

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

Placing to raise £6.5 million – update; related party transaction

The Company announces that admission of the Placing Shares issued in the Placing (as defined in the announcement of 2 September 2020) which was expected to take place at 8.00am on or around 7 September 2020 is now expected to take place at 8.00 am on Tuesday 8 September. The Company also announces it has varied the terms of its Sharing Agreements with Lanstead Capital Investors L.P. ("Lanstead").

Background

On 11 June 2020, the Company announced strategic investments from L1 Capital Global Opportunities Master Fund ("L1") and Lind Global Macro Fund, managed by The Lind Partners ("Lind") comprising an issue of unsecured convertible securities and associated options (the "L1 and Lind Securities").

Following the announcement of the Placing, the Company announced on 3 September 2020 that L1 had converted \$150,000 (plus accrued but unpaid interest) of their convertible security at a conversion price of 11p per share (the "Conversion").

The Company has previously undertaken with Lanstead two Subscriptions (and related sharing agreements ("Sharing Agreements") of £2.66m and £1.3m which were announced on 26 June 2019 and 30 March 2020 respectively). Summary details of the respective Sharing Agreements relating to these Subscriptions are set out below.

As a consequence of the L1 and Lind Securities, discussions have been held with Lanstead as to whether this resulted in the Benchmark Price referred to in the Sharing Agreements being increased from 13.3333 pence. Having taken legal advice, and after consultation with Lanstead, it has been agreed to vary the Sharing Agreements Benchmark Price to 20 pence whilst confirming that the Benchmark Price will not change again as a result of the arrangements with L1 and Lind unless (i) the conversion price in respect of the L1 and Lind convertible securities or the option exercise price in respect of the associated options is adjusted downwards below 11 pence or (ii) the principal amount of the convertible securities or (save in respect of any capital adjustment as envisaged by the Sharing Agreements) the number of shares subject to the options are increased (or any other modification or adjustment to or under the convertible securities that has a comparable effect to any of the foregoing).

Notwithstanding the increase in the Benchmark Price, the Company confirms the statement made in the announcement of 2 September 2020 that:

"taking into account existing cash resources and the expected net proceeds, the Company expects to have sufficient cash resources to fund operations through the end of 2023."

Receipts under the Sharing Agreements to date

In relation to the 26 June 2019 Sharing Agreement, the Company has to date received £1.315 million following 11 monthly settlements. This has resulted in the Company receiving a total of £97,000 in additional proceeds compared to the Benchmark Price of 13.3333 pence. 13 monthly settlements remain outstanding on this Sharing Agreement.

In relation to the 30 March 2020 Sharing Agreement, the Company has to date received £0.117 million following 2 monthly settlements. This has resulted in the Company receiving a total of £9,000 in additional proceeds compared to the Benchmark Price of 13.3333 pence. 22 monthly settlements remain outstanding on this Sharing Agreement.

There is no change or adjustment to the monthly settlements already received by the Company as a result of the increase of the Benchmark Price from 13.3333 pence to 20 pence. The Benchmark Price of 20p only applies to the future 13 and 22 monthly settlements under the respective Sharing Agreements.

Effect of increase in Benchmark Price

The effect of the increase in the Benchmark Price from 13.3333 pence to 20 pence is that the Company will receive less funds in future under the Sharing Agreements compared to the situation if the Benchmark Price had remained at 13.3333 pence.

The actual amount of the total proceeds under the Sharing Agreements is not determined until the full 24 months of each Sharing Agreement has completed, as each monthly settlement is determined by reference of the Benchmark Price to the measured share price (the "Measured Price") which is 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. (Examples are shown further below).

Notwithstanding, that to date (due to the fact that on an accumulative basis, the Measured Price has exceeded the Benchmark Price) the Company has received a total of £106,000 in additional proceeds under the Sharing Agreements, the Company's forward looking working capital forecasts have been modelled assuming that the Measured Price and Benchmark Price are the same.

Using the same assumption that for all of the remaining months covered by the Sharing Agreements, the Measured Price is 13.3333 pence and the new Benchmark Price is 20 pence this would result in the Company receiving c£1.3m less proceeds over the period.

Related Party Transaction

Lanstead is a substantial shareholder in the Company and is interested in 26,628,573 Ordinary Shares (representing 14.55% of the current issued share capital before the admission of the Placing Shares). As such Lanstead is a related party under the AIM Rules for Companies and the variation to the terms of the Lanstead Sharing Agreements constitutes a related party transaction.

The Directors of the Company (all of whom are independent of Lanstead), having consulted with SPARK Advisory Partners, the Company's nominated adviser, consider that the variation to the terms of the Lanstead Sharing Agreements are fair and reasonable insofar as Shareholders are concerned.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 ("MAR").

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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.

Extracts from the Sharing Agreement (26 June 2019) (definitions as per the announcement of 26 June 2019)

“The Sharing Agreement provides that the Company will receive 24 equal monthly settlement amounts of £110,688 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 two months following the admission to AIM of the Subscription Shares.

If the measured share price (the "Measured Price"), calculated as the average volume weighted share price of the Company's Ordinary Shares over a period of 20 trading days 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.

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 £2.66 million (before expenses) from the Subscription and Sharing Agreement.”

Examples of calculation of receipts in each of the remaining 13 months of the 26 June 2019 Sharing Agreement:

<i>20 day VWAP (Measured Price)</i>	<i>13.3333p</i>	<i>20p</i>	<i>30p</i>
<i>Benchmark Price</i>	<i>20p</i>	<i>20p</i>	<i>20p</i>
<i>Measured Price as % of Benchmark Price</i>	<i>67%</i>	<i>100%</i>	<i>150%</i>
<i>Settlement in the month</i>	<i>£55,345</i>	<i>£110,688</i>	<i>£166,032</i>
<i>Total proceeds over 13 month period if Measured Price is at this level for the entire period</i>	<i>£0.719m</i>	<i>£1.44m</i>	<i>£2.158m</i>

Extracts from the Sharing Agreement (30 March 2020) (definitions as per the announcement of 30 March 2020)

“The Sharing Agreement provides that the Company will receive 24 equal monthly settlement amounts (of £ 54,167) 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.”

Examples of calculation of receipts in each of the remaining 22 months of the 30 March Sharing Agreement:

<i>20 day VWAP (Measured Price)</i>	<i>13.3333p</i>	<i>20p</i>	<i>30p</i>
<i>Benchmark Price</i>	<i>20p</i>	<i>20p</i>	<i>20p</i>
<i>Measured Price as % of Benchmark Price</i>	<i>67%</i>	<i>100%</i>	<i>150%</i>
<i>Settlement in the month</i>	<i>£27,084</i>	<i>£54,167</i>	<i>£81,251</i>
<i>Total proceeds over 22 month period if Measured Price is at this level for the entire period</i>	<i>£0.596m</i>	<i>£1.19m</i>	<i>£1.788m</i>