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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS STIPULATED UNDER THE UK VERSION OF THE MARKET ABUSE REGULATION NO 596/2014 WHICH IS PART OF ENGLISH LAW BY VIRTUE OF THE EUROPEAN (WITHDRAWAL) ACT 2018, AS AMENDED. ON PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INFORMATION IS CONSIDERED TO BE IN THE PUBLIC DOMAIN. IN ADDITION, MARKET SOUNDINGS WERE TAKEN IN RESPECT OF THE MATTERS CONTAINED IN THIS ANNOUNCEMENT, WITH THE RESULT THAT CERTAIN PERSONS BECAME AWARE OF SUCH INSIDE INFORMATION. UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN AND SUCH PERSONS SHALL THEREFORE CEASE TO BE IN POSSESSION OF INSIDE INFORMATION.



**Subscriptions and Placing to raise £3.55 million; Sharing Agreement;
to fund Investment in R&D pipeline**

**Company's Partner Alora and two longstanding investors including Lanstead to participate at an
Issue price of 11p – 80% premium to current share price**

ImmuPharma PLC (LSE AIM: IMM), the specialist drug discovery and development company, is pleased to announce subscriptions and a placing to raise £3.55 million (the "**Subscription(s)**" and "**Placing**") through the issue of 32,272,727 new ordinary shares of 10 pence each in the Company ("**Ordinary Shares**") at a price of 11 pence per Ordinary Share ("**Issue Price**") utilising the maximum amount of existing authorities to allot shares. The Company has also entered into a sharing agreement ("**Sharing Agreement**") with Lanstead Capital Investors L.P. ("**Lanstead |**").

Highlights

- Subscription for 10,909,091 new Ordinary Shares ("**the Alora Subscription Shares**") by Alora Pharmaceuticals LLC ("**Alora**"), the parent company of Avion Pharmaceuticals LLC ("**Avion**"), with whom the Company signed a licence and development agreement in November 2019 for the exclusive rights to Lupuzor™ in North America (United States), to raise £1.2 million (the "**Alora Subscription**").
- Subscription for 20,000,000 new Ordinary Shares (the "**Lanstead Subscription Shares**") by Lanstead at an issue price of 11 pence per Subscription Share to raise £2.2 million (the "**Lanstead Subscription**").

- Placing of 1,363,636 new Ordinary Shares (“**Placing Shares**”) to raise £0.15 million (the “**Placing**”).
- The Issue Price represents a 80 per cent. premium to the closing mid-market price (of 6.1p) of the Ordinary Shares on 17 December 2021, the latest business date prior to the Subscriptions and Placing.
- The £2.2 million gross proceeds of the Lanstead Subscription will be pledged by the Company pursuant to a Sharing Agreement with Lanstead. The Sharing Agreement, details of which are set out below, entitles 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 monthly settlement amounts for the Sharing Agreement are structured to commence approximately two months (or earlier by agreement with Lanstead) following Admission. 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 each of the Subscribers and Placees warrants (on the basis of 2 warrants for each 1 Subscription Share and Placing Share subscribed). The warrants are exercisable for 10 years at an exercise price of 11 pence, a 80 per cent. premium to the closing mid-market price (of 6.1p) of the Ordinary Shares on 17 December 2021. In total 64,545,454 warrants will be issued under the Subscriptions and Placing.
- The proceeds of the Subscriptions, Placing and Sharing Agreement, will be used primarily to fund:
 - Investment into the Company’s R&D pipeline;
 - General working capital; and
 - Cash expenses associated with the Subscriptions, Placing and Sharing Agreement of c.£189k.

Commenting on the fundraising, Tim McCarthy, CEO of ImmuPharma said:

“Our corporate repositioning since the Board changes in August continues at a pace. These have been recognised by our long term shareholder Lanstead, a firm supporter of ImmuPharma since 2016. We are also delighted that our partner, Alora Pharmaceuticals has also recognised the shift in the Company’s investment and corporate proposition, supporting this fundraising at a significant premium to our current share price, together with Lanstead and another longstanding institutional investor. We as a team, remain committed to reaching key milestones over the next period. This includes taking our lead product, Lupuzor™ into its pivotal Phase 3 study in 2022, progressing our further late stage asset, CIDP, where we are now gaining interest from potential partners to expedite this program and also our earlier stage assets including BioAMB, within our anti-infective portfolio. We look forward to sharing further value enhancing newsflow over the next period.”

Dr Tim Franklin, COO of ImmuPharma, added:

“Our partnership with Alora, a dynamic and fast-growing US company, continues to strengthen and their investment into this Subscription provides a new and exciting turning point for ImmuPharma.

Operationally we can now unlock the value of our rich product portfolio. We are excited to be working ever more closely with Alora's team as we move Lupuzor™ forward towards its Phase 3 clinical trial. Overall, our focus remains on bringing our two late-stage clinical assets, Lupuzor™, and CIDP, closer to the market whilst progressing our earlier stage assets."

Art Deas, CEO of Alora and Avion, further commented:

"We met with ImmuPharma's new management team very recently and were presented with the corporate re-positioning story, since the new Board was established in August. Our previous decision to support the Lupus study and our current decision to invest directly in ImmuPharma, is based on our view that its portfolio has a number of value rich assets which we believe have significant commercial potential. Our commitment to further develop Lupuzor™ remains our key focus. We are however, also very excited about the potential of the other programs in ImmuPharma's portfolio."

Summary background to Avion Pharmaceutical's licensing agreement with ImmuPharma

As previously announced on 28 November 2019, ImmuPharma and Avion signed an exclusive licence and development agreement and trademark agreement for Lupuzor™ to continue developing Lupuzor™ and commercialise the product in the US. ImmuPharma will receive milestone payments of up to \$70 million. A \$5 million milestone payment will be paid on regulatory approval of Lupuzor™ in lupus, and \$65 million will be based on achievement of overall sales targets. ImmuPharma will also receive tiered double-digit royalties up to 17 percent according to pre-specified annual US sales targets. Avion will also have the right to explore clinical development for other auto-immune indications within US territories. Additional milestone payments of \$5 million will be paid to ImmuPharma for each disease indication, outside of lupus, receiving regulatory approval.

Further information on the Alora Subscription and Placing

Alora Subscription

Following a meeting in the US in December between the new management team of ImmuPharma and Art Deas, Alora's Founder & CEO, Alora confirmed that it would like to participate in this Subscription. This investment into ImmuPharma is based on the potential upside and future value creation of the key assets in ImmuPharma's portfolio (including Lupuzor™).

Alora is subscribing for 10,909,091 Subscription Shares to raise £1.2 million. In addition, Alora will receive 21,818,182 warrants.

The Alora Subscription is conditional, *inter alia*, on Admission.

The Alora Subscription Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Company's existing issued Ordinary Shares.

Placing

In parallel, a further longstanding institutional shareholder in ImmuPharma was approached to gauge their interest in participating in the current funding round based on the current valuation and potential

upside of the business over the next period. They too indicated their agreement in participating alongside Alora and Lanstead.

In connection with the Placing, the Company has today entered into the Placing Agreement ("**Placing Agreement**") pursuant to which Stanford Capital Partners Limited ("**SCP**") has agreed, in accordance with its terms, to use reasonable endeavours to procure subscribers for the Placing Shares. **The Placing is not underwritten.**

The Placing Agreement contains certain customary warranties given by the Company concerning the accuracy of information given in this announcement in respect of the Placing as well as other matters relating to the Group and its business. The Placing Agreement is terminable by SCP and SPARK Advisory Partners Limited ("**SPARK**") in certain customary circumstances up until the time of Admission, including, *inter alia*, should there be a breach of a warranty contained in the Placing Agreement which in the opinion of SPARK and SCP is material in the context of the Placing or a force majeure event takes place. The Company has also agreed to indemnify SCP and SPARK against all losses, costs, charges and expenses which SCP and SPARK may suffer or incur as a result of, occasioned by or attributable to the carrying out of its duties under the Placing Agreement.

1,363,636 Placing Shares will be issued to raise £150,000. In addition, the placee will receive 2,727,272 warrants.

The Placing Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Company's existing issued Ordinary Shares.

The Placing is conditional, among other things, upon Admission to AIM becoming effective and the Placing Agreement not being terminated in accordance with its terms.

Further information on the Lanstead Subscription

Pursuant to the subscription agreement between the Company and Lanstead (the "**Lanstead Subscription Agreement**"), 20,000,000 new Ordinary Shares have today been allotted and will be issued to Lanstead at 11 pence per Lanstead Subscription Share for an aggregate subscription value of £2.2 million.

The Lanstead Subscription proceeds of £2.2 million will immediately following Admission 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 Sharing Agreement may be more or less than £2.2 million, as further explained below. **Notwithstanding the Subscription Price of 11 pence, shareholders should note that the share price of the Company needs to be on average over the 24 months of the Sharing Agreement at or above the Benchmark Price of 14.6667 pence per share for the Company to receive at least, or more than, the gross Subscription of £2.2 million.**

The Lanstead Subscription Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Company's existing issued Ordinary Shares.

Application has been made to the London Stock Exchange for admission of the Lanstead 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.

The Sharing Agreement

In addition to the Lanstead Subscription, the Company has entered into the Sharing Agreement, pursuant to which ImmuPharma will pledge the £2.2 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 £91,667) as measured against a benchmark share price of 14.6667 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 Admission.

If the measured share price (the "**Measured Price**"), calculated as the average of each day's 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 £2.2 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 Lanstead Subscription and in entering into the Sharing Agreement and, in addition, has agreed to issue to Lanstead 1,400,000 new Ordinary Shares ("**Value Payment Shares**") in connection with entering into the Sharing Agreement, together with

warrants over 40 million Ordinary Shares with an exercise price of 11 pence per share. These warrants have an exercise period expiring on the tenth anniversary of Admission.

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 20,000,000 new Ordinary Shares pursuant to the Lanstead Subscription which, when issued, will equate (together with the Value Payment Shares) to approximately 7.5 per cent of the Company's enlarged issued share capital following the Placing and the Subscriptions.

No shares, warrants or additional fees are owed to Lanstead at any point during this agreement other than those disclosed above.

The Sharing Agreement is similar to those undertaken by the Company with Lanstead in February 2016, June 2019 and March 2020. The first two of these arrangements have completed their settlement periods. The February 2016 agreement yielded a net gain to ImmuPharma of approximately £0.6 million more than originally subscribed by Lanstead and the June 2019 agreement yielded approximately £0.9 million less than originally subscribed by Lanstead. The third arrangement runs to June 2022 and is currently yielding approximately £0.6 million less than the *pro rata* amount originally subscribed by Lanstead on cumulative settlements to date.

The Directors believe that the Sharing Agreement provides a number of benefits to the Company and its shareholders including: the certainty of additional investment, albeit the quantum is dependent on the Company's share price; the opportunity to benefit from positive future share price performance; and that the amount of shares issued is fixed, together with the cost of their issue.

Related Party Transactions

Lanstead is a shareholder in the Company, and is interested in 14,182,329 Ordinary Shares (representing 5.67% of the current issued share capital). Until 31 December 2020 Lanstead was a substantial shareholder, therefore the participation by Lanstead in the Lanstead Subscription and Sharing Agreement constitute related party transactions under the AIM Rules for Companies.

Lanstead Subscription and Sharing Agreement

The Directors (all of whom are independent of Lanstead), having consulted with SPARK, the Company's nominated adviser, consider that the terms of the Lanstead Subscription and the Lanstead Sharing Agreement are fair and reasonable insofar as the Company's shareholders are concerned.

Other Share Issues

The Company has issued 90,909 and 1,000,000 new Ordinary Shares ("**Fee Shares**") at an issue price of 11 pence per share to SPARK and SCP respectively, in lieu of fees. The Fee Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Company's existing issued Ordinary Shares.

Application for admission to trading on AIM, and expected date of Admission

Application has been made for the the Lanstead Subscription Shares, the Alora Subscription Shares, the Placing Shares, the Value Payment Shares and the Fee Shares to be admitted to trading on the AIM market of the London Stock Exchange. It is anticipated that Admission to AIM will occur at 8.00am on or around 23 December 2021.

Total Voting Rights

Following Admission, the Company's issued share capital will comprise 284,984,933 Ordinary Shares with one voting right each. As the Company does not hold any shares in Treasury, the total number of voting rights in the Company is also 284,984,933 and this figure of Ordinary Shares may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

The allotment of the Lanstead Subscription Shares, the Alora Subscription Shares, the Placing Shares, the Value Payment Shares and the Fee Shares is being made pursuant to existing authorities to allot shares and other relevant securities and to disapply pre-emption rights under section 551 of the Companies Act 2006, which the Directors were given at the Company's Annual General Meeting held on 28 June 2021.

L1 and Lind Convertible Security Deeds

On 15 December 2021, ImmuPharma repaid in full the remaining outstanding balance of \$950,000 (plus accrued interest) due to L1 Capital Global Opportunities Master Fund ("L1"). The Company confirms that both convertible security deeds with L1 and Lind Global Macro Fund, LP ("Lind") have now been repaid in full and/or converted.

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:

<i>Average 20 Day VWAP</i>	<i>11.00p</i>	<i>14.6667p</i>	<i>18.3334p</i>
<i>Benchmark Price</i>	<i>14.6667p</i>	<i>14.6667p</i>	<i>14.6667p</i>
<i>as % of Benchmark Price</i>	<i>75%</i>	<i>100%</i>	<i>125%</i>
<i>Settlement from Lanstead in the month</i>	<i>£68,750</i>	<i>£91,667</i>	<i>£114,583</i>
<i>Proceeds over 24 month period If Average 20 Day VWAP is at this level for the entire period</i>	<i>£1.65m</i>	<i>£2.90m</i>	<i>£2.752m</i>

For further information please contact:

ImmuPharma PLC (www.immupharma.com)	+ 44 (0) 207 152 4080
Tim McCarthy, Chief Executive Officer & Chairman	
Lisa Baderoon, Head of Investor Relations & Non-Executive Director	+ 44 (0) 7721 413496
SPARK Advisory Partners Limited (NOMAD)	+44 (0) 203 368 3550
Neil Baldwin	
Stanford Capital Partners (Joint Broker)	+44 20 3650 3650
Patrick Claridge	
John Howes	
Bob Pountney	
SI Capital (Joint Broker)	
Nick Emerson	+44 (0) 1483 413500

Notes to Editors

About ImmuPharma PLC

ImmuPharma PLC (LSE AIM: IMM) 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, anti-infectives and cancer. The lead program, Lupuzor™, is a first-in class autophagy immunomodulator which is in Phase 3 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 Alora Pharmaceuticals signed on 28 November 2019, an exclusive licence and development agreement and trademark agreement for Lupuzor™ to fund a new international Phase 3 trial for Lupuzor™ and commercialise in the US.

For additional information about ImmuPharma please visit www.immupharma.co.uk

ImmuPharma's LEI (Legal Entity Identifier) code: 213800VZKGHXC7VUS895.