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Transcription

Title: Immunicum Rights Issue Q&A

Date: 07.11.2017

Speaker: Carlos de Sousa

Conference Ref. No: TBC

Duration: 16:31

Presentation

Operator

Ladies and gentlemen, welcome to the follow-up Q&A session following the webcast on 7th November 2017, covering the proposed rights issue. I am pleased to present Carlos de Sousa, CEO, and Agneta Edberg, Chairman of the Board, who will be able to answer any question that was not covered in their provision webcast presentation. For the first part of this call, all participants will be in a listen-only mode, and afterwards there will be a question and answer session. Speakers, please begin.

Carlos de Sousa

Thank you. Good afternoon, everybody and thank you for dialling in to participate in this live Q&A session regarding our proposed rights issue that was described in detail in the webcast presentation. Our goal for that webcast was to answer as many questions as possible. This live Q&A session is to make sure as many remaining questions can be addressed. So, let me start by saying that we are focused on creating value for you by advancing ilixadencel. We are committed to the product and the success of the company.

The host operator will give you instructions on how to ask questions, but before we start that, I wanted to address immediately a topic that has been reaching us through email, and that has been the source of a lot of confusion and misunderstanding. So, let me state very clearly, so there are no misunderstandings: the MERECA study is a very important and key study for Immunicum, and for us, the management. This study is going to be the first time that we are going to have comparative data, and this is very valuable. This has been the feedback of a lot of the interactions with regulatory authorities, investors and potential partners. So again, let's make sure that it's clear that MERECA is a key study for Immunicum.

Now, it's also true, as stated in the webcast, that through the different interactions we have been having in the process of defining the strategy for the next phase of the company, and in strengthening the profile of ilixadencel, it became very clear that due to the changes and the innovations in the immuno-oncology field, we cannot avoid being combined with checkpoint inhibitors. That's the fastest-growing class, a lot of the tumours are now treated as standard of care with checkpoint inhibitors, so we don't want to lose any competitive advantage. So, the MERECA study is going to give us a lot of the data that we need in the shorter term, and also provide us data in combination with sunitinib, the TKIs. But the multi-indication study is crucial and critical for us to start delivering data with checkpoint inhibitors, because that's really where the expectation is now. We as a company want to be at the forefront in immuno-oncology by having the innovation we need to have. So, hopefully that is clear.

And the second topic on MERECA I also wanted to address is that there are some suggestions that there is negative data on MERECA, and that we are not announcing that data and that will be the reason why we are raising money. So again, let me be very clear: no one in the Board or the management is aware of any negative data on MERECA. The MERECA study continues to enrol as we have been communicating and continues to proceed as expected. There is no negative data on MERECA, because there is no data analysis. And also, as several times I have explained in some presentations, we are operating under the strict MAR guidelines following, as you know, the discussions with the NASDAQ committee. So, any negative data on MERECA would have to be mandatorily communicated, so that is not the case. So again, I want to be clear that MERECA continues as planned. We continue to enrol patients, patients continue to be treated and there is no negative data on MERECA that anyone in the company is aware of.

So, after these initial comments, we are going to be giving you instructions how to answer questions, and we will be alternating between live questions and, as we promised, addressing some of the questions also sent to us by mail. Richard, please?

Q&A

Operator
Thank you. Ladies and gentlemen, if you have a question for the speakers, please press 01 on your telephone keypad now. Please hold until we have the first question.

And we have a question from the line of Klas Palin from Redeye. Please go ahead, your line is now open.

Klas Palin
Yes, hello. Thank you for taking my questions. I have a question about the basket trial. And I guess you have not yet finalised the design of the trial, but maybe you can share your thoughts, how you're thinking, in this trial? I mean, will you, in any of the indications, enrol patients that are CPIs refractory? And especially in non-small cell lung cancer, will you be looking at patients in first line or second line? If it's possible to share any of your thoughts about this.

And also, if you could just maybe say something about the data you are about to present at SITC this year. Thank you.

Carlos de Sousa
Thank you, Klas. Yes, correct, I cannot give you details about the protocol. We are discussing it with experts, and we are also in the planning stage for meetings with the authorities. Until those are concluded and finalised, I cannot really give you details on the protocol. We plan for the different indications to basically compare the checkpoint inhibitors alone versus the ilixadencel plus checkpoint inhibitors, but the detail is going to be dependent on each of the indications and the feedback we receive from both experts, the CRO and the authorities.

Regarding the poster that is presented at SITC, you will get more details relatively soon, because we will have a press release with the details later today. But we are very happy because, in a way, we were able to clearly show in the pre-clinical studies, data to support the mode of action of ilixadencel. So, I will just let you wait for that press release where you can see all of the details, and of course when the poster will also be made public. Thank you.

Klas Palin
Okay, thank you.

Carlos de Sousa
Any other questions, Richard?

Operator
Thank you. As another reminder, if you do wish to ask a question, please press 01 on your telephone keypad now. Okay, there appear to be no audio questions at this time.

Carlos de Sousa
Okay. So, while we wait for more questions, I want to also address a topic that we consider serious in terms of the implications. There is a suggestion that the Board and the management have deliberately pushed down the stock price, to get a favourable buy-in price for both the management and the Board. As everybody knows, management and Board cannot influence the stock price. Besides that, it would be absolutely illegal to try to do it. The stock market is independent. It's also important to refer that for many months now, we have been on a black period; no one in the Board or the management has been able to buy or sell any stock for many, many months. In reality, the first time that both Board and management will be able to transact on the stock is after we announce the Q3 results on 17 November 2017. That will be the first white period in many months. So, even if we wanted to do it, which we don't, and besides the fact that it would be illegal, there is no gain for us, because we cannot take any advantage of that. So, it is ludicrous to really insinuate that.

What we can tell you is that, we are not focusing in managing the share price going up or down. What we are focusing on is advancing the development of ilixadencel, opening additional opportunities and meeting the goals that we have set, and that we have reviewed in the slide during the webcast. We have been hitting the majority of the goals that we have established at the beginning of the year, and that is the important fact. We want, as management and Board, to assure you that the fundamentals of the company have not changed, and that we continue to deliver on our objectives. Do we have any questions, Richard?

Operator

We have no audio questions at this time.

Carlos de Sousa

Okay. So, while we wait, I have a couple of more questions here. Let's talk a little bit about the funding of the company for the next stages. As very clearly stated by Agneta during the webcast, we designed what we want to be the full plan to bring ilixadencel to where we think is the optimal point. That included the execution of different trials. Then of course, we wanted to be transparent, because it's natural that we needed a certain amount of money. As we went through the process, it became clear that we needed to do this financing in tranches, and that defined which projects we were going to prioritise. And, for the different reasons that I explained to you, it is today clear that the first priority, in addition to MERECA, is to get data in combination with checkpoint inhibitors. And that has defined our priorities. For all the other projects, both the management and the Board are going to continue looking at alternative sources of financing to be able to execute, at the right time, on the other projects, that at the moment we didn't prioritise. And this can be done by a series of options that I don't need to go into detail, because you are experienced investors and are familiar with those. Richard, any questions?

Operator

As another reminder, if you do wish to ask an audio question, please press 01 on your telephone keypad now. There are no audio questions at this time.

Carlos de Sousa

Thank you. Then I want to bring up another question that we received. I think it was also clearly stated that the management, with the exception of all management that are already shareholders, are going to participate pro rata or above pro rata. The ones that are not yet shareholders will become shareholders, with the exception, for the natural reasons that I explained, of our CSO, Alex Karlsson-Parra.

In addition, we had questions why – what are the arguments for the two largest shareholders for their decision to not take part in the rights issue? Of course, we are not here to try to answer for our largest shareholders. What we can tell you is that both of them committed to support the transaction, and to put all the rights that they are not going to utilise, to transfer those rights so that they can be used by other investors. We cannot comment on what will be the level of their participation, if any. What we know is that, again, they are supporting the transaction; and in addition, Loggen Invest has undertaken to be one of the underwriters for the amount of SEK4 million, of which he is not going to get compensation. So, I think for a lot of the major shareholders in the company, and also for some of the other investors that we have been meeting, we will have to wait for the EGM and for the subscription rights to really know what is going to be their level of commitment. Richard, any questions?

Operator

We do have a question from the line of Andreas Beti[?] as a private investor. Please go ahead, your line is now open.

Speaker

Hello Carlos, hello Agneta. I have a question with regard to the conditions of the guarantors. I would like to know a little bit about the potential lock-up period, and also the general conditions that they have been offered.

Carlos de Sousa

Thanks for the question, Andreas. I think as it stands, we cannot disclose that information. That is going to be part of the prospectus, that's the standard. I can tell, because there was also another question, that the guarantors are committed, and the only criteria, of course, is, as usual, depending on approval from the EGM, and the period of timing for the execution of this transaction. All of the other details will be disclosed at the EGM in the prospectus.

Speaker
Okay, thank you.

Carlos de Sousa
Richard, any other questions?

Operator
There are no further audio questions at this time.

Carlos de Sousa
Well, if there are no further audio questions, I just want to thank everybody that watched the webcast and participated in the Q&A. And I want to really end this Q&A session stating that we are very happy that we were able to secure in this environment an amount that is significant for the Swedish market, particularly with biotechs, SEK200 million. And this was through the convincing argument that our story and our projects make absolute sense and they are going to bring additional value to the company. The new study is going to complement the MERECA study, and this is going to carry the company to a period of time where we as a company, and ilixadencel as a product, is going to have a profile that is much more attractive to be discussed with authorities, investors or potential partners. I understand that people are not happy with some of the movements in the share price; that's nothing we can control. What I can tell you is that we are fully committed to delivering value to the company, to bring the company to the right point and to continue to deliver on all our commitments, as we have been achieving during this year.

One thing I want to guarantee you is that I will not make you promises that I don't believe I can deliver on, because I think it's important that we maintain the long-term perspective of creating value to the company. And in creating value to the company, it of course creates value to our shareholders and to the patients that are going to benefit from our therapies. So, thank you everybody for participating, and I want to thank you also for your support.

Agneta Edberg
Thank you, everyone.

Carlos de Sousa
Thank you, this now concludes our conference call. Thank you all for attending, you may now disconnect your lines.