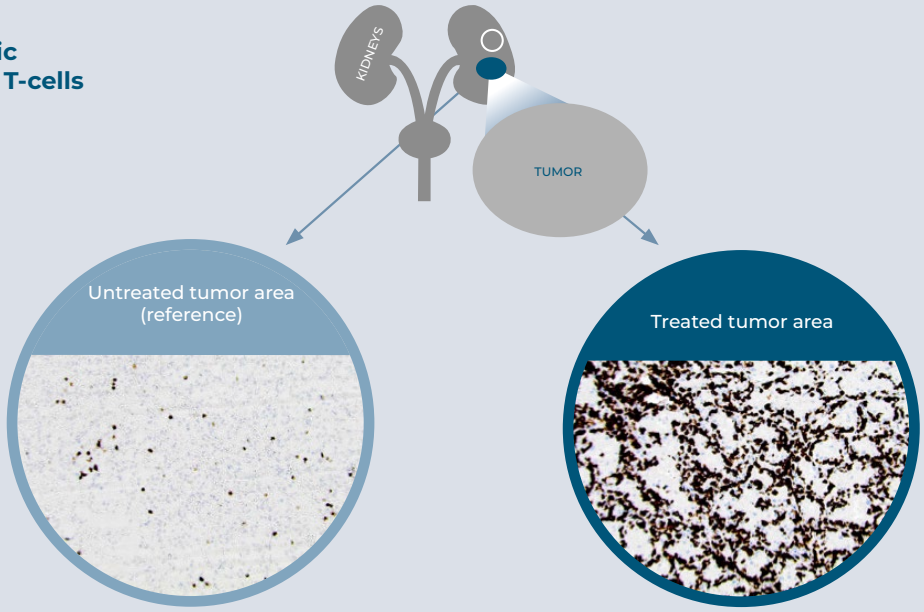
1. Laurell et al., Intratumorally injected pro-inflammatory allogeneic dendritic cells as immune enhancers: a first-in-human study in unfavorable risk patients with metastatic renal cell carcinoma, 2017

Median survival for newly diagnosed mRCC patients in the Phase I/II study.



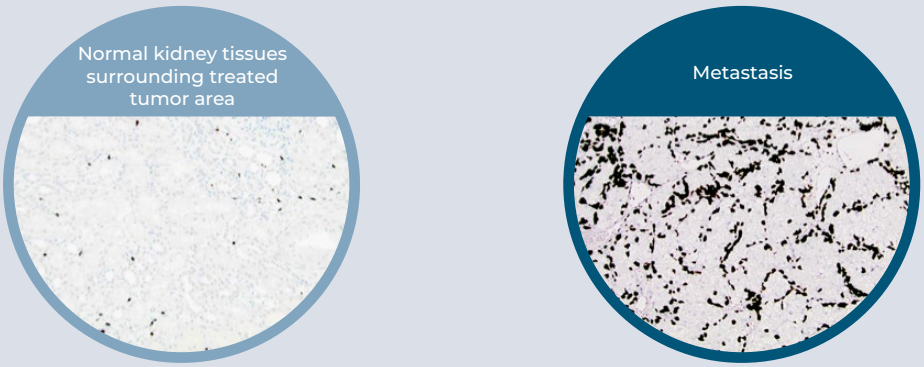
Sources for historical control: Heng et al., Prognostic Factors for Overall Survival in Patients With Metastatic Renal Cell Carcinoma Treated With Vascular Endothelial Growth Factor–Targeted Agents: Results From a Large, Multicenter Study, 2009; Ko et al., First-, second-, third-line therapy for mRCC: benchmarks for trial design from the IMDC, 2014. Mejean A et al., Sunitinib Alone or after Nephrectomy in Metastatic Renal-Cell Carcinoma, 2018

Tumor specific infiltration of T-cells



A reference slide demonstrating the amount of T cells (black dots) in a untreated tumor

A massive infiltration of cancer specific CD8+T cells in the tumor after injection of ilixadencel



A clear absence of T cells outside of the tumor site (similar to healthy tissue) supporting that the massive infiltration is tumor-specific.

A clear increase presence of CD8+ T cells at a distant metastasis (tumor that has spread to other parts of the body).

Source: J Immunotherapy Cancer, 2017; 5:52. "Intratumorally injected pro-inflammatory allogeneic dendritic cells as immune enhancers: a first-in-human study in unfavorable risk patients with metastatic renal cell carcinoma".

Liver cancer (HCC)

Phase II (MERECA)

Immunicum is presently conducting an international, investigational, randomized, controlled and open Phase II study (MERECA) where a total of 88 newly diagnosed metastatic renal cancer patients have been included. Fifty eight patients received treatment with ilixadencel followed by nephrectomy (the removal of the tumor affected kidney) and standard treatment with the tyrosine kinase inhibitor Sutent® (sunitinib). Thirty patients included in the control group underwent only nephrectomy and standard treatment with Sutent®.

The primary purpose of the MERECA study is to investigate the clinical efficacy of treatment with ilixadencel in combination with sunitinib in newly diagnosed metastatic renal cell cancer patients. The primary endpoints for the MERECA study are median overall survival (OS) and overall survival rate at 18 months for all patients and for the patient-groups with poor and intermediate prognosis. In addition to these primary parameters, the Company will also study the frequency and proportion of adverse events (AEs), progression-free survival (PFS), objective tumor response after introduction of Sutent® (sunitinib), time to progression (TTP) and intratumoral infiltration of CD8+ T cells in primary tumors and accessible metastases, compared with normal tissue. This Phase II study is primarily a proof of concept study and will be successful if it can show clinically meaningful benefits on different endpoints and it will provide crucial input for planning of future pivotal/confirmatory (i.e. Phase III) trials. In December 2016, Immunicum received clearance from FDA on its Investigational New Drug (IND) application and expanded the MERECA study into the US in the second quarter of 2017, which led to the first patient enrolled in August 2017.

The last patient was recruited to the study in early 2018 and the MERECA study top-line results are expected in the third quarter of 2019.

Phase I/II

In July 2013, Immunicum received approval from the MPA (Sw. Läkemedelsverket) and the Hospital Ethics Committee to begin a Phase I/II study for the treatment of patients with primary cancer of the liver. The first patient was treated in October 2013.

The open-label, Phase I/II trial enrolled 18 patients with advanced liver cancer, consisting of 17 patients with metastatic HCC and one patient with advanced cholangiocarcinoma (CCA). Patients were treated with three separate injections of ilixadencel directly into their primary tumor (at approximately Day 1, 14 and 42) and were followed for six months after last injection. The primary objective was to investigate safety and tolerability for ilixadencel in HCC as a second line therapy for patients not responding to previous treatments, or first line therapy administered with or without sorafenib. The secondary objectives included several exploratory endpoints including immunological response as measured by systemic levels of tumor specific T cells in the blood, as well as initial signs of clinical activity like objective tumor response, time to progression and overall survival. The study was conducted in Sweden at the Sahlgrenska University Hospital, Gothenburg. (Clinicaltrials.gov ID: NCT01974661)

The final patient disposition was as follows: seven patients were treated with ilixadencel as second line treatment after failing sorafenib, ten patients were treated as first line treatment of which six patients were treated in combination with sorafenib. 14 patients received all three injections.

The final results of the completed Phase I/II clinical trial of ilixadencel in liver cancer were published in the Frontiers Oncology Journal in January 2019[2] The data confirm previously communicated positive safety and tolerability of ilixadencel when administered both alone and in combination with current first-line standard of care, sorafenib: the most common toxicity was grade 1 and 2 fever and chills. Thirty (30) percent of all adverse events were considered as treatment-related, with one single treatment-related grade 3 event. In addition, the data demonstrate an increased frequency of tumor-specific CD8+ T cells in circulating blood for a majority of evaluable patients (11/15), indicating a systemic immune response. Overall, one patient had a partial response (with ilixadencel as monotherapy) and five had stable disease as overall best response per mRECIST. The median time to progression was 5.5 months and overall survival ranged from 1.6 to 21.4 months. The complete results provide further insight on ilixadencel's mode of action, signs of clinical activity and important information that will guide the next stage of clinical development.

2. Rizell M et al. Phase 1 Trial With the Cell-Based Immune Primer Ilixadencel, Alone, and Combined With Sorafenib, in Advanced Hepatocellular Carcinoma, 2019.

Overview of Immunicum's studies in kidney cancer

INDICATION	KIDNEY CANCER/RENAL CELL CARCINOMA	
PHASE	I/II	II
NUMBER OF PATIENTS	12	88 (of which 30 in the control group)
LOCATION	Uppsala University Hospital	Europe (23 sites) The US (5 sites)
NUMBER OF ILIXADENCEL DOSES	2 (5, 10 and 20 million immune cells per dose)	2 (10 million immune cells per dose)
COMBINATION TREATMENT	None, but half of the patients received add-on treatment with either sunitinib or pazopanib afterwards	In sequence: first ilixadencel before nephrectomy, then sunitinib after nephrectomy
TOP-LINE RESULTS	H1 2014 (Finished)	Q3 2019
SUMMARIZED DATA	» Strong intra-tumor infiltration of CD8+T cells in 7 of 12 patients » Median survival for the whole patient group of 48 months (as of May 2017) compared to the expected median of 14.7-15.8 months for standard treatment sunitinib	

Overview of Immunicum's study in liver cancer

INDICATION	LIVER CANCER/HEPATOCELLULAR CARCINOMA
PHASE	I/II
NUMBER OF PATIENTS	18 (10 first-line, 7 second-line; 1 bile duct cancer)
LOCATION	Sahlgrenska University Hospital, Gothenburg
NUMBER OF ILIXADENCEL DOSES	3 (10 and 20 million immune cells per dose)
COMBINATION TREATMENT	First 12 patients: no combination. Last 6 patients: sorafenib concomitantly
TOP-LINE RESULTS	Q3 2017 (Finished)
SUMMARIZED DATA	» Only 1 out of 18 patients experienced grade 3 treatment-related adverse event, as compared to approx. 1 in 3 patients described in literature for standard of care sorafenib or regorafenib » 11 out of 15 evaluable patients exhibit an increase in, tumor-specific CD8 T-cell in peripheral blood. Overall survival ranged from 1.6 - 21.4 months in the total group of 17 HCC patients

Gastrointestinal cancer (GIST)

Phase I/II

Immunicum is presently carrying out a Phase I/II clinical trial with ilixadencel concerning the treatment of patients with GIST. The clinical trial is conducted at the Karolinska University Hospital in Stockholm. Six patients have been enrolled and treated with ilixadencel in combination with Sutent® (sunitinib), Stivarga® (regorafenib) or similar tyrosine kinase inhibitor (targeted therapy).

After inclusion of the first patient the protocol was amended at the end of 2016 to allow a broader patient population for recruitment. In May 2018 the sixth and last patient was enrolled in the first cohort. Due to the rarity of this disease, Immunicum decided to stop enrollment after 6 patients.

The primary objective of the clinical trial is to examine whether ilixadencel in combination with a tyrosine kinase inhibitor is safe and tolerable for these patients. Additional clinical endpoints, such as objective response and progression-free survival (PFS), will also be evaluated.

Immunicum expects the top-line results (final results) from the study to be ready mid-2019.

Overview of Immunicum's study in gastrointestinal cancer

INDICATION	GASTROINTESTINAL STROMAL TUMORS
PHASE	I/II
NUMBER OF PATIENTS	6
LOCATION	Karolinska University Hospital, Stockholm
NUMBER OF ILIXADENCEL DOSES	2 (10 million immune cells per dose)
COMBINATION TREATMENT	Sunitinib, regorafenib or similar TKI
TOP-LINE RESULTS	Mid 2019

Overview of Immunicum's study in Head and neck cancer (HNSCC), non-small cell lung cancer (NSCLC) and gastric cancer (GA)

INDICATION	HEAD AND NECK CANCER (HNSCC), NON-SMALL CELL LUNG CANCER (NSCLC) AND GASTRIC CANCER (GA)
PHASE	Ib/II
NUMBER OF PATIENTS	150
LOCATION	US and Europe
NUMBER OF ILIXADENCEL DOSES	2 or 3 (3, 10, 20 million immune cells per dose)
COMBINATION TREATMENT	CPI
TOP-LINE RESULTS	Phase Ib results 2020

Head and neck cancer (HNSCC), non-small cell lung cancer (NSCLC) and gastric cancer (GA)

Phase Ib/II

The Company has received protocol approval by the FDA in July 2018 which enabled the initiation of the multi-indication Phase Ib/II study (ILIAD) to combine ilixadencel with Keytruda® (pembrolizumab) in patients with head and neck cancer (head and neck squamous cell carcinoma; HNSCC), non-small cell lung cancer (NSCLC) and gastric cancer (gastric and gastroesophageal adenocarcinoma; GA) in the US in 2018. The study activities are moving forward as planned and the trial has enrolled the first patient in January 2019.

The ILIAD study is a multi-indication, open-label, randomized multicenter, Phase Ib/II trial that evaluates the safety and efficacy of intratumorally administered ilixadencel in combination with a checkpoint inhibitor at standard doses in the selected indications. ILIAD combines Phases Ib and II, i.e. spanning safety and clinical activity readings while containing interim decision points from safety run-in up to expansion of each patient population in the trial, providing the investigators and Company maximum insight and control.

The purpose of the multi-indication trial is three-fold:

- to demonstrate clinical safety of the combination: by showing that ilixadencel can be safely combined with a checkpoint inhibitor.
- to demonstrate the proof of mechanism: by showing that ilixadencel generates a systemic tumor-specific immune response.
- to demonstrate improved clinical efficacy: by showing improved benefit of the combo in terms of clinical activity compared to checkpoint inhibitor alone in solid tumor patients.

The Phase Ib component of the trial consists of enrolling 21 patients and aims to assess safety and define the optimal dose and schedule of ilixadencel administration in combination with Keytruda® (pembrolizumab) in patients who are candidates to receive Keytruda® at standard doses in the included indications. In addition, it has the potential to capture initial signs of efficacy. The design of the Phase Ib component is shown below.

The Phase II component of the trial will group patients by indication into three studies advancing in parallel. The aim of the Phase II study is to demonstrate a favorable impact of ilixadencel used in combination with checkpoint inhibitor therapy. Each indication group will include enough patients to observe statistically significant clinical activity for the combination group. Efficacy decisions will be implemented in two stages with an interim analysis for futility in each of the three indications with the decision whether to expand a subgroup or not based upon pre-defined criteria.

To guarantee a qualitative oversight, a trial-specific data safety monitoring board (DSMB) has been implemented to monitor study conduct, safety and analyze efficacy data.

Assuming no significant safety issues arise, the maximum number of evaluable patients to be enrolled is 150.

Collaboration and supply agreement with Merck KGaA and Pfizer for ILIAD

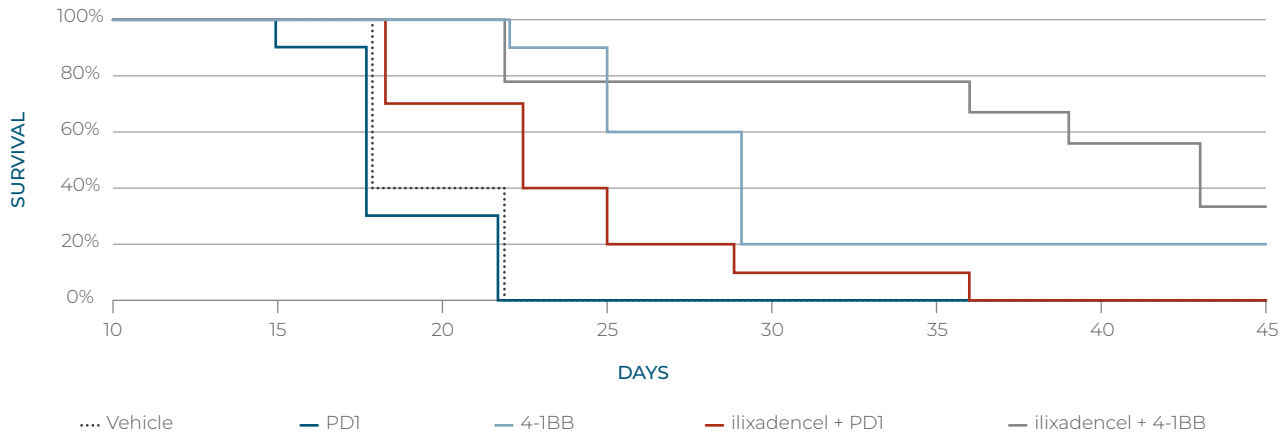
In November 2018, Immunicum announced a collaboration with Merck KGAa and Pfizer for the evaluation of ilixadencel in combination with the checkpoint inhibitor avelumab (Bavencio®) in the Phase II portion of ILIAD. During the Phase II part of the study, the safety and efficacy of ilixadencel in combination with avelumab will be evaluated in patients with head and neck cancer and gastric cancer. Immunicum will be responsible for the implementation of the study and will retain all commercial rights to the ilixadencel.

Preclinical studies

Ilixadencel

Immunicum has performed preclinical studies in a mouse tumor model where cancer cells (CT26 colon carcinoma) are injected subcutaneously followed by treatment with checkpoint inhibitors (anti-PD1) and immune enhancers (anti-4-1BB/CD137). These two classes in the immuno-oncology field block the tumor's defenses against the activated immune system, or expand and further potentiate the activated immune system and are therefore highly complementary to ilixadencel's mechanism of action in activating the immune system. As shown below, ilixadencel showed synergy in reducing tumor growth and increasing survival in combination with both classes, further positioning our strategy for ilixadencel as a key component in future combination therapies for solid tumors.

Survival in preclinical cancer model



IMM-2 platform (formerly SUBCUVAX®/Adenovirus)

IMM-2 shares the same technology basis as used for production of ilixadencel to benefit from the unique priming and activating technology. The major difference between IMM-2 and ilixadencel is that IMM-2 is transfected with an adenoviral vector to deliver tumor antigens directly to the cells (ilixadencel). These cells are then injected subcutaneously (under the skin) as opposed to ilixadencel's intratumoral injection.

The adenovirus vector was acquired in 2014 with the purpose of being included in the IMM-2 concept. Nonclinical studies with the adenovirus vector for the development of IMM-2 are in progress in cooperation with the University of Uppsala and Professor Magnus Essand.

The objective is to examine the possibilities of using the vector for the production of relevant tumor antigens to be used in the IMM-2 immune priming and activating cells.

IMM-3 platform (formerly CD70)

Immunicum's IMM-3 platform is positioned as a strategy that can be used to improve existing and new adoptive immunotherapeutics. Adoptive immunotherapy utilizes the patient's own T cells, which are isolated and usually genetically manipulated to specifically recognize cancer cells; such cells are termed CAR-T cells. The primary goal is to establish the IMMU-3-concept as an optimal method for the ex-vivo expansion of CAR-T cells for the treatment of solid tumors. In a publication entitled "Allogeneic lymphocyte-licensed DCs expand T cells with improved anti-tumor activity and resistance to oxidative stress and immunosuppressive factors", which was published on March 6, 2014 in the American journal, Molecular Therapy - Methods & Clinical Development (published by Nature Publishing Group in cooperation with the American Society of Gene & Cell Therapy), Professor Essand's research group compared Immunicum's patented expansion protocol, referred to as "CD70-CD3," with established expansion protocols. In the article, it emerged that T cells, including the CAR-transfected T cells which were expanded with Immunicum's CD70 protocols, compared to the established protocols, show a better survivability capacity, better ability to kill tumor cells in the test tube, and better capability to begin to expand once again upon contact with tumor cells when the cells are subjected to immunosuppressive factors that reflect the "hostile" tumor environment. Immunicum's goal is to explore development opportunities for the IMM-3 concept and collaboration opportunities with CAR-T or similar technologies, upon which the platform would be dependent for further development.

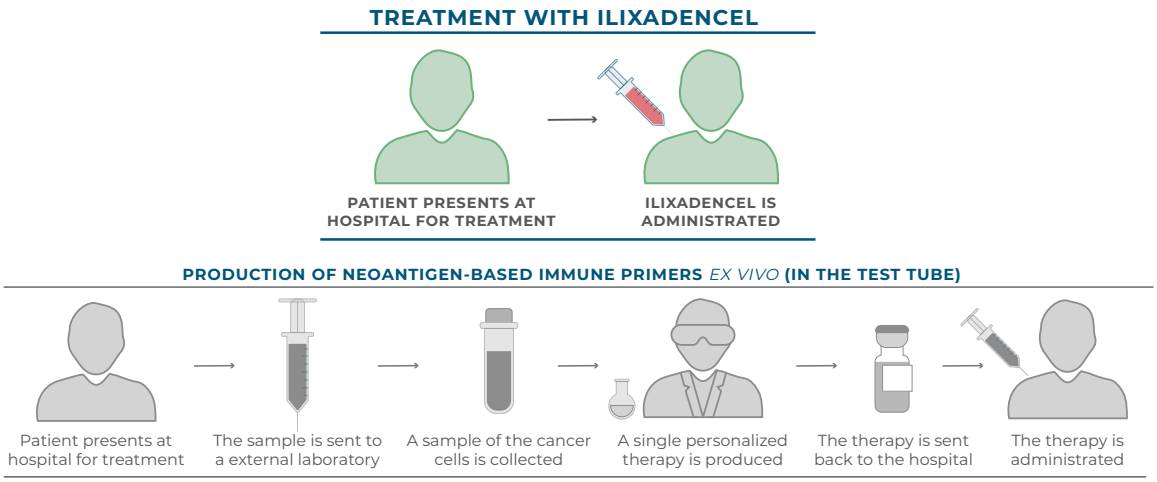
Patents

Ilixadencel, IMM-2 and IMM-3 as well as the manufacturing process are protected by granted patents and patent applications in a total of eight patent families in several countries in Europe, Asia and the US.

Manufacturing process: from development to commercial scale

Immunotherapy with immune primers based on neoantigens, in which the patient's neoantigens are first characterized and then synthesized *in vitro* (in a test tube) is presently undergoing several clinical trials. On a purely practical level however, this manufacturing process includes many obstacles that will need to be overcome. In addition, this manufacturing is entirely patient dependent, i.e. can only be performed after the neoantigens for each individual patient have been characterized by a tissue sample from patient's own tumor which constitutes quite a logistical challenge and delays treatment while product is being manufactured.

A way to avoid the practical problems associated with the production of patient-specific tumor neoantigens in the test tube, is to use the patient's existing tumor (or metastasis of) as a direct neoantigen source by injecting an immune primer directly into the patient's tumor. This concept provides the basis to stockpile the product and thereby be available for immediate use, as allogeneic cells – cells from a healthy donor – can be used. The production method for ilixadencel is short (6 days from start to finish) and uses standard culture instruments, which potentially simplify the transfer of the process to multiple production facilities. In addition, the final product has a shelf-life of 3 years currently, which permits long-term storage at central depots and hospital pharmacies and means the product is readily accessible when required, as shown below.



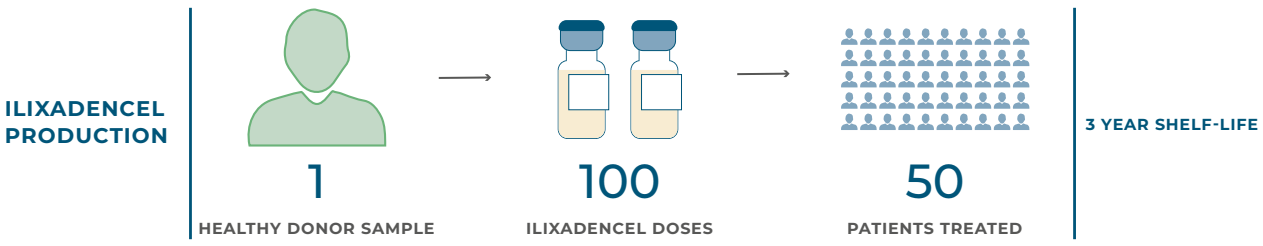
Increased CMC activities on process development of ilixadencel with global commercial manufacturer

In preparation for a successful outcome of the MERECA trial and to make sure no time is lost in the development time to market, Immunicum believes it to be critical to increase CMC efforts to have a commercially ready process in place as recommended by EU and US regulators.

The investments in CMC are being used to transfer the current process to a strategic contract manufacturer in the US (HCATS) where process development activities will be performed. HCATS is a large organization with manufacturing capabilities in Japan, US, and EU.

The process development activities will include the development of new analytical assays and reference materials that can be used in combination with existing assays to fully characterize the product and to help understand how process parameters may also influence the product, thus helping to define a well-controlled development process.

In collaboration with HCATS, the aim will be to develop a global commercial supply strategy within the one organization, which will reduce the risks related to equipment, facilities and product comparability in the longer term. Completion of the process development plan will allow the implementation of a well-defined process control strategy that will maximize product quality and consistency and will meet the regulatory requirements to support a future market authorization and commercial supply.



Introduction to immuno-oncology

Cancer treatment

Traditional regimens

Traditional cancer treatment regimens generally include both local treatments such as radiotherapy or surgery and general treatments with chemotherapy (cytotoxic drugs) and hormone therapy. Surgery and radiotherapy are typically used for the treatment of individual solid tumor diseases. In order for a patient with solid tumor disease to be successfully treated through surgery, it is crucial that the tumor is detected at an early stage, is accessible to surgery and that the patient's condition is good enough to be able to undergo an operation. As general methods are able to detect a cancer mass above a minimum size throughout the body, they can be used both for treatment of metastatic cancer and post operation to reduce the risk of relapse, in contrast to local treatments.

The main concern with general treatments is that they affect the entire body instead of only targeting the tumor. Chemotherapy works by attacking all fast-growing cells, and thus also affects normal rapidly dividing cells (such as hair or gastrointestinal lining cells), which typically leads to severe side effects. Hormone therapy also affects the entire body, but does so by inhibiting the hormone system which prevents stimulating growth in cancer cells. Targeted therapies partly overcome these issues by blocking a specific pathway that is more active in tumor cells, often by injecting antibodies targeting a specific receptor. These therapies can be very effective in reducing tumor growth and killing tumor cells, yet tumors often develop resistance against these therapies by using other pathways for growth, causing the tumor to grow again.[1]

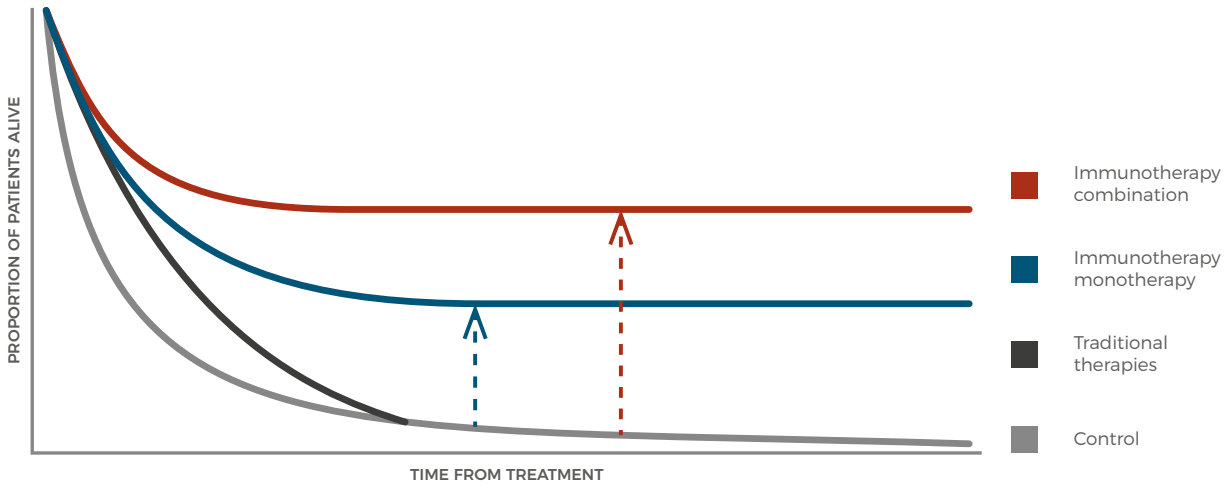
Immuno-oncology

Unlike traditional cancer therapies, immuno-oncology is designed to help the body's own immune system to fight cancer. Immuno-oncology can fight cancer in two ways; either by activating the immune system to identify the cancer as something to be destroyed, or by fighting the cancer's immunosuppressive activity. Immunicum's lead product, ilixadencel, is part of the first category; it is an immune primer as it helps to activate the patient's own immune cells to kill cancer cells.

Combination therapy

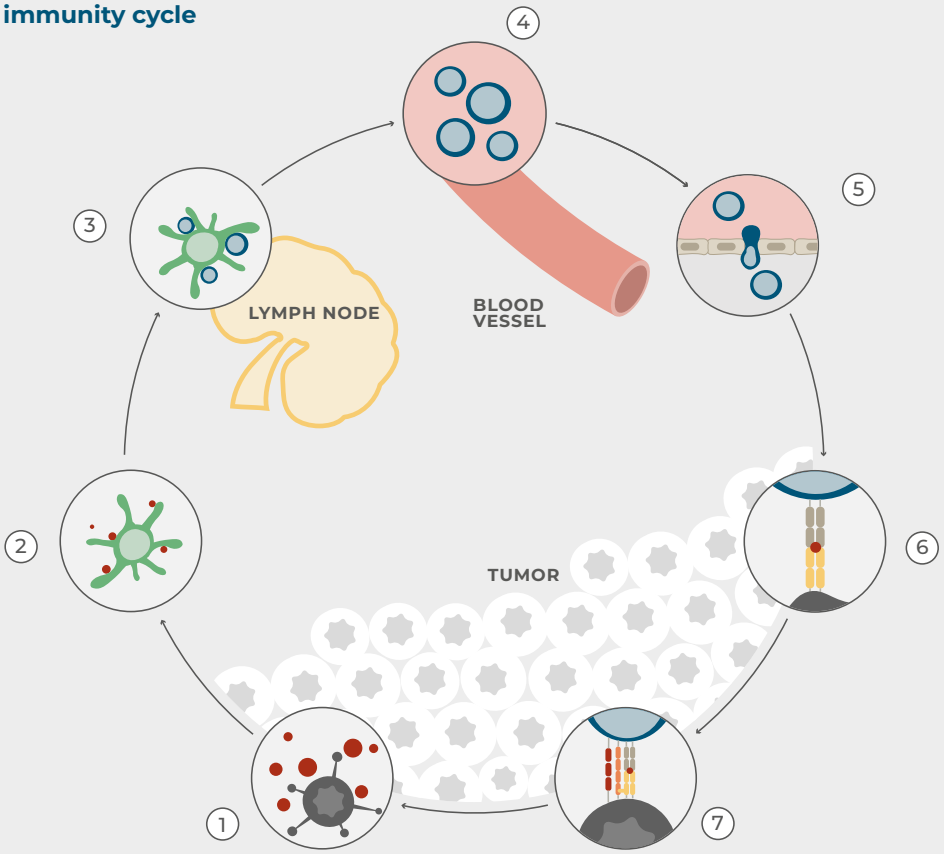
Combination therapy, a treatment regimen which combines two or more therapeutics, is becoming a cornerstone of cancer treatment. This treatment regimen attacks multiple aspects of the tumor, thereby preventing the tumor from developing resistance against one treatment, and thereby escaping.[2] The combinations can include both traditional treatments such as chemotherapy or radiology and newer treatments such as immunotherapy.

As research within the immuno-oncology field advances, more rational combinations with an immunotherapy backbone emerge. One such combination is the use of synergistic immunotherapeutics. By combining immune priming drugs, affecting stage 1-3 in the cancer immunity cycle, with drugs that block the tumor's immunosuppression in stage 7 of the cycle (see page 23), the survival rate and quality of life of patients can be significantly increased[3], as visualized in the graph below.



1. Ahronian LG, Corcoran RB, Strategies for monitoring and combating resistance to combination kinase inhibitors for cancer therapy, Genome Med 2017.
2. Mokhtari R. B., et al., Oncotarget, Combination therapy in combating cancer, June 2017.
3. Harris S. J., et al., Cancer Biology & Medicine, Immuno-oncology combinations: raising the tail of the survival curve, June 2016.

The cancer immunity cycle



Steps 1 to 3 of the cycle are where immune primers such as ilixadencel can stimulate the cancer immunity cycle, and step 7 is where therapeutics used to fight immunosuppression act upon the tumor and T cells.

First published in 2013, the cancer immunity cycle has been used as a framework to explain and conduct research about immuno-oncology[4]. The cycle describes how a tumor interacts with the immune system and can be divided into seven steps:

1. **Release of tumor cell antigens, including neoantigens:** Cancer cells have mutations that cause specific substances to be produced, called tumor neoantigens, which can be identified by the immune system to be different from healthy cells. The death of cancer cells lead to the release of tumor neoantigens. Some immune cells are able to capture the neoantigens if recruited to the cancer tissue. One type of immune cell that is recruited and able to capture neoantigens is dendritic cells (DCs).

2. **Transportation to lymph nodes:** The purpose of the dendritic cells that are recruited in step 1 is to pick up and transport the cancer cell's neoantigens to the lymph nodes where they present the neoantigens to neoantigen-specific T cells.

3. **Priming and activation:** By bringing the neoantigens to the lymph nodes and presenting them to the T cells, the T cells become primed towards the cancer specific neoantigens. The T cells begin replicating and preparing for an attack of the tumor. This results in large amounts of T cells, particularly CD8+ T cells ("killer" T cells). These cells are specifically trained to find and kill cancer cells in the entire body.

4. **Trafficking of T cells to cancer tissue:** After activation the CD8+ T cells enter the blood vessels and travel around the body looking for cancer cells.

5. **Infiltration into cancer tissue:** Once the CD8+ T cells have travelled to a location where tumor cells are present, either in the primary tumor or in a metastasis in another part of the body, their task is to infiltrate the cancer tissue to be able to attack the tumor or metastasis.

6. **Recognition of cancer cells:** Following the infiltration of the cancer environment the CD8+ T cells identify tumor cells carrying the tumor neoantigens they have been primed to identify and attach themselves to these cells in order to destroy them.

7. **Killing of cancer cells:** After recognition and attachment, the CD8+ T cells can kill the tumor cells in a similar way that virus-specific CD8+ T cells are fighting virus-infected normal cells. However, cancer cells can develop mechanisms to locally suppress cancer specific CD8+ T cells, which inhibits their ability to kill the cancer.

4. Chen DS, Mellman I, Oncology meets immunology, the cancer immunity cycle, Immunity 2013.

Immune priming

- important components

Background

It is now well established that the immune system has cells, particularly CD8+ T cells, that can recognize and potentially kill tumor cells. Nevertheless, there is a major obstacle that needs to be resolved, as these T cells are not activated at all or are only weakly activated. One explanation for this may be that tumor antigens captured by dendritic cells are not sufficiently presented in order to elicit a T cell dependent immunity. Another reason may be the immunosuppressant environment of the tumor.

The role of dendritic cells

The dendritic cells play a very central role in specific immune responses and activate the systems which, among other things, help the body to eliminate the virus infected or bacteria infected cells (the Nobel Prize in Medicine was awarded to the discoverer of the dendritic cell in 2011). The dendritic cells acquire and process protein antigens in order to subsequently present these antigens to antigen-specific T cells. This leads to an activation and proliferation (increase in the amount) of T cells whose function is then to attack cells that express this antigen. In the same manner, the immune system could similarly be trained to attack cancer transformed cells.

Shortcomings of previously tested immune primers

Despite the fact that several clinical studies have been conducted where cancer patients have been treated with various types of therapeutic cancer immune primers, there is still no cancer immune primer that has shown a convincing and prolonged clinical effect.[1] This can be explained by at least three different weaknesses in previously evaluated cancer immune primers:

1. Cancer-associated tumor antigens that have been used are also present in normal healthy tissue. In order to protect the body against T cells that react against these antigens that are naturally present in normal tissues, the immune system makes sure that these cells are weakened or killed via what is referred to as “development of central tolerance”.

2. Inadequate selection of adjuvants, which are an important component of the priming mechanism of a vaccine.

3. The tentative cancer immune primers have not been combined with any pharmaceuticals that inhibit immunosuppression.

Mutation-derived tumor antigens (neoantigens)

There is growing consensus that use of tumor neoantigens, consisting of peptides (small protein pieces) which are formed by the individual patient’s tumor-specific mutations (specific changes in tumor cells’ genetic code) will be the paradigm shift that is needed in order to provide cancer immune primers with patient-specific tumor antigens that are perceived as a “foreign body” and against which there is an opportunity to push forward an effective immune response.[2]

Neoantigen-based immune primers

Neoantigen-based immune primers that are designed to target the immune response vis-à-vis the individual patient’s tumor-specific neoantigen have breathed new life into the field of cancer immune primers. Immunotherapy with immune primers based on neoantigens, in which the patient’s neoantigens are first characterized and then synthesized in vitro (in a test tube) is presently undergoing several clinical trials. On a purely practical level however, this manufacturing process includes many obstacles that will need to be overcome. In addition, this production is entirely patient dependent, i.e. can only be performed after the neoantigens for each individual patient have been characterized by a tissue sample from patient’s own tumor which constitutes quite a logistical challenge.[3]

Intratumoral (*in situ*) administration of immune primers

A rational way to get around the practical problems that the production of tumor neoantigens in a test tube entails, is to use the patient’s existing tumor (or metastasis of) as a direct neoantigen source by injecting an immune primer directly into the patient’s tumor. This leads to the patient’s own immune cells, including dendritic cells, being recruited to the neoantigens for direct interaction, instead of the complex process (described above) of having to identify the patient’s specific tumor mutations, produce the corresponding tumor neoantigens and then inject these neoantigens together with an immune primer.

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1. Dillman, Is there a role for therapeutic cancer vaccines in the age of checkpoint inhibitors?, 2017.
2. Schuhmacher et al., Science, Neoantigen in cancer immunotherapy, 2015.
3. Fritsch et al., Personal neoantigen cancer vaccines: The momentum builds, 2014.

> Solid tumors can be compared to a fortress with multiple defenses – difficult to attack and destroy. Some therapies, such as checkpoint inhibitors, can break down the entry gates into the tumor, but if the army or immune system is not strong enough to attack, the fortress will survive. Ilixadencel enables patients' immune systems to be poised for battle so that when the cancer's barriers are broken, they can stimulate an attack on the tumor."

Activated allogeneic dendritic cells as optimal immune primers

Natural viral infection and vaccination with live viruses (as in smallpox vaccinations) leads to the development of specific cytotoxic CD8+ T cells that effectively attack and kill the virus-infected cells. More and more pre-clinical data suggest that those dendritic cells that are first infected by a virus lose their ability to present viral antigens to T cells, but instead begin to function as an immune primer by secreting numerous inflammatory substances leading to the recruitment and maturation of non-infected dendritic cells from the surrounding tissue/blood stream.[4] These newly recruited dendritic cells eat up the virus-infected, dying, dendritic cells and tissue cells. In other words, they are thus "recharged" with viral antigens. Due to the inflammatory environment, the newly recruited dendritic cells will be protected from infection and will instead mature and subsequently migrate to the draining lymph nodes where they will activate CD8+ T cells. Finally, the activated T cells migrate into the body where they specifically attack the virus-infected tissue cells.[5]

By using allogeneic dendritic cells as immune primers, such cells will further be regarded as foreign allogeneic invaders that most likely will potentiate an inflammatory reaction, further promoting recruitment and activation of the patients own dendritic cells at the administration site, i.e. the tumor.

Immunicum's approach

Preclinical studies using a similar approach as Immunicum's ilixadencel have shown that monocyte-derived human dendritic cells can be activated to produce long-lasting inflammatory substances that mimic the production that characterizes the virus-infected dendritic cells, i.e. an inflammation that leads to the recruitment and activation of "bystander" immune cells, including natural killer (NK) cells and dendritic cells, known as "bystander DCs".[6] Since Immunicum's dendritic cells are also allogeneic (from another individual) in relation to the patient, this difference in tissue type will lead to a rejection process which stimulates additional recruitment and activation of "bystander dendritic cells".[7] These discoveries have led to the development of Immunicum's lead product ilixadencel, which uses dendritic cells harvested from healthy humans that are specifically activated to produce significant amounts of immune stimulatory factors that create an optimal priming environment.

By intratumoral injection, these cells induce a local inflammatory reaction, leading to a local destruction/killing of tumor cells (via local recruitment and activation of NK cells) and recruitment of the patient's own dendritic cells into the tumor. The recruited dendritic cells will encounter and engulf dying tumor cells and/or tumor cell debris, including tumor specific proteins, neoantigens, that will act as an antigen source to activate the tumor specific T cells, including CD8+ killer T cells, resulting in a highly personalized anti-tumor response.

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4. Smed-Sörensen et al., Dendritic Cells at the Interface of Innate and Adaptive Immunity to HIV-1, 2011; Pang et al., IL-1R signaling in dendritic cells replaces pattern-recognition receptors in promoting CD8$^+$ T cell responses to influenza A virus, 2013.
5. Pang et al., IL-1R signaling in dendritic cells replaces pattern-recognition receptors in promoting CD8$^+$ T cell responses to influenza A virus, 2013.
6. Gustafsson et al., Recruitment and activation of natural killer cells in vitro by a human dendritic cell vaccine, 2008.
7. Wallgren et al., Direct allorecognition promotes activation of bystander dendritic cells and licenses them for Th1 priming: a functional link between direct and indirect allosensitization, 2005.

Market overview

Global oncology market

In a 2014 report from the World Health Organization (WHO), cancer is described as one of the gravest threats to public health. The number of new cancer cases is expected to increase by over 40 percent by 2025, equivalent to about 20 million new cases annually worldwide. The total economic burden of cancer in 2010 was estimated at USD 1.6 trillion, more than two percent of global GDP.[1]

The research makes constant progress, whilst at the same time it is clear that more and more people will suffer from cancer as the average life expectancy increases. Cancer remains a disease and state of ill health associated with high mortality, and five-year survival is low for most indications. It is hoped that future cancer therapies, particularly immunotherapies, will change the therapeutic landscape and make cancer a chronic, treatable state of ill health.

According to IMS Health, the total market for cancer therapies in 2015 amounted to around USD 107 billion, representing a growth of about seven percent from 2013. The future growth of the total market is estimated to be 7.5-10.5 percent per year until 2020 when it is expected to amount to USD 150 billion. The expected growth is based on a growing demand from patients in combination with the launch of new medicines.[2]

According to a new forecast from the Swedish National Public Health Agency and the Swedish Cancer Society, 100,000 Swedes a year will suffer from cancer in 2040, which is nearly double the number of cases today.[3]

Immuno-oncology

Immunology is a rapidly expanding field of cancer research and cancer treatment, which was not least proven when James P. Allison and Tasuku Honjo were awarded the Nobel Prize in Physiology or Medicine 2018 for their discovery of cancer treatment by inhibiting the immune system's braking mechanisms. Allison and Honjo discovered in parallel that some proteins act as a brake in the immune system and realized that by releasing the brake, it is possible to activate the immune system and cause it to attack tumor cells. Allison's and Honjo's research have opened the door to combining various methods of inhibiting the immune system's brakes in order to treat cancer. It is the Company's assessment that such methods can be supplemented with immune primers as ilixadencel in order to potentially get a more effective treatment.

According to Radiant Insights, the market for immune therapies is expected to grow at an annual growth rate of 23.9 percent, and amount to USD 75.8 billion by 2022.[4] Furthermore, Radiant Insights estimates that the global immuno-oncology market for checkpoint inhibitors will exceed USD 25 billion in 2022. The growth is expected to be driven by an increased incidence of various types of cancer, a focus on targeted therapies with fewer side effects, and expedited processes for drug approval. Among the factors that hinder growth, mainly the high cost of new cancer therapies has been identified.

1. World Cancer Report 2014, International Agency for Research on Cancer, 2014.
2. Developments in Cancer Treatments, Market Dynamics, Patient Access and Value, Global Oncology Trend Report 2015, IMS Institute for Healthcare Informatics, 2015.
3. New forecast shows: Dramatisk ökning av cancerdrabbade till 2040, Folkhälsoinstitutet och Cancerfonden, 2016.
4. Radiant Insights, Global Cancer Immuno Therapies Market to 2022 - Immune Checkpoint Inhibitors and Therapeutic Cancer Vaccines to Characterize Increasingly Competitive Market, 2016.

Positioning and competition

Within immuno-oncology there are two categories of drugs that are designed to attack the cancer in two different ways:

- Immune stimulation (priming): Step 1-3 in the cancer immunity cycle.
- Anti-immunosuppression: Step 7 in the cancer immunity cycle.

Immunicum's objective is to position ilixadencel as the backbone drug in combination treatments for activating the immune system (immune primers).

Anti-immunosuppression

Anti-immunosuppression is the more developed field within immuno-oncology where the majority of all large pharmaceutical companies currently operate. Pioneers in this field are Bristol-Myers Squibb's Opdivo® and MSD's Keytruda®, which were initially approved for malignant melanoma but have now become applicable to several other indications including lung cancer, head and neck cancer, renal cancer and lung cancer. These therapies are checkpoint inhibitors that block an immune pathway on T cells that the tumor can exploit to suppress the immune system.

Following the initial success of these leading checkpoint inhibitors, there has been a number of follow-on checkpoint inhibitors approved in more recent years, including Tecentriq® (Roche), Bavencio® (Merck KGaA, Pfizer), Imfinzi® (AstraZeneca) and Libtayo® (Regeneron, Sanofi). Since the first FDA approval these CPIs are approved for further indications. Beyond these approved checkpoint inhibitors, the majority of large pharmaceutical companies now have a checkpoint inhibitor in development or on the market.

The Company and many key opinion leaders believe that anti-immunosuppressants such as the aforementioned drugs should be accompanied by immune primers to achieve best possible results. In this way, several of today's standard treatments that are known to inhibit tumor-derived immunosuppression (including certain tyrosine kinase inhibitors and chemotherapies), as well as the emerging standard of immunotherapies for cancer (e.g. checkpoint inhibitors), will form potential combination therapies rather than competing treatments.

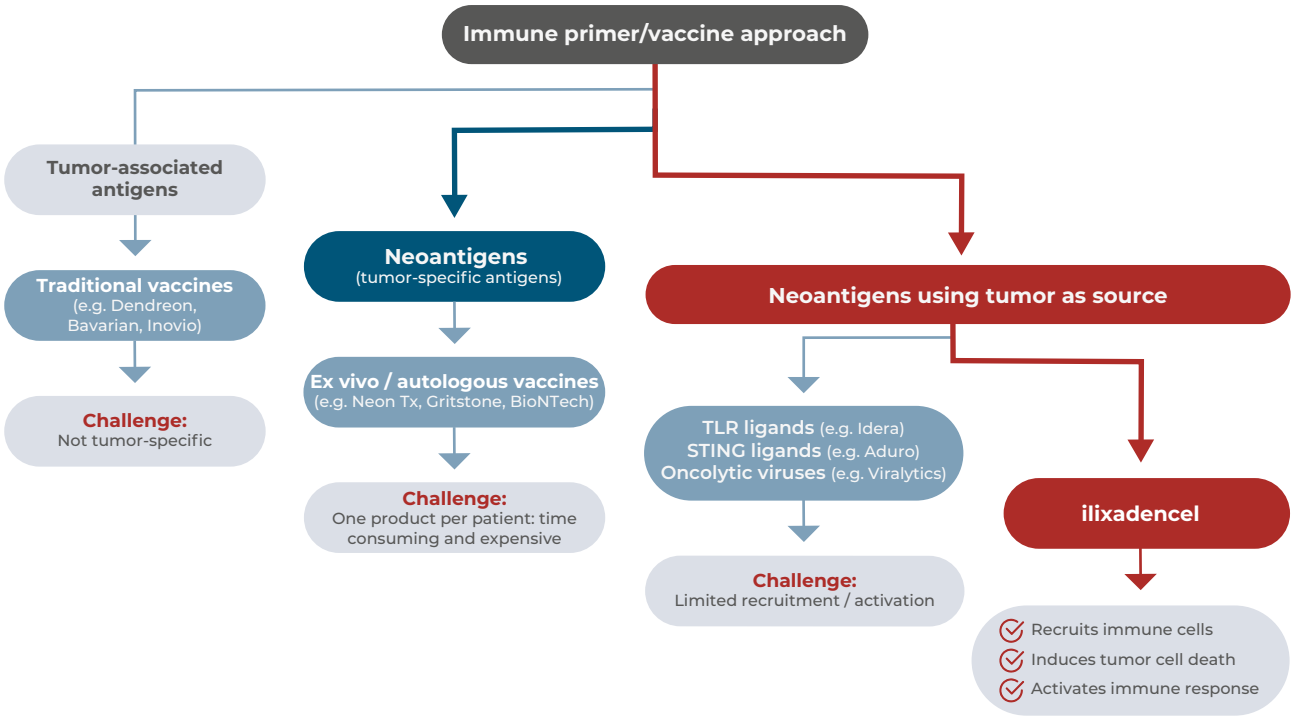
Immune primers

Initially, research on immune primers was mostly based on different primers in combination with tumor-associated antigens. As limited efficacy was shown due to the immune system's tolerance to such tumor-associated antigens and the natural variability of each patient's tumor, the field has made an important paradigm shift to use neoantigens. Though the field of immune primers has lagged behind the success of checkpoint inhibitors due to earlier setbacks using tumor-associated antigens, such as the cancer vaccine Provenge® (Dendreon), it has pushed the field into the right direction. Now, the category of neoantigen-based immune primers can be divided into two subgroups – **a)** immune primers that are used in combination with tumor-derived antigens (neoantigens) from the tumor of each specific patient that have been synthesized in the test tube and **b)** off-the-shelf immune primers for intratumoral injection *in situ*. The former, immune primer when combined with tumor-derived neoantigens, is an individualized cancer vaccine (immune primer plus antigen) prepared in a laboratory using a unique biopsy cell sample from the patient's own tumor. The fact that the therapy is completely individualized results in a very expensive and time consuming treatment inappropriate for large scale use. So far, these therapies have still not shown sufficient clinical efficacy in order to obtain approval for a market release.

The latter subgroup – immune primers for intratumoral administration – utilizes the patient's own tumor as the neoantigen source *in situ* ("on site", i.e without need for extracting tumor material, characterizing the genes coding for neoantigens and subsequently synthesizing these neoantigens) in order to induce a neoantigen-specific immune priming. This approach enables the use of a "universal" off-the-shelf product that can be used on all patients with an injectable solid tumor, without need for customization. This part of the immune primer landscape is where both Immunicum's ilixadencel and immune enhancers such as Toll Like Receptors (TLR)- and STING-ligands as well as oncolytic viruses operate. Although other immune primers are considered competitors of ilixadencel, it is Immunicum's assessment that they fall short of a key aspect; they are, unlike ilixadencel, only capable of addressing parts of the crucial immune priming process.[5]

The strength with Immunicum's immune primer ilixadencel is that it engages the entire immune system activation process needed, being **i)** recruitment of natural killer (NK) cells as well as dendritic cells into the tumor, **ii)** induction of NK-cell mediated tumor neoantigen release and **iii)** activation of recruited and neoantigen-loaded dendritic cells, subsequently leading to systemic activation of tumor specific killer T cells (CD8+ T cells). All this is achieved while having only few and mild side effects compared to other established cancer immunotherapies. The Company's assessment is therefore that the unique profile of ilixadencel, a cell-based off-the-shelf immune primer, can serve as, and is positioned to be, an optimal immune primer to be used in combination with anti-immunosuppression candidates.

5. Salmon et al., Expansion and Activation of CD103+ Dendritic Cell Progenitors at the Tumor Site Enhances Tumor Responses to Therapeutic PD-L1 and BRAF Inhibition, 2016.



Trends in the market for oncology and specifically immuno-oncology

Immunicum expects the demand for immunotherapies to increase going forward. Below are the most evident trends in the market.

Increasing number of application areas for immunotherapies

The Company believes immunotherapeutic drugs have the potential to change the therapeutic landscape in the treatment of cancer. Immuno-oncology, the Company's focus area, is a relatively new and rapidly growing part of the market. According to the Company's assessment, there is considerable room for new players to take market shares and high potential for products that are based on new technology and potentially offer minor or no side effects.

Increasing collaborations

It is common for large pharmaceutical companies to cooperate with smaller, research-based, pharmaceutical companies in the development of pharmaceuticals. The costs of developing drugs are high, which is one of the reasons why smaller pharmaceutical companies can choose to license their products to major pharmaceutical companies before carrying out comprehensive Phase III clinical trials. The major pharmaceutical companies then carry out the necessary clinical studies and commercialize the drug on the global market. In this way, product development is streamlined from idea to commercialization and the risks are shared between the parties.

Demographic development

That an increasing proportion of elderly people, where the number of new cancer cases typically are higher, coupled with higher incomes and better access to, as well as increased use of drugs in developing countries is expected to drive growth of the total pharmaceutical market.

Immunicum's focus areas

Current indications

With Immunicum's cancer immune primer ilixadencel it is possible to treat solid tumors which are accessible via intratumoral injection. Immunicum has chosen to initially invest in metastatic renal cancer (RCC) treatment and has initiated a Phase II study called the MERECA (metastatic renal cell carcinoma) study that is expected to be concluded and reported in the third quarter of 2019. A Phase I/II study in gastrointestinal cancer (GIST) is ongoing and the final analysis is expected to be reported mid 2019 In January 2019, Immunicum announced the publication of final results from the completed Phase I/II study in liver cancer (hepatocellular carcinoma; HCC). Beyond these three indications, Immunicum has initiated a new Phase Ib/II study (ILIAD study) in combination with checkpoint inhibitors, in non-small cell lung cancer, head and neck cancer and gastric cancer. The important information that Immunicum receives from these studies, together with continuously ongoing analysis of the cancer treatment landscape, will continue to shape the development plan for ilixadencel.

The market for Immunicum's current indications

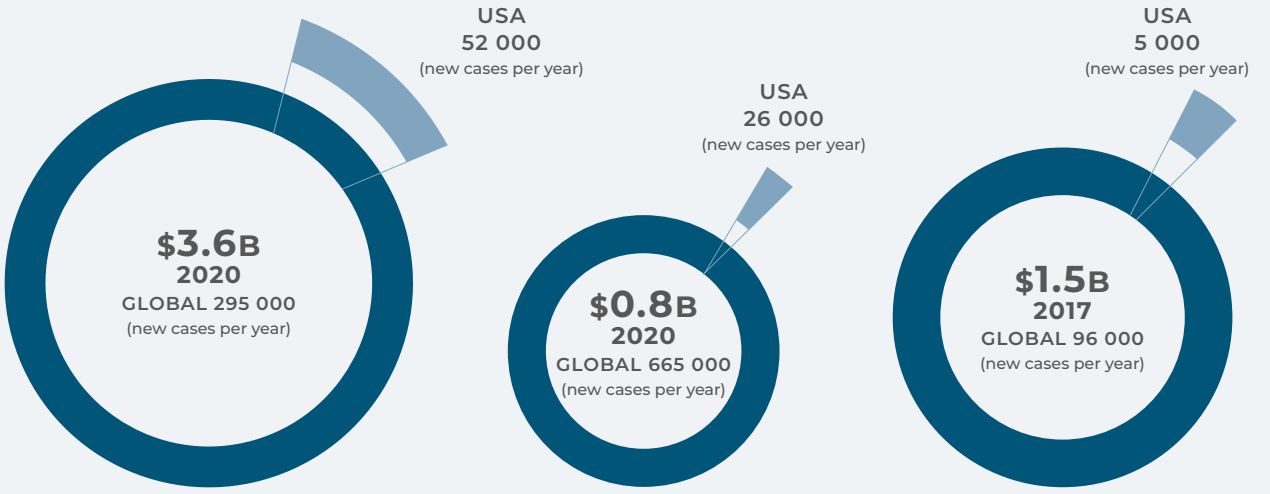
Immunicum is developing ilixadencel in indications in which limited treatment options are available. Chemotherapies, targeted therapies and the introduction of checkpoint inhibitors as combination therapies in both earlier and advanced treatment settings of these indications will continue to change the market trends and sizes. Immunicum will develop and further position ilixadencel in combination with checkpoint inhibitors and other targeted therapies in different treatment settings, which will be favorable from both regulatory and market perspectives. Given the limited efficacy of checkpoint inhibitors as monotherapy, and the incremental efficacy targeted therapies are assumed to add based on its growth inhibiting mechanism, Immunicum anticipates immunotherapy combinations to capture a significant part of the market for these indications. Ilixadencel may act as an optimal treatment combination to a number of targeted therapies and immunotherapies based on its safety and priming positioning in the cancer immunity cycle complementary to these therapies.

On the next page is an overview of the indications for which ilixadencel is currently in clinical development, with their current patient populations (incidence) and forecasted market size for the major markets (including US and Europe), based on data from GLOBOCAN, GlobalData and Peristence Market Research.

Broader market potential

In addition to the current and new indications outlined above, ilixadencel could potentially be used to treat all injectable, immunogenic solid tumors or injectable metastases of solid tumors. Hence, it is the Company's assessment that a large number of additional indications constitute future potential target markets for Immunicum. Such indications include among others breast cancer, colorectal cancer, cervical cancer, pancreatic cancer and melanoma. On the next page is an overview of the 13 most common cancer indications globally.

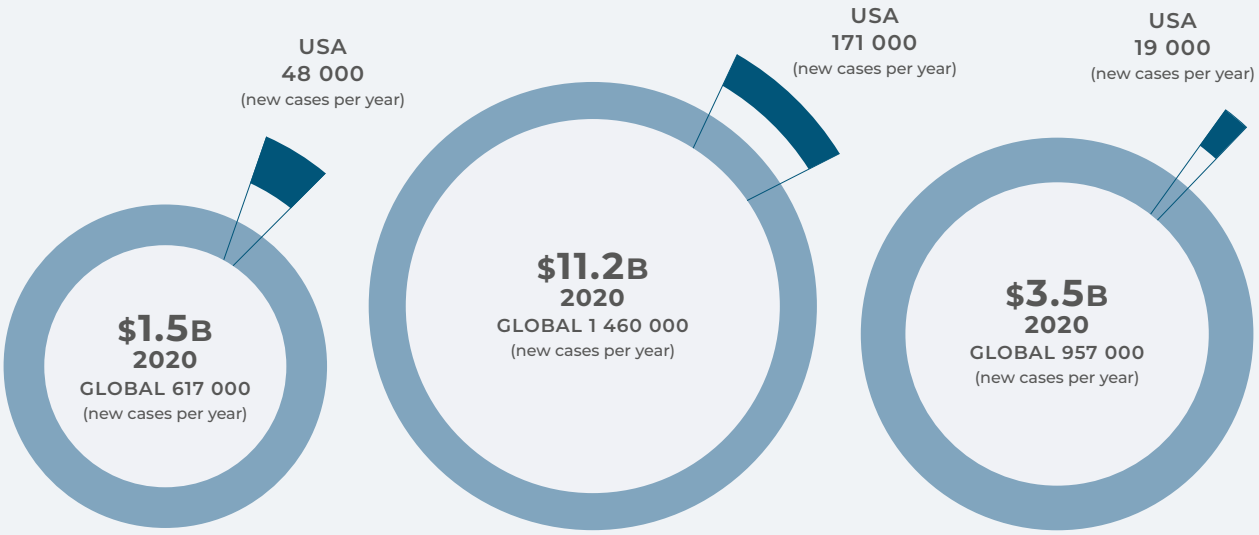
Market sizes



Renal Cell Carcinoma (RCC)

Hepatocellular Carcinoma (HCC)

Gastrointestinal Stromal Tumors (GIST)

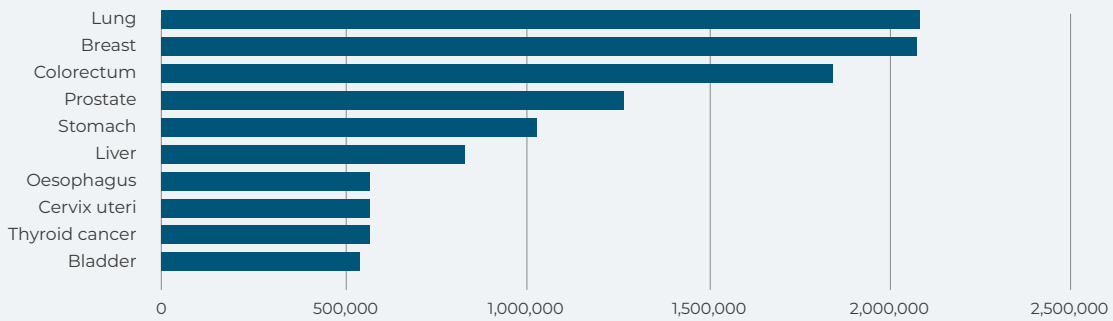


Head and Neck Cancer (HNSCC)

Non-Small Cell Lung Cancer (NSCLC)

Gastric Adenocarcinoma (GA/GEJ)

Most common cancer indications globally (new cases per year)



Source: GLOBOCAN 2018, Global Cancer Observatory, International Agency for Research on Cancer 2018

The share, share capital and ownership structure

The share

Immunicum is a Swedish public limited liability company and is regulated by the Swedish Companies Act (2005:551). Immunicum's shares are issued in accordance with the Swedish Companies Act and are denominated in SEK. Shareholders' rights may only be changed in accordance with the procedures set out in the Companies Act. Each share in the Company entitles the holder to one vote at general meetings. All shares carry equal rights to the Company's assets and profits. At general meetings, shareholders may vote for the total number of shares they own and represent, with no limitations on the voting rights. All of the shares in the Company are of the same class, are freely transferable. The share book is maintained by Euroclear, with address Euroclear Sweden AB, Box 191, SE-101 23 Stockholm.

The share has been traded since April 22, 2013 on Nasdaq First North under the short name IMMU with ISIN code SE0005003654 and with a listing on the segment First North Premier since May 4, 2016. As of January 15, 2018, the share is traded on Nasdaq Stockholm's main market.

During the year, the share price rose by 12 percent and the last price paid in 2018 was SEK 7.44 (6.95). The year's highest closing price was SEK 10.1 and was listed on 1 October. The lowest listing was SEK 5.99 and was listed on May 25.

Number of shares

The number of shares in the company as of December 31, 2018 amounted to 71,874,119 (25,958,541).

At the end of 2018, the share capital amounted to 3,593,705.95, divided into 71,874,119 shares. At this time, there was an ongoing rights issue of 20,383,412 shares. After this issue was registered in January 2019, the number of shares amounted to 92,257,531 shares and the share capital to 4,612,876.55.

Liquidity

In total, 48 (12) million shares in Immunicum were traded in 2018, corresponding to a value of approximately SEK 388 million (192). On average, 193,008 shares were traded on each trading day, corresponding to SEK 1.6 million.

Ownership

At year-end, Immunicum had 5,591 (4,050) shareholders, of which 288 (272) were registered as legal entities and 5,303 (3,778) as private individuals. The share capital is owned to 91.5 (96) percent of Swedish-registered owners and to 8.5 (4) percent of foreign owners.

Ten largest shareholders 2019-01-25

Shareholders in Immunicum after registration of the directed issue as well as the new share issue.

Shareholders	Number of shares	Share of capital/votes
Avanza Pension	8,005,252	8,7%
Fjärde AP-fonden	4,500,000	4,9%
Nordnet Pensionsförsäkring	4,024,135	4,4%
Gladiator	3,750,000	4,1%
Martin Lindström	3,335,331	3,6%
Holger Blomstrand Byggnads AB	2,975,386	3,2%
Andra AP-fonden	2,500,000	2,7%
Nordic Cross Asset Management	2,141,300	2,3%
Theodor Jeansson	1,600,000	1,7%
Adrigo Asset Management	1,176,470	1,3%
Övriga	58,249,657	63,1%
Total	**92,257,531**	**100,00%**

Share price development 2018

The share capital

Immunicum's share capital as of December 31, 2018 amounted to 3,593,705.95 divided into 71,874,119 shares with a quotient value of SEK 0.05. At this time, there was an ongoing rights issue of 20,383,412 shares. After this issue was registered in January 2019, the number of shares amounted to 92,257,531 shares and the share capital to 4,612,876.55.

Share capital development

The table below presents the change in share capital and the number of shares in Immunicum

Year	Event	Change in no. of shares	Total no. of shares	Change in share capital (SEK)	Total share capital (SEK)	Quota value (approx. SEK)
2010	New share issue	1,326	6,629	33,150	165,725	25.00
2012	New share issue	600	7,229	15,000	180,725	25.00
2012	Split 1,000:1	7,221,771	7,229,000		180,725	0.025
2012	Bonus issue	12,771,000	20,000,000	319,275	500,000	0.025
2013	Reverse share split 2:1	-10,000,000	10,000,000		500,000	0.05
2013	New share issue	2,675,000	12,675,000	133,750	633,750	0.05
2013	New share issue	1,100,000	13,775,000	55,000	688,750	0.05
2014	New share issue	3,500,000	17,275,000	175,000	863,750	0.05
2014	New share issue	2,755,000	20,030,000	137,750	1,001,500	0.05
2016	Warrants	130,000	20,160,000	6,500	1,008,000	0.05
2016	New share issue	5,798,541	25,958,541	289,927.05	1,297,927.05	0.05
2017	Rights Issue	24,999,990	50,958,531	1,249,999.5	2,547,926.55	0.05
2018	New share issue	41,299,000	92,257,531	2,064,950	4,612,876.55	0.05

Dividend policy and proposed dividend

The Board of Directors propose that no dividend be paid for the financial year 2018.

Organization

Mikael Oredsson

CHAIRMAN OF THE BOARD OF DIRECTORS SINCE 2018

Shares: 17,560

MSc in International Business Administration from Lund University, born 1960

Professional experience: Michael Oredsson was until the end of 2017/2018 the CEO of listed Bioinvent. Prior to that, Michael was CEO of Probi (2007-2013), Biosignal in Australia (2002-2007) and Nutripharma in Norway (1999-2001). During the eighties and nineties he worked in senior positions in companies such as Pharmacia, M&M/Mars and Nestlé.

Other on-going assignments: CEO and Board member of Biome Australia Ltd (Melbourne). CEO and Board member of NLSC - Northern Lights Southern Cross AB.

Independence: Michael Oredsson is independent in relation to the Company, its senior executives and major shareholders

Charlotte Edenius

BOARD MEMBER SINCE 2016

Shares: 4,000

M.D., Ph.D., Karolinska Institutet, Stockholm, born 1958

Professional experience: Charlotte Edenius has extensive experience from leading positions in pharmaceutical and biotech companies, including drug discovery and development, regulatory affairs and marketing. She has previously served as Executive Vice President, R&D at Medivir AB, Senior Vice President R&D at Orexo AB, Vice President Research at Biolipox AB and in various positions within AstraZeneca Clinical R&D.

Other on-going assignments: Chairman of the board of directors and CEO of Allmora Life Science AB. Board member of Kancera AB, SynAct Pharma AB and Gesynta Pharma AB.

Independence: Charlotte Edenius is independent in relation to the Company, its senior executives and major shareholders.

Magnus Persson

BOARD MEMBER SINCE 2015

Shares: –

Physician and an associate Professor in Physiology at Karolinska Institutet in Stockholm, born 1960

Professional experience: Magnus Persson has 15 years of partner level experience from venture capital and has been a partner in two life sciences venture capital firms, one with its base in Sweden and with global reach and one in the Bay Area in California. Magnus has a long experience in medicine, life sciences and biotech financing. He has led development teams of Phase II and III programs in the pharmaceutical industry. He has founded and led private as well as public biotech and medtech companies as chairman of the board and director in Europe and the US. He has extensive experience of board work in the life science industry and has been involved in a dozen IPOs.

Other on-going assignments: Chairman of the board of directors of SLS Invest AB, Attgeno AB, Addi Medical AB, Addi Optioner AB, Galecto Biotech AB, Cantargia AB and Perma Ventures AB. Board member of Karolinska Development AB, Gyros Protein Technologies Holding AB and Själbådan AB.

Independence: Magnus Persson is independent in relation to the Company, its senior executives and major shareholders.

Steven Glazer

BOARD MEMBER SINCE 2016

Shares: –

M.D, University of Copenhagen and trained in Internal Medicine, born 1948

Professional experience: Steven Glazer is an experienced healthcare and biotech executive. He has extensive and broad therapeutic area experience including haematology, oncology, haemophiia, HIV, diabetes, allergic and cardiovascular disease from pharmaceutical and biotechnology companies in Europe and the US. He has a track record of successful planning and implementation of development, regulatory and corporate strategies, project and trial plans. Dr. Glazer currently holds the position of Chief Medical Officer at Idogen AB and previously served Chief Medical Officer at Hansa Medical AB, as Senior Vice President Development at BioInvent AB, Vice President Development at Zealand Pharma and Medical Director at Novo Nordisk.

Other on-going assignments: Medical director of RhoVac AB. Chief Medical Officer of Idogen AB.

Independence: Steven Glazer is independent in relation to the Company, its senior executives and major shareholders.

Magnus Nilsson

BOARD MEMBER SINCE 2014

Shares: –

Doctor Med. Sc. at Uppsala University, born 1956

Professional experience: CEO of XVIVO Perfusion since 2011 and before that CEO in Vitrolife during 2003-2011, project leader for preclinical and clinical development, KaroBio AB and Pharmacia & Upjohn AB.

Other on-going assignments: Board member of Magnus HL Nilsson management consulting AB and Vitrolife Sales AB. CEO of XVIVO Perfusion Aktiebolag.

Independence: Magnus Nilsson is independent in relation to the Company, its senior executives and major shareholders.

Kerstin Valinder Strinnholm

BOARD MEMBER SINCE 2016

Shares: –

Degree from the School of Journalism at the University of Gothenburg, born 1960

Professional experience: Kerstin Valinder Strinnholm is a Business Development advisor in the pharma/biotech field with a degree from the School of Journalism at the University of Gothenburg. Kerstin has over 30 years of international experience in sales, marketing and business development from senior positions at Astra/AstraZeneca and Nycomed Takeda. Other board positions include Camurus AB, Corline Biomedical AB and Cavastor AB.

Other on-going assignments: Board member of Corline Biomedical AB, Camurus AB, KVS Invest AB, Klifo A/S, Gedea Biotech AB and Cavastor AB.

Independence: Kerstin Valinder Strinnholm is independent in relation to the Company, its senior executives and major shareholders.

Management team

Carlos de Sousa

CHIEF EXECUTIVE OFFICER (CEO) SINCE 2016

Shares: 231,000
(including related parties)

M.D, School of Medicine at University of Lisbon and Executive MBA, Stern School of Business at New York University, born 1958

Professional experience: Carlos de Sousa is a medical doctor by training, having earned his degree at School of Medicine, University of Lisbon and holds an Executive MBA from the Stern School of Business, New York University. He comes to Immunicum with more than 25 years of senior level experience in the global pharmaceutical and biotech industry, including business development, mergers & acquisitions, global marketing and clinical development. Prior to joining Immunicum, he held senior positions at Nycomed/ Takeda, Pfizer, Novartis, BBB Therapeutics, Newron Pharmaceuticals and, most recently, as Chief Business Officer at Zealand Pharma in Denmark.

Other on-going assignments: -

Peter Suenaert

CHIEF MEDICAL OFFICER (CMO) SINCE 2016

Shares: 13,902

M.D., University of Leuven, Ph.D, University of Leuven, postdoc at McGill University (Montreal) and Institut Gustave-Roussy (Paris) and qualified in Gastroenterology and Digestive Oncology, born 1968.

Professional experience: Prior to joining Immunicum, Dr. Suenaert served as Global Clinical Program Lead for Oncology and Senior Director of Clinical Sciences at Glenmark Pharmaceuticals R&D in London. Prior to that role, he was Director and Head of Clinical Development and Human Translational Research, a position with global reach, and member of the global management team Life Science at Danone Research in Palaiseau (Paris), France. Before that, Dr. Suenaert was Clinical Research and Development Leader in global early cancer immunotherapeutics development at GlaxoSmithKline Vaccines in Rixensart, Belgium and Clinical Research Senior Medical Scientist, Global Development, Haematology / Oncology at AMGEN in the U.K.

Other on-going assignments: -

Michaela Gertz

CHIEF FINANCIAL OFFICER (CFO) SINCE 2018

Shares: 21,000

Professional experience: Michaela Gertz has over 10 years of experience from the Life science industry with various positions in finance. She has long experience of listed companies, raising capital and IPOs. Michaela Gertz comes from a position as CFO & Investor Relations Manager at PledPharma AB and previously as Head of Investor Relations & Financing at Accelerator Nordic AB. Before joining the life science industry, she worked at the venture capital company ITP Invest AB and at Handelsbanken Asset Management.

Other on-going assignments: -

Alex Karlsson-Parra

CO-FOUNDER, CHIEF SCIENTIFIC OFFICER (CSO) SINCE 2008

Shares: 621,736
(including related parties)

M.D., Ph.D. and Adjunct Professor in Clinical Immunology, Uppsala University, born 1950

Professional experience: Adjunct Professor Karlsson-Parra has over 20 years of experience working in the field of transplantation immunology and is former chairman of the Swedish Expert Group for Clinical Immunology. He was awarded the Athena Prize, the Swedish healthcare's most prestigious award for clinical research, in 2014. He was formerly Associate Professor at Fylkesjukhuset in Hauegesund, Norway and chief physician at the Department of Clinical Immunology at Sahlgrenska University Hospital, Gothenburg.

Other on-going assignments: -

Sharon Longhurst

HEAD OF CMC SINCE 2017

Shares: 8,493

Ph.D. in Virology, University of Warwick, born 1969

Professional experience: Sharon Longhurst joins Immunicum from her previous position as Senior CMC Manager at Akari Therapeutics, where she was responsible for all aspects of CMC for an innovative biologic product, Coversin, including clinical supply and distribution. Prior to that, Sharon spent five years as Principal Consultant of CMC at Parexel Consulting. From 2005–2011, she was a Pharmaceutical Assessor at MHRA in London in the biologics/ biotechnology unit and provided national and EU scientific advice for Advance Therapy Medicinal Products (ATMPs) for cell and gene therapy. Sharon graduated from the University of Warwick, Coventry, UK with a PhD in Virology.

Other on-going assignments: -

Sijme Zeilemaker

SENIOR DIRECTOR BUSINESS DEVELOPMENT SINCE 2017

Shares: 13,302

Masters degree in Biomedical Sciences from Leiden University, born 1987

Professional experience: Sijme Zeilemaker joins Immunicum having most recently served as Director Business Development at InteRNA Technologies where he supported the preclinical oncology company in connecting with pharmaceutical and biotechnology companies, licensing technologies and exploring grant opportunities. Sijme also served as Head of Business for 2-BBB Medicines and Business Development Manager for to-BBB technologies where he provided partnering support and attracted over EUR 7.5 million in non-dilutive funding.

Other on-going assignments: -

Margareth Jorvid

HEAD OF REGULATORY AFFAIRS AND QUALITY ASSURANCE (QA) SINCE 2016

Shares: 19,418

Master of Sciences of Pharmacy, Uppsala University, Master of Business Administration, Stockholm School of Economics, Master of Medical Technology Regulatory Affairs, Cranfield University, born 1961

Professional experience: Margareth Jorvid has over 30 years' experience in Regulatory Affairs for pharmaceuticals and has worked at the Swedish Medical Products Agency, as well as in large and small pharmaceutical companies such as Roussel Nordiska, Hoechst Marion Roussel (Stockholm and Paris, France) and Neopharma (SME company that developed Duodopa for the treatment of severe Parkinson's disease). Since 2006, consultant in Regulatory Affairs and QA for pharmaceuticals and medical devices, as CEO of Methra Uppsala AB, LSM group. She is a Fellow and Honorary Life Member of TOPRA (The Organisation for Professionals in Regulatory Affairs), after years of work with education and training in regulatory affairs, board member and TOPRA President 2005-2006.

Other on-going assignments: Board member of Methra Uppsala AB. Deputy board member of A-transport Jorvid AB.

Directors' report

» **The Board of** Directors and the Chief Executive Officer of Immunicum AB (556629-1786) hereby submit the Annual Report for the January 1, 2018–December 31, 2018 fiscal year.

Immunicum's activities

Immunicum is a biopharmaceutical company in the clinical phase that is developing a unique cell-based cancer treatment. Immunicum's treatment is based on strengthening the human immune system's ability to recognize and kill tumor cells.

Immunicum's approach allows for an off-the-shelf product available based on a type of immune cells, dendritic cells, which are designed to stimulate a personalized anti-tumor immune response in each patient.

Immunicum's lead product, ilixadencel, has been developed to take advantage of each patient's own tumor-specific antigens, thereby eliminating the need to create a personalized treatment for each patient. Ilixadencel is currently being evaluated in renal cancer, gastrointestinal stromal tumors, head and neck cancers, non-small-cell lung cancer and gastric cancer. Renal cancer has made the furthest progress, with an ongoing Phase II study. Ilixadencel has a number of advantages; among these are its immune activation and its applicability to all injectable solid tumors. In 2018, the company focused primarily on initiating the multi-indication study ILIAD, in which ilixadencel will be tested in combination with checkpoint inhibitors. At the beginning of the year, the last patient was included in the Phase II study MERECA and the patients in the study will be monitored for 18 months. During the year, the last patient was also included in the GIST study treating patients with incurable gastrointestinal stroma cell tumors.

Immunicum was founded in 2002 as a spin-off from the Sahlgrenska University Hospital in Gothenburg. The company's share is listed on Nasdaq Stockholm. The company is a public limited liability company registered in Sweden, with its registered offices in Gothenburg. The address of the head office is Östermalmstorg 5, SE-114 42 Stockholm, Sweden.

Five-year overview

Amount in KSEK	2018	2017	jul-dec 2016	2015/2016	2014/2015
Net sales	-	-	-	-	-
Operating profit/loss	-97 846	-80 700	-36 737	-43 643	-36 564
Profit/loss before taxes	-97 860	-80 338	-36 794	-43 923	-35 615
Profit/loss for the period	**-97 860**	**-80 338**	**-36 794**	**-43 923**	**-35 615**
Earnings per share before and after dilution (SEK)	-1,9	-3,1	-1,4	-2,2	-1,8
Cash flow from operating activities	-104 670	-46 447	-33 738	-40 229	-40 102
Shareholders' equity	406 041	189 556	102 386	139 180	64 627
Cash and cash equivalents at the end of the period	**443 798**	**128 883**	**102 899**	**119 949**	**32 738**

Financial overview

Financial results

Immunicum's research and development costs for the fiscal year amounted to SEK 70.9 million (57.8), with the increase primarily due to intensified activity in the clinical programs involving ilixadencel. The operating loss for the year amounted to SEK -97.8 million (SEK -80.7 million). The net loss amounted to SEK -97,9 million (SEK -80.3 million).

Earnings per share, before and after dilution, amounted to SEK -1.9 (SEK -3.1).

Cash flow and investments

Cash flow from operating activities amounted to SEK -104.7 million (SEK -46.4 million), which is primarily due to costs related to intensified activity in the clinical programs. Cash flow from investing activities amounted to SEK 0 million (SEK 10.2 million) and referred in the comparative period to a sale of short-term investments. Cash flow from financing activities totaled SEK 419.6 million (SEK 62.3 million), which pertains to the rights issue and the private placement completed in December 2018 as well as a partial payment from a rights issue completed at year-end 2017.

Financial position

At December 31, 2018, the company's cash and cash equivalents amounted to SEK 443.8 million (SEK 128.9 million) and equity to SEK 406 million (SEK 189.6 million).

Significant events during the financial year

- Patient recruitment was completed in the ongoing, global Phase II MERECA (MEtasatic REnal Cell CArcinoma) clinical trial. The objective of the study is to provide proof of concept for ilixadencel through the achievement of multiple endpoints indicative of meaningful clinical impact and safety assessed over an 18-month period.
- Immunicum announced the trading of its shares (IMMU. ST) on the main market of Nasdaq Stockholm.
- Michaela Gertz joined the company as Chief Financial Officer.
- Immunicum presented a case study of one patient from the Phase I/II HCC trial at the Cholangiocarcinoma Foundation Annual Conference in Salt Lake City, Utah.
- Immunicum presented preclinical results of ilixadencel in combination with checkpoint inhibitors and immune enhancers at ESMO 2018.
- The Nomination Committee proposed Michael Oredsson as new Chair of the Board, who was then elected at the Annual General Meeting on 25 April. Charlotte Edenius, Steven Glazer, Magnus Nilsson, Magnus Persson and Kerstin Valinder Strinnholm were re-elected as Board members.
- Immunicum announced ATMP certificate granted by EMA to ilixadencel for manufacturing quality and nonclinical data.
- Immunicum announced protocol approval by the FDA enabling the initiation of expanded multi-indication Phase Ib/II combination trial.
- Immunicum announced appointment of Pawel Kalinski and Inge Marie Svane to Scientific Advisory Board.
- Immunicum announced publication of scientific review of ilixadencel approach in Pharmaceutical Research.
- Immunicum announced end of enrollment to Phase I/II GIST clinical trial. Results from the study are expected mid-2019.
- Immunicum announced a collaboration with Merck KGaA, Darmstadt, Germany, and Pfizer to evaluate ilixadencel in combination with avelumab in multi-indication Phase Ib/II study ILIAD. Under the terms of the agreement, avelumab will be supplied in the Phase II part of the ILIAD study, specifically for head and neck cancer and gastric adenocarcinoma. Immunicum will be responsible for conducting the study and continues to retain all commercial rights to ilixadencel.
- An Extraordinary General Meeting on November 8 approved the Board's proposal of a directed issue and a fully guaranteed rights issue and in December 2018, Immunicum received proceeds of SEK 351 million before issue expenses for continued clinical development of ilixadencel.

Significant events after the end of the period

- Immunicum announced publication of Phase I/II clinical trial results of Ilixadencel in advanced hepatocellular carcinoma in Frontiers in Oncology.
- The first patient was treated in the Phase Ib/II ILIAD combination trial.

Other information

Environment

Immunicum is actively committed to corporate responsibility and sustainability. This commitment covers areas that are primarily related to ethical issues, occupational health issues, issues of a social nature and transparency in relation to shareholders. Immunicum's operations do not entail any special environmental risks and do not require any special environmental-related permits or decisions from authorities. Immunicum works in an industry where ethical and regulatory aspects are of major importance in shaping the company's operations.

Share capital and ownership

The number of shares in the company as at December 31, 2018 amounts to 71,874,119 (25,958,541).

At the end of 2018, the share capital amounted to SEK 3,593,705.95, allocated among 71,874,119 shares. At that point in time, there was an ongoing rights issue of 20,383,412 shares. After the issue was registered in January 2019, the number of shares amounted to 92,257,531 and the share capital to SEK 4,612,876.55. On December 31, 2018, Avanza Pension was the largest owner, with a total of 4,696,741 shares representing 9.2 percent of the votes and capital in the company.

Employees

Immunicum's organization consists of employees (permanent and consultants) with key skills within drug discovery that together cover all the relevant aspects of developing ilixadencel. At year-end, the number of employees amounted to 11 (13), of whom 6 (8) were women and 5 (5) men.

Guidelines for remuneration to senior executives of the company, 2019

The Board of Directors proposes mainly unchanged guidelines for remuneration to senior executives 2019, but with the addition that variable remuneration for other senior executives should not exceed 35 per cent. For current guidelines adopted at the Annual General Meeting 2018, see the Corporate Governance Report.

Corporate governance

According to the Corporate Governance Code, a Corporate Governance Report shall be available on the web. The Corporate Governance Report for 2018 is available on www.immunicum.se

Significant risks and uncertainty factors

The risks related to the company's operations and industry include the following primary risks:

Immunicum is a development company without historical revenue earnings capacity

Immunicum has not yet, either independently or via partners, launched any cancer immune primers or any other drug on the market. Therefore, the company has not engaged in the sale of any pharmaceutical products, nor has it generated any revenue. If the present product candidates' introduction on the market is delayed, are made more expensive, or never occur, it could have a significant negative impact on the company's business operations, financial results and financial position.

Risks related to potential future revenue

Immunicum's future earnings will, inter alia, be dependent on the Company being able to enter into agreements for the licensing of the company's product candidates and/or technology platforms. If Immunicum fails to enter into agreements for the licensing of products, sales of intellectual property rights or similar transactions on terms and conditions that are favorable to the company, if such agreements lead to delays and/or increase costs, or if payments to be made pursuant to such agreements are delayed or are not received at all, this could have a significant negative impact on the company's business operations, financial results and financial position.

Need of additional financing

It may take a long time for the company's pharmaceutical products to be sold commercially and generate regular cash flow from the company's operations. The company's planned clinical studies entail significant costs and there is a risk that the company's development of product candidates can be more time- and resource-demanding than planned. Immunicum will therefore continue in the future to have a need to raise additional capital in order to carry out further research and development. There is a risk that new capital cannot be obtained when the need arises, that it cannot be acquired on preferential terms, or that it cannot be acquired at all. If Immunicum cannot obtain financing, the company may be forced to seriously restrict its research and development activities or in the worst case, suspend its operations, which could have a significant negative impact on the company's business operations, financial results and financial position.

Dependence on key individuals and qualified personnel
Immunicum's activities are highly dependent on a number of key individuals, some of whom hold senior positions and are shareholders in the company. If Immunicum cannot recruit and retain key persons and other qualified personnel to the extent and under the terms and conditions that are required, it could have a significant negative impact on the company's operations, financial results and financial position.

Research and Development
The preclinical development and clinical studies that the company pursues are based on ilixadencel and the platform technologies IMM-2 and IMM-3. Neither ilixadencel nor any product based on these platform technologies has yet to be approved for release on the market. Before a medicinal product can be put on the market, the safety and efficacy concerning the treatment of humans must be assured for each individual indication, which is proven by preclinical investigations carried out with animals and with clinical trials in humans. Unforeseen trial results or the late or non-recruitment of patients may delay or prevent the market launch of product candidates, should government agencies or other decision-makers decide that the company's product candidates do not meet the established criteria. If Immunicum cannot prove to a sufficient extent via clinical studies that a product candidate is safe and effective, and thus enabling it to be commercialized, that could have a significant negative impact on the company's business operations, financial results and financial position.

Immunicum's intellectual property rights, know-how and confidentiality
Immunicum's future success will largely depend on its ability to obtain and maintain the protection of intellectual property rights, mainly patent protection, in the USA, EU, Asia and other countries, for the intellectual property rights relating to the company's product candidates. There is a risk that the company will not be able to maintain its intellectual property rights or that these will not provide adequate commercial protection, which would have a significant negative impact on the company's business operations, financial results and financial position.

Competition
Immunicum operates in a competitive industry, and many companies, universities and research institutions are engaged in research and development of pharmaceutical products, including those who can, or may in the future, compete with the company's product candidates. If the company is not able to effectively compete in the market, it could have a significant negative impact on the company's business operations, financial results and financial position.

Changes within the pharmaceutical industry could make the company's products obsolete
The pharmaceutical industry is characterized by rapid changes in legislation, authorization requirements, technology, new technological advances and an ongoing improvement of industrial know-how. There is a risk that such conditions could increase the company's costs, impede the development of the company's product candidates or cause the company's existing or future planned products to lose their commercial value, which would have a significant negative impact on the Company's business operations, financial results and financial position.

The recommendation of the Board of Directors for the appropriation of the company's profits/losses

Amount in SEK	
The following funds are available to the AGM for its disposition:	
Share premium reserve	731,072,555
Retained earnings	-231,784,739
Net profit for the year	-97,859,853
Total	**401,427,963**
The Board of Directors proposes that the funds are appropriated as follows:	
To be carried forward	401,427,963
Total	**401,427,963**

Financial information

Income statement

Amounts in KSEK	Note	01/01/2018 –31/12/2018	01/01/2017 -31/12/2017
Other operating income		184	218
		184	**218**
Operating expenses			
Sales, general and administration expenses	3, 4, 5, 6	-25,614	-22,810
Research and development expenses	5, 6	-70,930	-57,814
Other operating expenses		-1,485	-293
Operating profit/loss		**-97,846**	**-80,700**
Result from financial items			
Interest income and similar items	7	0	636
Interest expense and similar items	8	-14	-273
Profit/loss after financial items		**-97,860**	**-80,338**
Total profit/loss before taxes		**-97,860**	**-80,338**
Income tax expense	9	-	-
Profit/loss for the period		**-97,860**	**-80,338**
Earnings/loss per share before and after dilution (SEK)	10	-1,9	-3,1

Statement of comprehensive income

Amounts in KSEK	2018-01-01 - 2018-12-31	2017-01-01 - 2017-12-31
Result for the period	-97,860	-80,338
Other comprehensive income	-	-
Total comprehensive result for the period	**-97,860**	**-80,338**

Balance sheet

Amounts in KSEK	Note	2018-12-31	2017-12-31
ASSETS			
Subscribed capital unpaid		0	105,239
Fixed assets			
Tangible assets			
Equipment	11	9	69
Total tangible assets		*9*	*69*
Financial assets			
Other securities held as fixed assets	12	1	1
Total financial assets		*1*	*1*
Total fixed assets		**10**	**70**
Current assets			
Inventories	13	*1,469*	*0*
Current receivables			
Tax credits and related receivables		465	344
Other receivables		2,842	3,156
Prepaid expenses and accrued income	14	1,788	8,454
Total current receivables		*5,095*	*11,954*
Cash and bank balances	15	*443,798*	*128,883*
Total current assets		**450,363**	**140,837**
TOTAL ASSETS		450,373	246,146
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital	16	3,594	1,298
New share issue in progress		1,019	1,250
Total restricted equity		*4,613*	*2,548*
Unrestricted equity			
Share premium reserve		731,073	418,793
Retained earnings		-231,785	-151,447
Profit/loss for the period		-97,860	-80,338
Total unrestricted equity		*401,428*	*187,009*
Total shareholders' equity		**406,041**	**189,556**
LIABILITIES			
LONG-TERM LIABILITIES			
Other long-term liabilities	17	850	850
Total long-term liabilities		*850*	*850*
CURRENT LIABILITIES			
Accounts payable		31,266	11,714
Other liabilities		838	331
Accrued expenses and deferred income	18	11,378	43,694
Total current liabilities		*43,482*	*55,740*
Total liabilities		**44,332**	**56,590**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		450,373	246,146

Report on changes in shareholders' equity

Amounts in KSEK	Share capital	Share premium reserve	Retained earnings incl. profit/loss for the period	Total
Opening shareholders' equity 01/01/2017	**1,298**	**252,535**	**-151,447**	**102,386**
Ongoing new share issue	1,250	198,750		200,000
Costs for new share issue		-32,492		-32,492
Profit/loss for the period			-80,338	-80,338
Shareholders' equity 30/09/2017	**2,548**	**418,793**	**-231,785**	**189,556**
Opening shareholders' equity 01/01/2018	**2,548**	**418,793**	**-231,785**	**189,556**
Share issue	1,046	176,737		177,782
Ongoing new share issue	1,019	172,240		173,259
Costs for new share issue		-36,697		-36,697
Profit/loss for the period			-97,860	-97,860
Shareholders' equity 31/12/2018	**4,613**	**731,073**	**-329,645**	**406,041**

Cash flow statement

Amounts in KSEK	2018-01-01 - 2018-12-31	2017-01-01 - 2017-12-31
Operating activities		
Operating profit/loss before financial items	-97,846	-80,700
Adjustment for items not included in cash flow	58	71
Interest income received	0	0
Interest expense paid	-14	-273
Increase/decrease in other current receivables	5,389	-2,950
Increase/decrease in accounts payable	19,552	6,674
Increase/decrease in other current liabilities	-31,807	30,732
Cash flow from operating activities	**-104,670**	**-46,447**
Investment activities		
Sale of investments	0	10,162
Cash flow from investment activities	**0**	**10,162**
Financing activities		
New share issues	456,281	94,761
Costs attributable to the new share issues	-36,697	-32,492
Cash flow from financing activities	**419,583**	**62,269**
Cash flow for the period	314,913	25,984
Cash and cash equivalents at the beginning of the period	128,883	102,899
Cash and cash equivalents at the end of the period	**443,796**	**128,883**

Notes

Note 1 - Accounting principles

Immunicum AB (publ), 556629-1786, conducts operations within pharmaceutical development. The company is a Swedish company with its registered offices in Gothenburg. The address of the head office is Östermalmstorg 5, SE-114 42 Stockholm, Sweden. The Board of Directors approved this Annual Report on April 2, 2019, and it will be presented for adoption at Annual General Meeting on April 25, 2019.

Basis of preparation

The Annual Report and accompanying financial statements have been prepared in accordance with the Swedish Annual Accounts Act and pursuant to the Recommendation of the Swedish Financial Reporting Board, RFR 2 Accounting for Legal Entities. RFR 2 states that in its annual accounts the Parent Company must apply International Financial Reporting Standards (IFRS) as adopted by the EU, to the extent possible within the framework of the Swedish Annual Accounts Act and the Act on Safeguarding of Pension Commitments, and taking the relationship between accounting and taxation into regard. The Recommendation stipulates which exceptions and additions can be applied in relation to IFRS. The company is not part of any group, so a complete IFRS report is not applicable.

The changes implemented and that will be implemented linked to RFR 2 Accounting for Legal Entities are not expected to have any impact on Immunicum's financial statements.

Functional currency and reporting currency

The company's functional currency is Swedish kronor (SEK). This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded to the nearest thousand SEK (KSEK).

New and amended standards and interpretations that have not yet taken effect

IFRS 9 Financial Instruments

IFRS 9 is applied from January 1, 2018. IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. The standard contains three measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. How an instrument is classified is based on the company's business model and the instrument's individual characteristics. In accordance with IFRS 9, a credit loss reserve is recognized based on expected losses instead of on incurred losses. For financial liabilities, no change in classification and measurement is made except for liabilities measured at fair value through profit or loss. Changes in the value relating to changes in own credit risk, according to IFRS 9, are reported in other comprehensive income. The standard also implies relief in relation to the documentation that must be prepared regarding hedge accounting. The company's financial instruments consist exclusively of accounts receivable and cash and cash equivalents. The company applies the exception in RFR 2 for financial instruments. The carrying amount is assessed to be a reasonable estimate of the fair value for the financial instruments held by the company.

IFRS 15 Revenue from agreements with customers

IFRS 15 is applied from January 1, 2018. IFRS 15 Revenue from Contracts with Customers regulates revenue recognition and replaces IAS 18 Revenue, IAS 11 Construction Contracts and associated IFRIC and SIC. IFRS 15 includes an aggregate revenue recognition model focusing on when control is transferred from the seller to buyer rather than the transfer of risks and benefits. Revenue is to be reported when the customer obtains control of the item or service sold and is able to use and receive the benefit from the goods or services. The standard entails increased disclosure obligations, which means that information about revenue types, timing of regulation, uncertainties linked to revenue recognition, etc. must be provided. Immunicum has not yet reached the stage of development in its operations where revenue is generated from contracts with customers. According to Immunicum's assessment, the implementation of IFRS 15 has no effect on the prepared financial statements.

New or revised accounting standards during the financial year

IFRS 16 Leases

In January 2016, ISAB published the new standard for lease accounting, IFRS 16 Leases. The primary change entailed by the standard relates to the lessee, while reporting for the lessor remains essentially unchanged.

For lessees, IFRS 16 means that all leases are recognized in an equivalent manner as financial leases were recognized under IAS 17. Reporting is based on the approach that the lessee is entitled to use an asset during a specific period of time while simultaneously being obligated to pay for this right, according to which the lessee is to recognize a "right-of-use asset" and a lease liability in the balance sheet. Exceptions are made for contracts with terms shorter than 12 months or concerning low-value assets. IFRS 16 clarifies that a lessee can distinguish between lease components and service components in a contract.

The standard applies from January 1, 2019. The company currently has no financial leases and only one operational lease, an office lease, which is why the implementation of IFRS 16 is not deemed to give rise to any material effects in the financial statements.

There are no other IFRSs or IFRIC interpretations that have not yet come into effect that are expected to have any material impact on the company.

Translation of foreign currency

Transactions in foreign currency are translated at the exchange rates applicable on the transaction date. Receivables and liabilities in foreign currencies have been translated at the closing day rate. Exchange gains and losses on operating receivables and liabilities are included in operating profit/loss. Gains and losses on financial receivables and liabilities are reported as financial items.

Recognition of revenue

Grants received are recognized in the balance sheet as deferred income and are recognized as income in the period when the cost to be supported is reported. Government grants are recognized as other operating income when it is clear that the conditions associated with the grants are met.

Expenditures for research and development

Research costs refer to expenditures for research aimed at obtaining new scientific or technical knowledge. Development expenditure means expenditure which research findings or other knowledge is applied to achieve new or improved products or processes in accordance with IAS 38 Intangible assets.

Research costs are expensed in the period incurred. Development expenditure is recognized as an intangible asset in the event that the asset is expected to generate future economic benefits and then only on condition that it is technically and financially possible to complete the asset, the intention and the conditions exist to use the asset in operations or sold and the value can be measured reliably.

An assessment of the possibility to recognize development costs as an intangible asset will occur no earlier than when a development project is in Phase III.

Leasing

All leasing agreements are reported as operational leasing agreements, which means that the leasing fees are distributed on a linear basis over the term of the lease.

Remunerations to employees

Short-term remunerations

Short-term employee remunerations are calculated without discounting and recognized as an expense when the related services are performed. A provision for the expected cost of bonus payments is made when the company has a current obligation to make such payments as a result of services received from employees and the obligation can be reliably estimated.

Termination remunerations

An expense for remuneration in connection with the termination of staff is reported when the company is obligated, without realistic possibility of withdrawal, by a formal plan to terminate employment before the normal time.

Post-employment remunerations

For defined contribution plans, the company pays contributions to pension insurance. The company has no further payment obligations once the contributions are paid. The contributions are recognized as personnel expenses when they fall due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments may benefit the company.

Taxes

Deferred tax assets relating to unutilized losses carried forward and deductible temporary differences are recognized only to the extent that it is probable that these will be able to be utilized against future taxable profits. As there is some uncertainty concerning when the company's deductible deficiencies (tax loss carryforwards) may be able to be used for offsetting against taxable profits, deferred tax assets relating to deductible deficiencies are not recognized at any value.

Tangible assets

Tangible fixed assets are valued at their acquisition value (cost) with a deduction for accumulated depreciation. Tangible fixed assets are amortized on a linear basis over their expected useful life.

Depreciation according to plan: Equipment: 5 years

Financial instruments

A financial instrument is any form of contract that gives rise to a financial asset, a financial liability, or an equity instrument in another company. For Immunicum, this includes cash and cash equivalents, short-term investments, other receivables, other long-term marketable securities, accounts payables, other outstanding debts and loans payable. Cash and cash equivalents consist of bank deposits.

Accounting for financial instruments

A financial asset or a financial liability is recognized in the balance sheet when the company becomes a party in accordance with the contractual provisions of the instrument. Liabilities are recognized once the counterparty has presented them and there is a contractual obligation to pay, even if an invoice has not yet been received. Accounts payable are recognized when the invoice has been received. A financial asset is removed from the balance sheet when the contractual rights have been settled, have expired/lapsed, or the company has lost control over them. The same applies for a part of a financial asset. A financial liability is removed from the balance sheet when the obligation in the contract is fulfilled or it becomes extinguished in another way. The same applies for a part of a financial liability. Acquisitions and sales of financial assets are recognized on the "trade date", i.e. the date the company entered into the transaction, committing to purchase or sell the asset.

Classification and valuation of financial instruments

The classification depends on the purpose(s) behind the acquisition of the financial instrument.

Other receivables
Receivables are reported as current assets except for items with a due date of more than 12 months after the close of the reporting period, which are classified as fixed assets. Accounts receivable are recognized at the amount expected to be paid to the company after deduction for any doubtful receivables as individually assessed.

Investments
Securities acquired with intention of being held short term are initially recognized at cost and in subsequent valuations in accordance with the lowest cost principle at the lower of cost or market value. With valuation at the lowest cost principle, short-term investments are deemed to be a part of portfolio of securities and the valuation principle is applied to the portfolio as a whole.

Loan liabilities and amounts payable to suppliers
Loan liabilities and amounts payable to suppliers are initially recognized at cost after deduction of transaction costs. If the carrying amount differs from the amount to be repaid at maturity, the difference is amortized as an interest expense over the term of the loan using the instrument's effective interest rate. In this way, the carrying amount and the amount to be repaid on the maturity date corresponds.

Offsetting of a financial assets and a financial liability
A financial asset and a financial liability are offset and recognized with a net amount in the balance sheet only when a legally enforceable right exists and when a settlement with a net amount is regarded to occur or when a contemporaneous sale of the asset and settlement of the liability it relates to occurs.

Operating segment
Immunicum's business currently consists of research and development for production of pharmaceuticals. The company is of the opinion that this business, in its entirety, constitutes a single operating segment.

Note 2 – Financial risk management

Through its operations, the company is exposed to different financial risks: market risks (including exchange-rate risk, interest rate risk and other price risks) and liquidity risk. The company's overall risk management focuses on the unpredictability of the financial markets and strives to reduce potential unfavorable effects on the company's financial earnings. The company's financial transactions and risks are managed centrally by the Parent Company through the Company's CFO and CEO. The overall aim in relation to financial risks is to provide cost-effective financing and liquidity management as well as to ensure that all payment obligations are managed in a timely manner. Every year, the Board of Directors establishes a Finance Policy with associated risk parameters.

Foreign exchange exposure
Immunicum's foreign exchange exposure increases as development projects progress in the value chain and the costs for services in connection with clinical trials increase. These services are partially carried out outside of Sweden and paid for in foreign currency. According to the Finance Policy, the company is not to apply any form of currency hedging. Immunicum is primarily exposed to changes in the EUR/SEK and USD/SEK exchange rates related to accounts payable. Operational exchange rate differences for the fiscal year amounted to a net loss of KSEK 1,301 (KSEK 181).

Interest rate exposure
Immunicum's exposure to market risk for changes in interest rates relates to bank deposits, investments in interest-bearing securities and seed funding. During the fiscal year, the company paid interest on seed funding received of KSEK 14 (KSEK 261). The amount in the comparative period pertained to negative deposit rate to Handelsbanken.

Liquidity risk
Liquidity risk is the risk that the company will have difficulties fulfilling its obligations associated with financial liabilities. The Board of Directors manages liquidity risk by continuously monitoring the cash flow to reduce liquidity risk and to ensure the company's ability to pay. Considering that the company currently does not have its own earnings capacity, it is of the utmost importance that financing can be secured from owners and independent investors so that the company's operations can be conducted according to plan. The Board of Directors conducts long-term work with owners and independent investors to ensure that liquidity is available for the company as the need arises.

Note 3 - Operating leases

Amounts in KSEK	01/01/2018 –31/12/2018	01/01/2017 -31/12/2017
The company's operating leases relate only to the rental of office premises where the business is conducted. Future minimum fees according to non-cancellable operating leases at the end of the reporting period fall due for payment as follows:		
Within one year	1,209	997
Later than one year, but within five years	96	105
Later than five years	-	-
Total	**1,305**	**1,102**
Leasing cots for the year concerning the rental of offices amounted to	1,403	629

General description of the company significant leasing agreements: Lease agreements for the office premises in Gothenburg run until February 28, 2019. Leases for Stockholm run until January 31, 2019, with the possibility of extension after the end of the rental period. The agreement has fixed rent and there is no index clause in the agreement. New contract for office space in Gothenburg has been signed and runs until December 31, 2020, with the right to extension. The agreement limits the company to conduct business within Life Science, the agreement contains an index clause based on changes in the CPI.

Note 4 - Remuneration to the auditors

Amounts in KSEK	01/01/2018 –31/12/2018	01/01/2017 -31/12/2017
Öhrlings PricewaterhouseCoopers		
Tax advisory services	0	13
KPMG		
Audit fees	280	145
Audit-related fees	91	60
Other fees	63	523
Total	**434**	**741**

The audit assignment involves review of the Annual Report, interim reports, financial accounts, the administration by the Board of Directors and the CEO.

Note 5 - Employees and personnel costs

Amounts in KSEK	01/01/2018 –31/12/2018	01/01/2017 -31/12/2017
Average number of employees		
Men	5	5
Women	7	6
Total	**12**	**11**
Gender breakdown of Members of the Board and senior management		
Board Members	6	7
of which, men	4	4
CEO, and others in senior management	7	7
of which, men	4	4
Salaries, other remuneration and social costs		
Salaries and other remuneration	19,803	15,352
Social costs	5,990	4,452
(of which, pension costs)	(1,901)	(1,588)
Total	**25,794**	**19,804**
Salaries and other remuneration Distributed between Board Members, senior management and other employees		
Board Members and senior management	15,956	11,717
(of which bonus and similar remunerations)	(1,572)	(910)
Other employees	3,847	3,635
(of which bonus and similar remunerations)	(262)	(145)
Total	**19,803**	**15,352**
(of which bonus and similar remunerations)	(1,834),	(1,054)
Remuneration and other benefits provided to Board Members		
Agneta Edberg, (COB until 2017 AGM)	78	310
Michael Oredsson, COB	338	
Charlotte Edenius	150	150
Steven Glazer	175	175
Martin Lindström, board member until 2017 AGM	40	160
Magnus Nilsson	140	140
Magnus Persson	165	125
Kerstin Valinder Strinnholm	175	125
CEO's remuneration and employment benefits		
Fixed salary	3,048	3,072
Variable remuneration	1,110	525
Other benefits	0	223
Pension costs	941	948
Previous CEO's remuneration and employment benefits		
Fixed salary	0	75
Variable remuneration	-	-
Pension costs	0	3
Remuneration and employment benefits to other senior management		
Six persons (five persons)		
Fixed salary	8,875	5,601
Variable remuneration	837	385
Other benefits	641	652
Pension costs	378	220

Variable remuneration for financial year 2018 (2017) is an expensed bonus to be paid in 2019 (2018). For information on how bonuses are calculated, see below.

Other benefits include costs of free housing and free travel to and from the workplace.

Remuneration to the Members of the Board of Directors

Fees to the Board are payable pursuant to a resolution adapted by the Annual General Meeting. The Annual General Meeting on 25 April 2018 decided that fees based on a financial year comprising a period of 12 months would amount to SEK 400,000 to the Chairman and SEK 125,000 to each of the other Board members, SEK 35 000 to the Chairman and SEK 15,000 to each other Board members who serve on the Audit Committee, SEK 35 000 to the Chairman and SEK 15,000 to each other Board members who serve on the Remuneration Committee as well as SEK 50,000 to the Chairman and SEK 25,000 to the director who is part of the Scientific Committee.

Remuneration to Senior executives

At the Annual General Meeting on April 25, 2018, it was resolved to approve the Board's proposal for guidelines for remuneration to senior executives, as described below, until the time of the Annual General Meeting 2019.

Remuneration to the CEO and other senior executives consists of basic salary, pension benefits and variable remuneration. Other senior executives refer to six (six) persons: Chief Financial Officer, Chief Medical Officer, Chief Scientific Officer, Head of CMC, Head of Regulatory Affairs and Quality assurance (consultant) and Senior Director Business Development.

Periods of notice and severance pay

For the Company's CEO, CFO, CMO and CSO, the mutual period of notice is six months. For others in senior management, the mutual period of notice is three months. During period of notice CEO and senior management are entitled to full salary and fringe benefits. No agreements have been entered into with regards to severance pay.

Pension

All pension commitments are defined contribution plans. The retirement age for the CEO is 65 and the pension premium is 30% of the basic salary. Pension commitments for other Swedish senior executives correspond to the current ITP plan. For foreign employees, a salary supplement of 10% is used for pension purposes. The retirement age is 65 for all other senior executives.

No other pension obligations exist.

Bonuses

A variable remuneration is payable to the CEO, in addition to a fixed monthly salary, if objectives are achieved. This is capped at 35% of fixed salary. In addition, the CEO is under certain conditions entitled to a bonus in the sale of all or substantially all of the company's assets or intellectual property rights, at licensing of the company's intellectual property rights or other transactions that the board deems to be of similar meaning. The bonus is paid in a sale of all or substantially all of the Company's assets by an amount equivalent to 1.5 percent of the purchase price, at a licensing by an amount equivalent to two (2) percent of any prepayment and one (1) percent of subsequent milestone payments (excluding royalties). Compensation may be payable if such a transaction occurs within twelve (12) months after the contract is terminated unless such termination is made by the CEO or caused by his breach of contract. The CEO loses all entitlement to the bonus if he voluntarily terminates his employment. Other senior executives will receive bonuses if targets are achieved. The bonus can according to current guidelines for remuneration to senior executives, amount to maximum 20% of the fixed salary.

Note 6 - Depreciation

Amounts in KSEK	01/01/2018 –31/12/2018	01/01/2017 -31/12/2017
Equipment	60	71
Total	**60**	**71**

Note 7 - Interest income and similar items

Amounts in KSEK	01/01/2018 –31/12/2018	01/01/2017 -31/12/2017
Gain from sale of short-term investment	0	636
Reversed write-down of short-term investment	0	0
Interest income	0	0
Total	**0**	**636**

Note 8 - Interest expense and similar items

Amounts in KSEK	01/01/2018 –31/12/2018	01/01/2017 -31/12/2017
Interest expenses	-14	-273
Total	**-14**	**-273**

Note 9 - Income tax expense

Amounts in KSEK	01/01/2018 –31/12/2018	01/01/2017 -31/12/2017
Current taxes	-	-
Deferred taxes	-	-
Recognized tax expense on the year's net income	**-**	**-**
Difference between recognized tax expense and an estimated tax expense based on the current tax rate:		
Total profit/loss before taxes	-97,860	-80,338
Income tax according to current tax rate	21,529	17,674
Tax effect of non-deductible expenses	-137	-139
Tax effect of non-taxable income	-	-
Deductible issue costs reported over equity	8,073	
Tax effect of a deductible deficiency for which no deferred tax assets have been taken into account	-29,466	-17,536
Tax expense	**0**	**0**
The current tax rate is 22% (22%)		
Unutilized deductible deficiency for which no deferred tax asset has been recognized	414,928	280,995

Note 10 - Earnings per share

Amounts in SEK	01/01/2018 –31/12/2018	01/01/2017 -31/12/2017
Earnings per share, before dilution		
Net profit/loss for the year	-97,859,852	-80,337,643
Average number of shares outstanding	51,387,301	25,958,541
Earnings per share, before dilution, SEK	**-1.9**	**-3.1**
Earnings per share, after dilution		
Net profit/loss for the year	-97,859,852	-80,337,643
Average number of shares outstanding	51,387,301	25,958,541
Earnings per share, after dilution, SEK	**-1.9**	**-3.1**

Earnings per share before dilution is based on the financial results for the year and the weighted average of the number of shares outstanding.

Earnings per share after dilution is based on the financial results for the year and the weighted average of the number of shares outstanding plus the dilutive effect of potential shares. At 31 December 2018 there was a dilution effect of the ongoing rights issue due to not registered shares. This dilution effect has not been taken into account as a conversion would decrease the loss per share.

Note 11 - Equipment

Amounts in KSEK	31/12/2018	31/12/2017
Opening balance accumulated acquisition values	427	427
Acquisition during the year	-	-
Closing balance accumulated acquisition values	**427**	**427**
Opening balance accumulated depreciation	-357	-286
Depreciation for the year according to plan	-60	-71
Closing balance accumulated depreciation	**-418**	**-357**
Closing book value	**9**	**69**

Note 12 - Other long-term securities

Amounts in KSEK	31/12/2018	31/12/2017
Holdings of shares of LFF Service AB	1	1
Total	**1**	**1**

The share in LFF Service AB is pledged and gives Läkemedelsföreningens Service AB an option to acquire the share at its quotient value (SEK 1,000) if Immunicum AB (publ) withdraws from the share agreement.

Note 13 - Inventory

Amounts in KSEK	31/12/2018	31/12/2017
Medicines for clinical trials	1,469	0
Total	**1,469**	**0**

Most of the amount relates to advances to suppliers

Note 14 - Prepaid expenses and accrued income

Amounts in KSEK	31/12/2018	31/12/2017
Prepaid expenses relating to preclinical development/clinical trials	115	7,418
Prepaid insurance premiums	382	254
Prepaid rents	764	336
Other prepaid expenses	528	446
Total	**1,788**	**8,455**

Note 15 - Cash and bank balances

The Company has a credit limit for Company Credit Cards of 300,000 (300,000). The Company has provided security for this credit and for a bank guarantee of SEK 314,400 (314,400) via a general pledge of bank deposits in the amount of SEK 565,537 (565,537).

Note 16 – Share capital

Immunicum's share capital as of December 31, 2018 amounted to 3,593,705.95 divided into 71,874,119 shares with a quotient value of SEK 0.05. At this time, there was an ongoing rights issue of 20,383,412 shares. After this issue was registered in January 2019, the number of shares amounted to 92,257,531 shares and the share capital to 4,612,876.55.

Note 17 - Other long term liabilities

The Company has previously received financing in the form of conditional credits from Region Västra Götaland amounting to SEK 850,000. The terms of repayment for these loans are 5 percent of potential future income, with the addition of interest at the reference rate set by the Swedish National Bank for the calendar half-year in question, plus an additional two percentage points.

Note 18 - Accrued expenses and deferred income

Amounts in KSEK	31/12/2018	31/12/2017
Deferred new share issue costs	0	30,373
Accrued expenses relating to preclinical development/clinical trials	4,772	9,156
Accrued personnel-related costs	4,789	3,040
Other accrued expenses	1,818	1,125
Total	**11,378**	**43,694**

Note 19 – Financial assets and liabilities

	Financial assets and liabilities as of December 31, 2018			Financial assets and liabilities as of December 31, 2017		
Amounts in KSEK	Accounts receivable and other claims	Not financial assets	Sum reported value	Accounts receivable and other claims	Not financial assets	Sum reported value
Financial assets						
Financial fixed assets	1		1	1		1
Other receivables	3,307		3,307	3,500		3,500
Short term investment	1,788		1,788	8,454		8,454
Cash and cash equivalents	443,798		443,798	128,883		128,883

Amounts in KSEK	Financial liabilities valued at the accrued cost	Not financial liabilities	Sum reported value	Financial liabilities valued at the accrued cost	Not financial liabilities	Sum reported value
Financial liabilities						
Account payables	31,266		31,266	11,714		11,714
Long term interest bearing debts	850		850	850		850
Other current liabilities	838		838	331		331
Accrued expenses and deferred income	11,378		11,378	43,694		43,694

The reported value is assessed to be a reasonable estimate of the fair value for the financial instruments held by the company. The company's investments in securities are however valued in accordance with the principle of lower of cost or net realisable value.

Note 20 – Appropriation of profit/loss

Amounts in SEK	
The following unrestricted shareholders equity are available to the Annual General Meeting for its disposition:	
Share premium reserve	731,072,555
Retained earnings	-231,784,739
Net profit/loss for the year	-97,859,853
Total	**401,427,963**
The Board of Directors proposes that the profits available for distribution and unrestricted reserves be allocated as follows	
To be carried forward	401,427,963
Total	**401,427,963**

Note 21 – Pledged assets

Amounts in KSEK	31/12/2018	31/12/2017
Pledged assets for own liabilities and provisions		
Pledged bank deposit	566	566
Total	**566**	**566**

Note 22 - Transactions with related parties

Margareth Jorvid, Head of Regulatory Affairs and Quality System, and member of Immunicum's management team, has invoiced Immunicum KSEK 1,685 in consultant fees via the company Methra i Uppsala AB for services related to regulatory issues rendered in 2018. The price has been set based on commercial conditions. Board members and company management at Immunicum have, in addition to board fees and salaries (presented in Note 5) and the above consulting fee to Margareth Jorvid, not received any other remuneration.

Note 23 – Events after the balance date

- Publication of Phase I/II clinical trial results of Ilixadencel in advanced hepatocellular carcinoma in Frontiers in Oncology.
- The first patient was treated in the Phase Ib/II ILIAD combination trial.
- Changes in the composition of the Nomination Committee were published.
- No other material events have occurred after the reporting date.

Note 24 – Reconciliation of alternative key performance indicators

This report includes certain key performance indicators not defined in IFRS, but they are included in the report as the company considers that this information provides investors with useful information of the company's capital structure.

EQUITY RATIO

Amounts in KSEK	31/12/2018	31/12/2017
Shareholders' equity	406,041	189,556
Total assets	450,373	246,146
Equity ratio	**90%**	**77%**

Certification

The Board of Directors and the CEO certify that the Annual Report has been prepared in accordance with good accounting practice in Sweden. The Annual Report provides a true and fair view of the company's financial position and result. The Directors' Report provides a true and fair view of the development of the company's operations, position and earnings, and describes the significant risks and uncertainties facing the company.

Stockholm April 2, 2019

Michael Oredsson
CHAIRMAN OF THE BOARD

Charlotte Edenius
BOARD MEMBER

Steven Glazer
BOARD MEMBER

Magnus Nilsson
BOARD MEMBER

Magnus Persson
BOARD MEMBER

Kerstin Valinder Strinnholm
BOARD MEMBER

Carlos de Sousa
CHIEF EXECUTIVE OFFICER

Our Audit Report was submitted on April 2, 2019
KPMG AB

Jan Malm
Authorized Public Accountant
Auditor in charge

Sven Cristea
Authorized Public Accountant

Auditor's report

» **To the general** meeting of the shareholders of IMMUNICUM AB (publ), corp. id 556629-1786

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of IMMUNICUM AB (publ) for the year 2018, except for the corporate governance statement on pages 57-66. The annual accounts and consolidated accounts of the company are included on pages 38-52 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 2018 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 2018 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. Our opinions do not cover the corporate governance statement on pages 57-66. 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.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Financing, liquidity and going concern

See notes and accounting principles on pages 45-51 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The company is focused on research and development of immuno-regulated antibodies for cancer treatment. Given the long research time for pharmaceuticals, the company incurs significant research and development costs during the development period and is expected to spend more resources in the future until research and development results can be commercialized.

The company is in need of capital contributions from shareholders to ensure financing of the business given that the company has no revenues.

During December 2018, the company performed a new share issue, which ensures going concern for the next twelve months with existing forecasts.

Response in the audit

In connection with the company's preparation of the annual report, we have considered the Board of director's decision regarding going concern. We have assessed the management's liquidity forecasts and considered the reasonableness and support for the assessments that form the basis of the forecasts. We have discussed with the management how assumptions have been made and have considered these in our assessment regarding financing, liquidity and going concern.

For significant agreements with partners, we have considered what costs the company has committed to, especially with regard to different contract terms. For the agreements that are more dependent on assessments, for example milestone payments in cooperation and license agreements, we assessed a range of potential cash flows and their sensitivity.

We have discussed with the management about the company's future plans and potential sources of funding and evaluated these in relation to available information and our previous experiences

Cost control/Project follow-up

See notes and accounting principles on pages 45-51 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The company conducts clinical trials through a number of partners and linked to this are project plans with different types of costs, such as "pass-through" costs and "milestones" costs. These costs must follow a project plan, but there are a number of different factors that affect the project plan for example when and how much is incurred. This means that there is a significant risk associated with the completeness of research and development expenses.

Response in the audit

We have examined the company's internal control to assess the process of purchase-to-pay and that the company has an adequate cost follow-up. We have, through sampling audited that the company's internal control is effective and that ongoing cost follow up is correct.

We have further informed and evaluated the company's process for reviewing its clinical studies and their project accounting.

We have reviewed a selection of projects to assess the most significant estimates. For these selected projects, we have, among other things, discussed and challenged management's assessments in the form of estimated final forecasts and assessed whether risks and opportunities in the projects have been reflected in a balanced manner in the accounts.

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 1-37. 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 intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

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 scepticism 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.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

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 IMMUNICUM AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss be dealt with 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 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.

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 parent 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 fulfill 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 scepticism 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.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 57-66 has been prepared in accordance with the Annual Accounts Act.

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.

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 other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 11908, 404 39, Göteborg, was appointed auditor of IMMUNICUM AB (publ) by the general meeting of the shareholders on the 25 April 2018. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2016.

Stockholm, April 2 2019

KPMG AB

Jan Malm
Authorized Public Accountant

Sven Cristea
Authorized Public Accountant

Corporate Governance Report

» **Immunicum Aktiebolag (publ),** is a Swedish company with its registered office in Gothenburg and corporate identity number 556629-1786. The company's share is listed on Nasdaq Stockholm, Small Cap, and traded under the ticker IMMU.

Immunicum's corporate governance is based on applicable laws, rules and recommendations for listed companies, such as the Swedish Corporate Governance Code ("The Code"), Nasdaq Stockholm's Rule Book for Issuers, the Articles of Association and company-specific rules and guidelines. This report, which is separate from the annual report, pertains to the 2018 financial year and has been reviewed by the company's auditors.

Deviations from the Code, stock exchange rules or generally accepted practice in the securities market.

During 2018, the company applied the Code with two deviations. The company did not deviate from any stock exchange rules. Additionally, the company has not been the subject of any rulings by the Nasdaq Stockholm Disciplinary Committee nor a decision on infringement of generally accepted practice in the securities market by the Swedish Securities Council.

Corporate governance at Immunicum

Corporate governance at Immunicum aims to create a clear delegation of roles and responsibilities among owners, the Board of Directors and senior management.

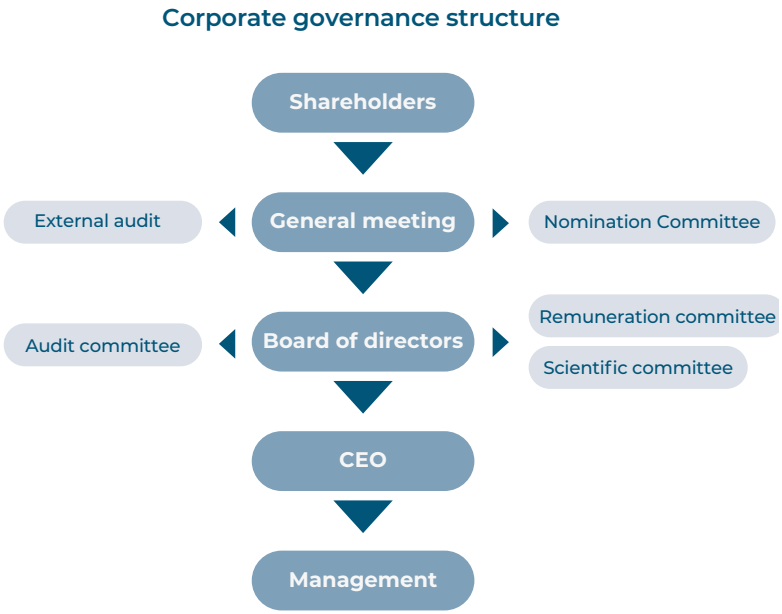
Responsibility for governance, management and control at Immunicum is allocated among the general meeting, the Board of Directors, its elected committees and the CEO.

External regulations that impact corporate governance

- The Swedish Companies Act
- Regulations for external reporting
- Nasdaq Stockholm's Rule Book for Issuers
- The Swedish Corporate Governance Code
- Other applicable laws and regulations

Important internal regulations and documents

- Articles of Association
- Formal work plan for the Board of Directors, including instructions for the Board's committees
- CEO directive, including instructions for financial reporting
- Guidelines for remuneration to senior executives of the company
- IT policy
- Financial handbook
- Authorization instructions
- Employee handbook
- Code of Conduct
- Information and insider policy



Corporate governance structure

Shareholders and the share

Immunicum AB is a CSD-registered company, which means that the company's shareholder register is maintained by Euroclear Sweden AB. Share capital in Immunicum AB consists of one class of shares, which entitles the holder to equal voting rights and equal right to participations in the company's assets. Immunicum's share is traded on Nasdaq Stockholm, Small Cap. At year-end, Immunicum had 5,591 (4,050) shareholders, of which 288 (272) were registered as legal entities and 5,303 (3,778) as natural persons. Owners registered in Sweden own 91.5 (96) percent of the share capital, and owners in foreign countries own 8.5 (4) percent. For more information about shareholders and Immunicum's share, see page 32 in the annual report and at immunicum.com.

General meeting of shareholders

In accordance with the Companies Act, shareholders exercise their influence in the company at a general shareholder meeting, which is the company's highest decision-making body. At a general meeting, shareholders resolve on key issues, including amendments to the Articles of Association, the adoption of income statements and balance sheets, any dividends and appropriation of the company's profit, election of Board members and auditors and their remuneration, and discharge from liability of Board members and the CEO.

According to the Articles of Association, notice convening a general shareholder meeting is to be given in the form of an announcement in the Official Swedish Gazette (Sw. Post- och Inrikes Tidningar) and by publishing the notice on the company's website. At the same time as the notice for the Meeting occurs, the company is to inform the general public that the notice for the Meeting has occurred, via placing an announcement in Dagens Industri. Notice of convening the Annual General Meeting (AGM) and Extraordinary General Meeting of Shareholders (EGM) at which issues relating to amendments to the Articles of Association are addressed must be issued not earlier than six weeks and not later than four weeks before the Meeting. Notice of convening an EGM is to be issued not earlier than six weeks and not later than three weeks prior to the Meeting.

Shareholders who are entered in the shareholders' register in the manner described in the Companies Act and who have notified the company of their participation at the meeting by the date specified in the notice of the Meeting will be entitled to participate in the Meeting. This day may not be on Sunday, any other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve, and may not fall earlier than the fifth weekday prior to the Meeting. At the AGM, the following matters are to be dealt with:

1. Election of a chairperson to chair the meeting.
2. Preparation and approval of the voting list.
3. Presentation and approval of the agenda.
4. Appointment of one or two persons to verify the minutes.
5. Determination of whether the AGM has been duly convened.
6. Presentation of the Annual Report and the Auditor's Report, and when relevant the consolidated financial statements and Auditor's report for the group.
7. Decisions concerning:
   - the adoption of the income statement and the balance sheet and, when relevant, the consolidated income statement and consolidated balance sheet.

- allocation of the company's profit or loss according to the duly adopted balance sheet.
- discharge from liability vis-à-vis the company for the members of the Board and the CEO.

8. Determination of remuneration and other fees for the members of the Board and the Auditor.
9. Election of members to the Board and appointment of auditor(s) and any alternate auditors.
10. Other matters that are to be dealt with at the AGM pursuant to the Swedish Companies Act or the Articles of Association.

2018 Annual General Meeting

Immunicum's 2018 AGM took place on Wednesday, 25 April at the School of Business, Economics and Law at the University of Gothenburg. Approximately 13.5 percent of the votes were present at the Meeting. Attorney Mats Dahlqvist was elected to chair the Meeting. The meeting resolved on, among other items:

- The election of Michael Oredsson as Chair of the Board
- The re-election of members of the Board: Charlotte Edenius, Steven Glazer, Magnus Nilsson, Magnus Persson and Kerstin Valinder Strinnholm.
- The re-election of KPMG as auditor, with Jan Malm as the auditor-in-charge.
- The proposed guidelines for remuneration of senior executives were approved.
- The discharge from liability of the Board of Directors and CEO for the 2017 financial year.
- It was resolved to authorize the Board of Directors, for the period until the next AGM, on one or more occasions, with or without deviation from the shareholders' preferential rights, to decide on a new issue of not more than 5,095,853 shares and of warrants or convertible debentures equivalent to approximately 10 percent of the capital and voting rights.
- The minutes and information about the 2018 AGM are available at www.immunicum.com under Corporate Governance.

2018 Extraordinary General Meeting

Immunicum held an EGM on 8 November 2018 where it was decided to approve the Board's proposal from 16 November 2018 on a directed issue of shares and a new share issue with preferential rights for existing shareholders.

The minutes together with further information from the EGM are available at www.immunicum.com under Corporate Governance.

2019 Annual General Meeting

Immunicum's 2019 AGM will be held at 10:30 a.m. on April 25 at the Sturegatan 15 conference and events center, Sturegatan 15, in Stockholm.

For more information and the right to participate, see page 64 in the Annual Report or www.immunicum.com.

The minutes from the AGM will be available at www.immunicum.com

Nomination Committee

The Nomination Committee represents Immunicum's shareholders and has the task of preparing the AGM's decisions in relation to election and remuneration issues. According to the instructions adopted by the AGM on 25 April 2018, the Nomination Committee is to comprise four members appointed by the four largest shareholders that have accepted the invitation to participate in the Nomination Committee. If one of the four largest shareholders do not wish to appoint such a representative, the next largest shareholder in terms of the number of votes who has not already had the right to appoint a member of the Nomination Committee is to be offered the opportunity to appoint a member. Should they desire to exercise this right, they are to announce their decision within one week. The Nomination Committee is to appoint a chairman from within its ranks. The members of the Nomination Committee are to be presented on the company's website no later than six months prior to the 2019 AGM. In the event that four shareholders have not announced their intention to participate in the nomination work by that point in time, the Nomination Committee will consist of fewer members. If a change in ownership entailing that a shareholder who appointed a member of the Nomination Committee is no longer one of the four largest shareholders takes places not later than two months prior to the 2019 AGM, the member appointed by such a shareholder is to step down from the Committee and the new shareholder that has become one of the four largest shareholders in the company will be entitled to appoint a new member. The Nomination Committee's mandate period is to extend until a new Nomination Committee has been appointed. Shareholders who have appointed a member of the Nomination Committee have the right to remove such a member and appoint a new representative as a member of the Nomination Committee. Changes to the composition of the Nomination Committee are to be made public as soon as they have occurred. Shareholders of the company are entitled to present proposals of Board members for consideration by the Nomination Committee. The Nomination Committee is to consider, based on the company's operations and stage of development, etc., that the Board is to have an appropriate composition, and a diverse and broad range of qualifications, experience and backgrounds. Members of the Nomination Committee are not entitled to any remuneration. However, the company shall carry all reasonable costs for the work of the Nomination Committee. If deemed necessary, the Nomination Committee may engage external consultants to identify candidates with relevant experience and the company shall carry the costs for such consultants. The company shall

also provide resources in the form of personnel if needed to support the Nomination Committee in its work.

The Nomination Committee ahead of the 2019 AGM was convened by the Chair of Immunicum's Board, Michael Oredsson, and comprises Martin Lindström (appointed by Loggen Invest AB), Jannis Kitsakis (appointed by The Fourth Swedish National Pension Fund), Johan Sjöström (appointed by The Second Swedish National Pension Fund) and Jamal El-Mosleh (appointed by BISP Invest AB). The Nomination Committee has appointed Martin Lindström as Chair of the Nomination Committee.

Until the 2018 AGM, Immunicum deviated from Rule 2.4 of the Code, in that Martin Lindstrom was both Chair of the Nomination Committee and a member of the Board of Directors. The reason for the deviation was that the Nomination Committee felt that the representative from the largest shareholder on the Nomination Committee should hold the position of Chair of the Nomination Committee. As of the 2018 AGM, Martin Lindström is no longer a Board member.

The Nomination Committee's duties include preparing the following proposals to the 2019 AGM: (i) proposal concerning election of the Chair of the AGM; (ii) proposal concerning election of Board members; (iii) proposal concerning election of the Chair of the Board of Directors; (iv) proposal concerning the remuneration to the Board of Directors; (v) proposal concerning election of auditors (if instructed pursuant to Chapter 8, Section 49 b, Paragraph 2 of the Companies Act); (vi) proposal concerning remuneration to the auditors; and (vii) proposal concerning principles of the nomination process ahead of the 2020 AGM.

According to the Code, in connection with the announcement of the 2019 AGM the Nomination Committee is to present an opinion on the company's website regarding its proposal of Board members, taking into account the Code's rules on the composition of the Board of Directors, to provide specific reasons for the proposal with respect to the requirements for an even gender distribution and to present a brief description of the Nomination Committee's work. The Nomination Committee shall also present relevant information on the website about new Board members proposed for election and members proposed for re-election, primarily their education and work experience, other significant assignments within and outside the company, and their own and related parties' holdings in the company.

The Board of Directors

Composition and independence of the Board of Directors

According to Immunicum's Articles of Association, the Board is to consist of no fewer than three and no more than eight members. The AGM held on 25 April 2018 elected six ordinary Board members: Michael Oredsson (Chair of the Board), Charlotte Edenius, Steven Glazer, Magnus Nilsson, Kerstin Valinder Strinnholm and Magnus Persson, all of whom will serve until the close of the next AGM. All Board members are deemed to be independent of the company and its management as well as the company's major shareholders.

Information about Board members, including year of birth, year elected to the Board, education, experience, current and previous assignments and shareholding in the company is available in the 2018 Annual Report on pages 34-35. Shareholdings in the company include own and/or related parties' holdings.

Under the Code, the majority of Board members shall be independent of the company and its management. At least two of the Board members who are independent of the company and its management shall also be independent in relation to the company's major shareholders. All Board members are deemed to be independent of the company and its management and in relation to the company's major shareholders. Major shareholders are shareholders who directly or indirectly control 10 percent or more of the shares or votes in the company.

The work and responsibility of the Board of Directors

The duties of the Board of Directors are regulated by the Companies Act, the Articles of Association and the Code. The Board of Directors has also adopted written rules of procedure that govern the Board of Director's work, delegation of work and responsibility among the Board, committees, Chair of the Board and CEO. Additionally, the rules of procedure concern the number of scheduled Board meetings and items to be addressed at each meeting, the forms for convening meetings, meeting and decision-making procedures, documentation for Board meetings, the duties of the Chair of the Board, minutes, disqualification and conflicts of interest, compulsory items that the CEO shall submit to the Board of Directors, financial statements and authorized signatories. The Board of Directors' rules of procedure shall be adopted annually. In addition, the Board of Directors adopted a directive for the CEO and other special policies, such as ethical guidelines (a Code of Conduct), finance policy, authorization instructions and an information and insider policy, and is also responsible for ensuring that the company prepares ethical guidelines. In addition to the Board meetings, the Chair of the Board and the CEO have a continuous dialogue regarding issues significant for the company.

The Board is responsible for the company's organization and the administration of its affairs, the company's overall business plan, material organizational changes, changes to the focus of the company's operations and the income statement and balance sheet. The Board of Directors shall also make decisions on investments, acquisitions or divestments of material assets, shares or operations, loans and credit facilities, guarantees provided, and signing and amending material contracts or contracts between the company and the shareholders. Furthermore, the Board of Directors is to address matters referred to the Board of Directors by the CEO. The Board of Directors assumes overall responsibility for ensuring that the company's organization is designed so that accounting, asset management and the company's financial circumstances are controlled in a satisfactory manner and is responsible for continuously assessing the CEO's work. The Board of Directors is also responsible for ensuring the quality of the financial reporting, including monitoring systems and the internal control of the company's financial reporting and position. In addition, the Board is responsible for ensuring that the information the company discloses externally is transparent, correct, relevant and clear. The Board of Directors is responsible for preparing the required guidelines and other policy documents.

The Chair leads the Board of Directors' work and has special responsibility for ensuring that the Board of Directors' work is well organized and effectively implemented. The Chair, in consultation with the company's CEO, is responsible for ensuring that Board members receive an agenda for every meeting and the necessary documentation in sufficient time prior to each Board meeting. The Chair is also to ensure that each Board member continuously updates and broadens their knowledge of the company and that new Board members receive the necessary introductory training and any other training that the Chair and the new member deem appropriate. The Chair is responsible for contact with shareholders in owner-related matters and forwarding shareholders' opinions to the Board of Directors, and also for ensuring that the Board of Directors' work is evaluated every year following a systematic and structured process aimed at developing the Board of Directors' work forms and methods. The results of the evaluation are to be presented to the Nomination Committee.

Work of the Board and important events during 2018

The Board normally meets six times per year. Additional meetings may be held to address issues which cannot be referred to an ordinary meeting. The Board of Directors held ten meetings during 2018 in which minutes were recorded, excluding those held by correspondence. Members' attendance at Board meetings is shown in the table on the next page. In 2018, the Board has handled the following matters:

- Financing
- Strategic resolutions concerning product and business development
- Risk management and risk assessment
- Governing documents
- Evaluation of the CEO
- Financial reports including reporting from external audit

The Board of Directors has planned six (6) meetings for 2019.

Board committees

The Board of Directors elects three committees from within ranks: the Audit Committee, the Remuneration Committee and the Scientific Committee, which work according to the established instructions from the Board of Directors.

Audit Committee

The Board of Directors has appointed an Audit Committee comprising Michael Oredsson (Chair of the Board), Kerstin Valinder Strinnholm and Magnus Persson. Michael Oredsson has been appointed Chair of the Audit Committee. The Committee fulfils the company's requirements for independence as well as accounting and auditing expertise.

The Board is to draw up instructions for the tasks of the Audit Committee on an annual basis. The instructions to the Audit Committee state that the Audit Committee is, without impacting the responsibility and tasks of the Board in general, to monitor the company's financial reporting, monitor the effectiveness of the company's internal control and risk management in respect of the financial reporting, keep themselves informed regarding the audit of the annual accounts and other financial reports, scrutinize and monitor the impartiality and independence of the auditor, and in so doing be particularly observant in the event that the auditor provides additional services to audit services to the company. The Audit Committee is also to meet with the auditor on an annual basis to be informed about the scope and direction of the auditor's audit, as well as the auditor's observations during the work with the audit. Furthermore, the Audit Committee is to evaluate the audit work and assist in the preparation of proposals for the general meeting's decisions on the election of auditors. In addition, the Audit Committee is, among other tasks, to scrutinize together with the company's auditor related party transactions and significant accounting policies in connection with quarterly reports and annual reports. The Audit Committee is to hold at least four meetings per year and the Chair of the Audit Committee is to present a written report of matters discussed at the latest meeting of the Audit Committee to a meeting of the Board at least twice per year. The Audit Committee has met six (6) times during the year to discuss the period's financial information, risks, internal controls, the auditors' review of the company and the financial statements.

Scientific Committee

Board member Steven Glazer is Chair of the Scientific Committee and Board members Charlotte Edenius and Magnus Persson are members of the Scientific Committee, and none of the aforementioned Board members are employed by the company.

The work of the Scientific Committee is regulated in the Board's work plan and in an article that is adopted by the Scientific Committee and evaluated on an annual basis. The Chair of the Scientific Committee and one other member of the Scientific Committee must be members of the Board and neither of these may be employed in the company. The company's Chief Scientific Officer and/or the CEO is to prepare the meetings of the Scientific Committee. The Scientific Committee may, if the need arises, seek external advice or advice from the company's scientific advisory board. The Chair of the Scientific Committee is to inform the Board of the Committee's work and evaluate its work and compliance with the articles on an annual basis and provide a written evaluation to the Board.

The Scientific Committee met five (5) times during the year to discuss the clinical studies and their design, choice of contract research organization, pace of recruitment and scientific advice.

Remuneration Committee

The Remuneration Committee consists of Board member Kerstin Valinder Strinnholm (Chair of the Remuneration Committee), Michael Oredsson and Magnus Nilsson. The Committee is assessed as fulfilling the Code's requirements for independence as well as for the necessary knowledge and experience in remuneration of senior executives.

The main tasks of the Remuneration Committee are to prepare the Board's decisions in matters of remuneration principles, including drawing up proposals for the AGM's decisions regarding guidelines for remuneration to senior executives of the company, remuneration and other employment conditions for the company's CEO and other senior executives; to follow and evaluate variable remuneration for senior management; and to follow and evaluate the application of guidelines for remuneration to senior executives and current remuneration structures and levels within the company. The Remuneration Committee is further tasked with monitoring and regularly evaluating current and concluded programs for variable remuneration to senior executives and with preparing questions on proposals for future incentive programs. The Remuneration Committee met two (2) times during the year to discuss existing compensation systems in the company, proposals for guidelines for the CEO and senior executives as well as guidance for future share-based incentive programs, which will be presented at the AGM in April 2019 for shareholder approval.

For information about salaries and remuneration to the CEO and senior executives, see Note 5 in the 2018 Annual Report.

		Independence in relation to the		Compensation, KSEK				
	Function	Company	Owners	Board fees	Audit Committee	Remuneration Committee	Scientific Committee	Total
Michael Oredsson[1]	Chairman	Yes	Yes	400	35	15		450
Charlotte Edenius	Board member	Yes	Yes	125			25	150
Steven Glazer	Board member	Yes	Yes	125			50	175
Magnus Nilsson	Board member	Yes	Yes	125		15		140
Magnus Persson	Board member	Yes	Yes	125	15		25	165
Kerstin Valinder Strinnholm	Board member	Yes	Yes	125	15	35		175
Agneta Edberg[2]	Chairman	Yes	Yes	-	-	-	-	-
Martin Lindström[3]	Board member	Yes	No	-	-	-	-	-

	Attendance			
	Board[4]	Audit Committee	Remuneration Committee	Scientific Committee
Michael Oredsson[1]	8/10	4/6[5]	2/2	
Charlotte Edenius	10/10			5/5
Steven Glazer	10/10			5/5
Magnus Nilsson	8/10	2/6[6]	2/2	
Magnus Persson	10/10	4/6[7]		5/5
Kerstin Valinder Strinnholm	10/10	4/6[8]	2/2	
Agneta Edberg[2]	2/10	2/6[9]		
Martin Lindström[3]	2/10	2/6[10]		

CEO and management

The CEO is responsible for the ongoing management and development of Immunicum in accordance with applicable legislation and rules, including Nasdaq Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code and the guidelines, instructions and strategies established by the Board of Directors. The CEO shall ensure that the Board of Directors has the necessary factual and relevant information to take a well-founded decision. The CEO also monitors compliance with Immunicum's goals, policies and strategic plans established by the Board of Directors and is responsible for informing the Board of Directors about Immunicum's development between Board meetings.

The CEO of Immunicum is Carlos de Sousa. The CEO leads the work in the management team, which is responsible for the overall development of the company's operations and business. In addition to the CEO, management over the year has consisted of Immunicum's Chief Financial Officer (CFO), Chief Medical Officer (CMO), Chief Scientific Officer (CSO), Head of CMC, Head of Regulatory Affairs and Senior Director Business Development (a total of seven individuals). A presentation of Carlos de Sousa can be found in the section Organization on page 36-37 in the Annual Report.

1. Chairman elected at the Annual General Meeting on April 25, 2018
2. Chairman until the Annual General Meeting on April 25, 2018
3. Board member until the Annual General Meeting April 25, 2018
4. Excluding per capsulam meetings
5. Elected Chairman of the Audit Committee at the Annual General Meeting on April 25, 2018
6. Member of the Audit Committee until the Annual General Meeting on April 25, 2018
7. Elected member of the Audit Committee at the Annual General Meeting on April 25, 2018
8. Elected member of the Audit Committee at the Annual General Meeting on April 25, 2018
9. Member of the Audit Committee until the Annual General Meeting on April 25, 2018
10. Member of the Audit Committee until the Annual General Meeting on April 25, 2018

Remuneration

Remuneration to the members of the Board of Directors

The Nomination Committee, which is appointed according to the principles approved by the AGM, provides its proposals for fees to the Board of Directors. Fees to the Board are payable pursuant to a resolution adopted by the AGM and are presented in the table on the previous page.

Remuneration to senior management

Remuneration issues for senior executives are addressed by the Board of Directors' Remuneration Committee. The Board of Directors decides the CEO's remuneration based on the proposal from the Remuneration Committee. Remuneration and terms for senior executives are to be based on market conditions and a balanced mix of a fixed annual salary, variable salary, pension benefits, other benefits and terms and conditions upon termination of employment.

Guidelines for remuneration to senior executives 2018

Deviations from the guidelines

The Board of Directors is entitled to deviate from the guidelines if justified due to special circumstances in the individual case.

Immunicum has deviated from Rule 9.5 of the Code in that the variable cash remuneration which may be paid to the company's CEO in conjunction with the sale of all or the majority of the company's assets or intellectual property rights, the licensing of the company's intellectual property rights or other similar transactions does not contain a monetary limit for the maximum outcome but is instead calculated as a fixed percentage. The deviation was necessary due to the need to recruit a CEO with the right experience and competence for the next phase of Immunicum's development.

According to the guidelines for remuneration to senior executives that were adopted at the AGM on 25 April 2018, Immunicum shall offer a total compensation package at market level that enables the recruitment and retention of qualified senior executives. Compensation to the senior executives shall be comprised of a fixed salary, variable salary based on the individual's achievement of goals and other benefits. If the Board of Directors considers that new share-based incentive schemes – for example, employee share options – should be introduced, the Board of Directors shall propose that such schemes are resolved upon by the general meeting.

Fixed salary

The fixed salary shall take into account the individual's performance in the position considering the areas of responsibility and experience. Evaluation and reconsideration is normally made annually.

Variable salary

The variable salary shall, if applicable, be based on the individual's achievement of qualitative and quantitative goals. The variable part of the salary can, for the CEO, amount to a maximum of 35 percent of the fixed annual salary and for other senior executives to a maximum of 20 percent of the fixed annual salary.

Pension

Pension benefits shall be premium-based. The pension premiums shall, for the CEO, be a maximum of 30 percent of the fixed monthly salary and for other senior executives a maximum of 25 percent of the fixed monthly salary.

Severance pay, etc.

The notice period for senior executives shall be a maximum of twelve months. Severance payments shall not be made. However, the CEO can be entitled to extraordinary compensation of a maximum of one year's salary in the event of a change of ownership whereby the company is wholly acquired or taken over.

Other benefits

The senior executives are entitled to other customary benefits, such as corporate health care.

Preparation and decision-making process

The CEO's compensation shall be prepared and resolved upon by the Board of Directors. Other senior executives' remuneration shall be prepared by the CEO who shall propose remuneration to the Board of Directors for approval. The Board of Directors is entitled to deviate from the aforementioned guidelines if justified due to special circumstances in the individual case.

External auditor

The company's auditor is elected by the AGM. Immunicum's auditor is the registered accounting firm KPMG AB. Authorized public accountant Jan Malm is the auditor-in-charge.

The external audit plan and risk management are discussed with the Audit Committee. The auditors perform a general review of the quarterly report for the third quarter and audit the annual accounts. The auditors also express an opinion as to whether this corporate governance report has been prepared and whether certain information contained within it is compatible with the annual accounts. The auditors report the result of their audit of the annual accounts and their review of the corporate governance report in the audit report and the corporate governance report as well as in a special opinion on compliance with remuneration of senior executives, which are presented to the AGM. In addition, the auditors submit accounts of performed reviews to the Audit Committee and to the Board of Directors in its entirety.

The fees invoiced by the auditors for the last two financial years are reported in Note 4 in the 2018 Annual Report.

Internal control and risk management

The overall purpose of the internal control is to ensure to a reasonable degree that the company's operative strategies and goals are followed up and that the owners' investments are protected. The internal control is also to ensure that the external financial reporting is to a reasonable degree reliable and prepared in accordance with good accounting practice, that applicable laws and regulations are followed, and that the demands made on listed companies are met. At Immunicum, internal control of the financial reporting is, for example, directed at ensuring an effective and reliable handling and reporting of accrued costs.

The internal control environment is largely comprised of the following five elements: control environment, risk assessment, control activities, information and communication, and follow-up.

Control environment

The control environment at Immunicum constitutes the frame for the direction and culture communicated to the organization by the company's Board and management. Internal management and control in accordance with accepted frameworks are a prioritized area of the management work. Immunicum's Board and management define and shape decision pathways, powers and responsibilities which are clearly defined and communicated in the organization. The company's Board also strives to ensure that steering documents such as internal instructions and policies cover identified significant areas and that they provide the right guidance to the different senior executives in their work at the company.

Risk assessment

Immunicum's Board works continuously and systematically with risk assessments in order to identify risks and take appropriate measures in respect of these. The company has an annual risk process in place where risks are identified from a company perspective to provide an overview of the most important risks for Immunicum, which are followed up by the management team during the year. Each identified risk is to be documented with a potential action plan to reduce risk whenever possible. The risk assessment is also designed to identify such risks that significantly impact the internal control of the financial reporting.

Control activities

The primary purpose of the control activities is to prevent, discover and rectify errors in the financial reporting. Routines and activities have been designed to manage and deal with significant risks which are related to the financial reporting. The activities include analytical follow-up and comparison of earnings trends or items, reconciliation of accounts and balance sheet specifications, as well as approval of all bank transactions and cooperation agreements, powers of attorney and authorization instructions, and accounting and valuation principles. Access to financial systems is restricted according to authority, responsibility and role.

Information and communication

In addition to the very high demands made by Nasdaq Stockholm and supervisory authorities regarding the scope and accuracy of information, Immunicum has internal control functions for information and communication in place to ensure that correct financial and other company information is communicated to coworkers and other stakeholders.

The company's internal instructions and policies are available to all coworkers and give detailed information about routines that apply in all parts of the company, and describe the control functions and how they are implemented.

The security around all information that can affect the company's market value and ensuring that such information is communicated externally in a correct and timely manner are cornerstones in the company's commitment as a listed company. These two factors and the routines for managing them ensure that the financial reports are received by the financial market's actors at the same time and present a true and fair view of the company's financial result and position.

Follow-up

Compliance with internal policies, directives, guidelines and codes, and the suitability for purpose and functionality of established control activities are followed up continuously. Measures and routines in respect of the financial reporting are subjected to continuous follow-up. The CEO ensures that the Board of Directors constantly receives reports on the development of the company's operations, including the development of the company's results and position as well as information about important events including research results and important agreements. The Board reviews the Annual Report and interim reports prior to their publication. The Board meets the company's auditors once a year to discuss the internal control and the financial reporting.

Special assessment of the need for internal audit

Immunicum has no special scrutinizing function (internal audit). The company has an uncomplicated legal and operative structure in which the Board continually follows up the company's internal control in conjunction with external and internal financial reporting. In addition, the audit committee monitors the efficiency of the internal control and the risk management of the financial reporting. In light of the foregoing, the Board of Directors has decided not to establish a separate internal audit function, but shall evaluate the matter annually.

External audit

The company's auditor is appointed by the AGM for the period until the close of the next AGM. The auditor shall review the Annual Report and financial accounts plus the management by the Board of Directors and the CEO. Following each financial year, the auditor is to submit an audit report to the AGM. Every year, the company's auditors report their findings and their assessments of the company's internal controls to the Board of Directors.

Stockholm April 2, 2019

Michael Oredsson
CHAIRMAN OF THE BOARD

Charlotte Edenius
BOARD MEMBER

Steven Glazer
BOARD MEMBER

Magnus Nilsson
BOARD MEMBER

Magnus Persson
BOARD MEMBER

Kerstin Valinder Strinnholm
BOARD MEMBER

Carlos de Sousa
CHIEF EXECUTIVE OFFICER

Auditor's report on the corporate governance statement

To the general meeting of the shareholders in Immunicum AB, corporate identity number 556629-1786

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2018 and that has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been 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.

Opinions

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

Stockholm den 2 April 2019
KPMG AB

Jan Malm
Authorized Public Accountant

Sven Cristea
Authorized Public Accountant

Welcome to the 2019 Annual General Meeting

» **Immunicum's Annual General** Meeting will be held on April 25, 2019 at the Sturegatan 15 conference and event center, Sturegatan 15, Stockholm at 10:30 a.m. Coffee will be served from 10:00 a.m., when registration begins. Shareholders who wish to participate shall be registered in the shareholders' register maintained by Euroclear by April 17, 2019.

Notification

Notification of attendance at the Annual General Meeting must be submitted no later than April 17, 2019

Notification must be made in writing to Immunicum AB (publ), Östermalmstorg 5, SE-114 42 Stockholm or via email to info@immunicum.com

In the notification, the shareholder shall provide:

- Name
- Personal/Corporate Registration Number
- Address and daytime telephone number
- Number of shares
- Where appropriate, information about any proxies/assistants

Nominee-registered shares

To be eligible to participate in the Annual General Meeting, shareholders whose shares are registered in the name of a nominee must request that their shares be temporarily re-registered in their own names. Shareholders who require such re-registration, a voting rights registration, must inform their trustees of this well in advance of April 17, 2019, the date at which such re-registration must be completed.

Proxy

Shareholders who will be represented by a proxy must issue a written, signed and dated power of attorney. If the power of attorney is issued by a legal entity, a certified copy of relevant registration certificates for the legal entity (or an equivalent document for foreign legal entities) must be attached to the power of attorney. Power of attorney is valid for one year after issuing, or the longer applicable period given in the document, though no longer than five years.

Shareholder information

Interim reports, annual reports, and Immunicum's press releases are available at Immunicum.se and can be ordered from Immunicum AB, Östermalmstorg 5, SE-114 42 Stockholm. A printed version of the 2018 Annual Report is available upon request, and is always available for download at Immunicum.se

Calendar

- Annual General Meeting, April 25, 2019
- Interim report Q1 2019, April 25, 2019
- Interim report Q2 2019, August 13, 2019
- Interim report Q3 2019, November 6, 2019
- Year-end report for 2019, February 18, 2020

Contact information:

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E-mail: info@Immunicum.com • Website: Immunicum.se

IMMUNICUM
INNOVATION IN IMMUNO-ONCOLOGY

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