

ImmuPharma PLC
("ImmuPharma" or the "Company")

Subscription to raise £1.5 million
To fund expansion of R&D pipeline

ImmuPharma PLC (LSE AIM: IMM - Euronext Growth: ALIMM), the specialist drug discovery and development company, is pleased to announce subscriptions to raise £1.5 million (the "Subscriptions") through the issue of 15,000,000 new ordinary share of 10 pence each in the Company ("Ordinary Shares") (the "Subscription Shares") at a price of 10p per Ordinary Share ("Issue Price"). The Subscriptions comprise a £200,000 subscription from Dr Robert Zimmer, (Director, President & Chief Scientific Officer of ImmuPharma) through Luca and Associates AG ("Luca") (a company to which he is connected) and a £1.3 million subscription with Lanstead Capital Investors L.P. ("Lanstead"), an institutional investor and substantial shareholder, together with a related sharing agreement, to raise in aggregate £1.5 million before expenses.

Highlights

- Subscription for 2,000,000 new Ordinary Shares (the "Luca Subscription") by Luca and Associates AG at an issue price of 10 pence per Subscription Share to raise gross proceeds of £200,000 (the "Luca Subscription").
- Subscription for 13,000,000 new Ordinary Shares (the "Lanstead Subscription Shares") by Lanstead at an issue price of 10 pence per Subscription Share to raise gross proceeds of £1.3 million (the "Lanstead Subscription").
- Further supportive investment in the Company by Lanstead following the £4.43 million investment and sharing agreement in February 2016, from which ImmuPharma ultimately received just over £5.0 million from Lanstead, and the £2.66 million investment in June 2019 which was invested in an ongoing sharing agreement with Lanstead, which is also currently ahead on cumulative settlements to date.
- The Issue Price represents a 6.45 per cent. discount to the closing price (of 10.69p) of the Ordinary Shares on 27 March 2020, the latest business date prior to the Subscription.
- The £1.3 million gross proceeds of the Lanstead Subscription will be pledged by the Company pursuant to a sharing agreement with Lanstead (the "Sharing Agreement"). The Sharing Agreement, details of which are set out below, entitle the Company to receive back those proceeds on a *pro rata* monthly basis over a period of 24 months, subject to adjustment upwards or downwards each month depending on the Company's share price at the time. The Sharing Agreement provides the opportunity for the Company to benefit from positive future share price performance.
- The Company has also agreed to issue to Lanstead 650,000 new Ordinary Shares (the "Value Payment Shares") in connection with the Sharing Agreement.
- The proceeds of the Subscriptions receivable by the Company, of £1.5 million, of which £1.3m is subject to the Sharing Agreement, will be used primarily to fund:

- Expansion of the Company's R&D programmes (see below); and
- General working capital.

Update on R&D Programmes

ImmuPharma's pipeline will now comprise four therapy areas, which are Autoimmunity; Anti-Infectives; Metabolism and Cancer.

Highlights:

- Strengthened advisory team for Lupuzor™ international Phase III trial;
- Proof of Concept study planned for Lupuzor™ in CIDP patients;
- 3 new Anti-Infective programmes; and
- New BioGlucagon product, with a potential market launch date in 2022.

Autoimmunity | Lupuzor™ for Lupus and CIDP

Lupus

The Company continues positively with its collaboration with our exclusive US partner Avion Pharmaceuticals LLC ("Avion"), who is fully funding the new optimised international Phase III trial for Lupuzor™ in lupus.

Recently, Avion has strengthened its team of advisors for the Phase III trial, entering into a collaboration with a leading lupus patient group and the formation of a Board of Key Opinion Leaders ("KOLs"), all of whom are senior respected consultants within the lupus and autoimmune community in the US and Europe.

In consultation with these advisors, a number of key decisions will now be made and next steps agreed in advance to meeting with the Food & Drug Administration (FDA). These will include:

- Agreeing the structure of the optimised international Phase III Lupuzor™ trial;
- Agreeing on the demographics and patient inclusion criteria; and
- Guidance on key territories where the trial will be conducted

Once the Phase III trial has commenced, these advisors will together provide:

- The support and expedition to identify and recruit the most appropriate lupus patients for the trial and;
- Promotion to patient steering groups to raise awareness of Lupuzor™ to lupus patients and their clinicians throughout the duration of the trial.

Discussions continue with potential partners for Lupuzor™ outside of the US.

Chronic Inflammatory Demyelinating Polyneuropathy ("CIDP")

Outside of lupus the unique mechanism of action of Lupuzor™ (also known as Forigerimod or P140) has demonstrated in a number of pre-clinical trials that it has the potential to also be effective within other auto-immune diseases. One disease of key interest to ImmuPharma's team is Chronic

Inflammatory Demyelinating Polyneuropathy (“CIDP”) where compelling pre-clinical data* has been generated. CIDP could potentially be granted ‘Orphan Drug Designation’ due to the unmet clinical need and with around 50,000 to 100,000 confirmed cases in the US and Europe, which would provide a fast approval process. The sales potential however could be greater than \$500 million annually, with currently no effective approved drug on the market.

ImmuPharma is planning to commence a Proof of Concept study in CIDP patients based on the strong data already gained within the Company’s lupus dossier.

*Results were published in 2018 in the ‘Journal of Autoimmunity’ entitled: “An autophagy-targeting peptide to treat chronic inflammatory demyelinating polyneuropathies”. This paper is available to review on line at the Journal of Autoimmunity: <https://doi.org/10.1016/j.jaut.2018.05.009>.

Anti-Infectives

Why Anti-Infectives?

There is growing resistance to antibiotics and antifungal agents, and more recently the Covid-19 outbreak has highlighted mankind’s unpreparedness and susceptibility to more aggressive infectious microorganisms, not only from a health perspective but also from an economic and social impact. Surviving cancer and other fatal diseases is undoubtedly vital but without sufficient ammunition against bugs (viral, fungal or bacterial,) we survive to face a bigger problem.

The World Health Organisation has stated that resistance to antibiotics is one of the biggest threats to global health, costs and mortality. Pandemic disease events could cost the global economy over \$6 trillion in the 21st century (National Academy of Medicine: 2016).

However, despite the obvious threats to the health and wellbeing of the world’s population, anti-infectives is a therapy area that attracts one of the lowest R&D spends in the biopharma industry. For example, there are three trials in oncology for one in anti-infectives, even though anti-infective drug development is faster and less expensive. Trials are generally much shorter for anti-infection versus chronic disease. So, this is an attractive therapy area for speed to market and lower cost of trials.

Antiviral opportunity

The Company through its subsidiary UREkA Pharma has recently become a partner in a consortium dedicated to the development of novel peptides intended to block the fusion of COVID-19 and other viruses to the target cell, an approach similar to Fuzeon (enfuvirtide) by Roche.

Drugs that target viral entry into the host cell have been proven effective against a wide range of viral diseases. The aim is to apply the results of fundamental research to the development of novel inhibitors of SARS-CoV-2 entry into target cells using the Urelix™ patented technology of UREkA Pharma together with contributions from the other members of the consortium. The strategy is based on inhibiting viral entry, using peptides specific for the viral fusion protein.

Anti-fungal opportunity | ‘BioAMP-B’

ImmuPharma has recently developed BioAMP-B, a novel peptide-based drug that offers a potential improvement on Amphotericin-B (“Amp-B”). Amp-B is one of the few effective treatments for many serious and life threatening fungal infections such as aspergillosis (lung infection). However, the

leading AMP-B, 'Ambisome' is known to cause serious kidney toxicity in 14-15% of patients. ImmuPharma's BioAMP-B's target profile has a superior safety profile to Ambisome. Sales of Ambisome in 2019 were \$407 million. Next step is lead candidate optimisation.

Anti-bacterial opportunity | 'IPP-203101'

IPP-203101 is ImmuPharma's novel peptide-based antibiotic for the treatment of MRSA ("methicillin-resistant Staphylococcus aureus" or "superbug") and other severe and hospital acquired multi-resistant infections. MRSA infections are increasingly resistant to even the last lines of drug defence such as 'vancomycin' and 'teicoplanin', which are two commonly used antibiotics. IPP-203101 causes bacterial cell death by a two-step mechanism involving interaction with the lipid component of the membrane followed by membrane breakdown. IPP-203101's target profile is to be as efficacious as vancomycin, but with a better safety profile, weekly administration, less susceptible resistance and a better efficacy profile for certain strains. Next step is lead candidate optimisation.

Metabolism | BioGlucagon

ImmuPharma has developed its product, BioGlucagon, as a potential new rescue therapy for low sugar events in diabetes. Existing glucagon products have poor solubility and are inconvenient with variable dosing due to poor solubility creating risks for patients. BioGlucagon has 100% solubility, can be formulated in pre-filled syringe pens and could be used in insulin pumps. The next step will be to progress towards a bio equivalence study for BioGlucagon, which if successful could result with a potential market launch date in 2022.

Commenting, ImmuPharma's Chairman, Tim McCarthy, said:

"We are delighted to receive further investment from Lanstead, who remain a long term supporter and significant institutional shareholder in ImmuPharma. We also recognise the further investment from our President and Chief Scientific Officer, Dr Robert Zimmer, who similarly is a significant shareholder in the Company.

"It is important to recognise the continuing support of Lanstead as a long term shareholder in ImmuPharma, which has been demonstrated since their initial involvement in 2016. They remained committed to maintaining a significant shareholding within the Company into 2018, after the Sharing Agreement was completed in 2017 and again supported the Company with a further investment in 2019.

"We believe that this latest investment from Lanstead is a strong endorsement of ImmuPharma and in support of their own carefully developed investment strategy of only supporting companies and technology platforms which have substantial future accretive opportunities.

"The proceeds from these investments by Dr Zimmer and Lanstead, together with existing cash resources, will support the significant expansion of our R&D pipeline.

"We look forward to continuing our long and beneficial relationship with Lanstead which ultimately is focused on creating greater value for shareholders over the medium and long term."

Further information on the Luca Subscription

Pursuant to a subscription agreement between the Company and Luca and Associates AG (the "Luca Subscription Agreement"), 2,000,000 new Ordinary Shares (the "Luca Subscription Shares") have been allotted and will be issued to Luca and Associates AG at 10 pence per Subscription Share for an aggregate subscription price of £200,000.

The Luca Subscription is conditional, *inter alia*, on Admission. Admission and dealings in the Luca Subscription Shares is expected to commence at 8.00am on or around Thursday 2 April 2020.

Further information on the Lanstead Subscription

Pursuant to the subscription agreement between the Company and Lanstead (the "Lanstead Subscription Agreement"), 13,000,000 new Ordinary Shares have been allotted and will be issued to Lanstead at 10 pence per Subscription Share for an aggregate subscription price of £1.3 million before expenses.

The Lanstead Subscription proceeds of £1.3 million will be pledged to Lanstead under the Sharing Agreement under which Lanstead will then make, subject to the terms and conditions of that Sharing Agreement, monthly settlements (subject to adjustment upwards or downwards) to the Company over 24 months, as detailed below. As a result of entering into the Sharing Agreement, the aggregate amount received by the Company under the Lanstead Subscription and the related Sharing Agreement may be more or less than £1.3 million, as further explained below.

The Lanstead Subscription Shares will rank *pari passu* with the existing Ordinary Shares and application has been made to the London Stock Exchange for admission of the Subscription Shares to trading on AIM ("Admission"). The Lanstead Subscription is conditional, *inter alia*, on Admission and there being: (i) no breach of certain customary warranties given by the Company to Lanstead at any time prior to Admission; and (ii) no force majeure event occurring prior to Admission. Admission and dealings in the Lanstead Subscription Shares is expected to commence at 8.00am on or around Thursday 2 April 2020.

The Sharing Agreement

As part of the Lanstead Subscription, the Company has entered into the Sharing Agreement, pursuant to which ImmuPharma will pledge the £1.3 million gross proceeds of the Lanstead Subscription to Lanstead. The Sharing Agreement will enable the Company to share in any share price appreciation over the Benchmark Price (as defined below). However, if the Company's share price is less than the Benchmark Price then the amount received by the Company under the Sharing Agreement will be less than the gross proceeds of the Lanstead Subscription which were pledged by the Company to Lanstead at the outset.

The Sharing Agreement provides that the Company will receive 24 equal monthly settlement amounts (of £54,166) as measured against a benchmark share price of 13.3333 pence per Ordinary Share (the "Benchmark Price"). The monthly settlement amounts for the Sharing Agreement are structured to commence approximately three months (or earlier by agreement with Lanstead) following the admission to AIM of the Lanstead Subscription Shares.

If the measured share price (the "Measured Price"), calculated as the average volume weighted share price (VWAP) of the Company's Ordinary Shares over a 20 day period prior to the monthly settlement date, exceeds the Benchmark Price, the Company will receive more than 100 per cent. of that monthly settlement due on a *pro rata* basis according to the excess of the Measured Price over the Benchmark

Price. There is no upper limit placed on the additional proceeds receivable by the Company as part of the monthly settlements and the amount available in subsequent months is not affected. Should the Measured Price be below the Benchmark Price, the Company will receive less than 100 per cent. of the monthly settlement calculated on a *pro rata* basis and the Company will not be entitled to receive the shortfall at any later date. As such the final determination of the total amounts to be received under the Sharing Agreement will only be known after the 24 months have elapsed.

For example, if on a monthly settlement date the calculated Measured Price exceeds the Benchmark Price by 10 per cent., the settlement on that monthly settlement date will be 110 per cent. of the amount due from Lanstead on that date. If on the monthly settlement date the calculated Measured Price is below the Benchmark Price by 10 per cent., the settlement on the monthly settlement date will be 90 per cent. of the amount due on that date. Each settlement as so calculated will be in final settlement of Lanstead's obligation on that settlement date.

Assuming the Measured Price equals the Benchmark Price on the date of each and every monthly settlement, ImmuPharma would receive aggregate proceeds of £1.3 million (before expenses) from the Lanstead Subscription and Sharing Agreement. Examples of the proceeds from the Sharing Agreement to be received each month, based upon varying levels of average share price in the month, are shown in the Appendix to this announcement

The Company will pay Lanstead's legal costs incurred in the Subscription and in entering into the Sharing Agreement and, in addition, has agreed to issue to Lanstead 650,000 new Ordinary Shares ("Value Payment Shares") in connection with entering into the Sharing Agreement.

In no event will fluctuations in the Company's share price result in any increase in the number of Lanstead Subscription Shares issued by the Company or received by Lanstead. The Sharing Agreement allows both Lanstead and the Company to benefit from future share price appreciation.

In total, Lanstead will be issued with 13,650,000 new Ordinary Shares pursuant to the Lanstead Subscription which, when issued, will equate to approximately 7.46 per cent of the Company's Enlarged Issued Share Capital. No shares, warrants or additional fees are owed to Lanstead at any point during this agreement other than those disclosed above.

Related Party Transactions

Dr Robert Zimmer is a Director of the Company, and is interested in 25,344,514 (including related party) ordinary shares (representing 15.14% of the current issued share capital). Luca and Associates AG is connected to Dr Zimmer as he is a shareholder and President of Luca.

Lanstead is a substantial shareholder in the Company, and is interested in 23,193,490 Ordinary Shares (representing 13.86% of the current issued share capital).

The participation by Lanstead in the Lanstead Subscription and by Luca in the Luca Subscription therefore constitute related party transactions under the AIM Rules for Companies.

Lanstead Subscription

Having consulted with SPARK Advisory Partners, the Company's nominated adviser, the Directors of the Company (all of whom are independent of Lanstead) consider that the terms of Lanstead's participation in the Lanstead Subscription are fair and reasonable insofar as Shareholders are concerned.

Luca Subscription

Dr Zimmer is not considered independent in relation to the consideration of the Luca Subscription under AIM Rule 13. Therefore Tim McCarthy, Dimitri Dimitriou, Franco di Muzio and Stephane Mery, who are considered to be independent directors of the Company for this purpose, have considered the participation of Luca in the Luca Subscription. Having consulted with SPARK Advisory Partners, the Company's nominated adviser, the independent directors consider that the terms of Luca's participation in the Subscription are fair and reasonable insofar as Shareholders are concerned.

Issue of Warrants

In connection with its services in relation to the Lanstead Subscription, the Company has issued warrants over 915,205 Ordinary Shares with an exercise price of 10 pence per share to Stanford Capital Partners Limited, the Company's broker. These shares have an exercise period expiring on 1 April 2030.

Total Voting Rights

Following Admission the Company's enlarged issued share capital will comprise 183,010,920 Ordinary Shares with voting rights. The figure of 183,010,920 Ordinary Shares may therefore be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 ("MAR"). In addition, market soundings (as defined in MAR) were taken in respect of the Subscription with the result that certain persons became aware of inside information (as defined in MAR), as permitted by MAR. This inside information is set out in this Announcement. Therefore, those persons that received inside information in a market sounding are no longer in possession of such inside information relating to the Company and its securities.

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Notes to Editors**About ImmuPharma PLC**

ImmuPharma PLC (LSE AIM: IMM - Euronext Growth: ALIMM) is a specialty biopharmaceutical company that discovers and develops peptide-based therapeutics. The Company's portfolio includes novel peptide therapeutics for autoimmune diseases, metabolic diseases and cancer. The lead program, Lupuzor™, is a first-in class autophagy immunomodulator which is in Phase III for the treatment of lupus and preclinical analysis suggest therapeutic activity for many other autoimmune diseases that share the same autophagy mechanism of action. ImmuPharma and Avion Pharmaceuticals signed on 29 November 2019, an exclusive licence and development agreement and trademark agreement for Lupuzor™ to fund a new international Phase III trial for Lupuzor™ and commercialise in the US. For additional information about ImmuPharma please visit www.immupharma.com. ImmuPharma's LEI (Legal Entity Identifier) code: 213800VZKGHXC7VUS895.

About Lanstead

Lanstead is an institutional investor that since 2007 has provided funding for ongoing business objectives to listed small and mid-cap growth companies. Lanstead focuses on equity investments in listed companies with management teams with a clear growth strategy.

Lanstead's extensive experience allows it to invest in most industries, focusing on providing supportive, longer term capital that rewards company growth. Companies with Lanstead on the shareholder register via an equity placement to Lanstead with an accompanying sharing agreement benefit from a unique and flexible approach to finance growth. This provides the opportunity for companies to benefit from additional cash beyond the original placing proceeds without having to issue additional shares.

Further information is available at www.Lanstead.com

Appendix – example of Lanstead sharing agreement

In relation to each of the months in the 24 month calculation period:

20 day VWAP

12.00p

13.3333p

14.6666p

Benchmark Price	13.3333p	13.3333p	13.3333p
20 day VWAP as % of Benchmark Price	90%	100%	110%
Settlement in the month	£48,750	£54,166	£59,583
Proceeds over 24 month period if 20 day VWAP is at this level for the entire period	£1.17m	£1.30m	£1.43m