

Immunovia AB (publ)

Organization. no. 556730-4299

Annual report and consolidated financial statements 2016

The Board of directors and CEO hereby submit the annual report and consolidated financial statements for the financial year running from 1 January 2016 to 31 December 2016.

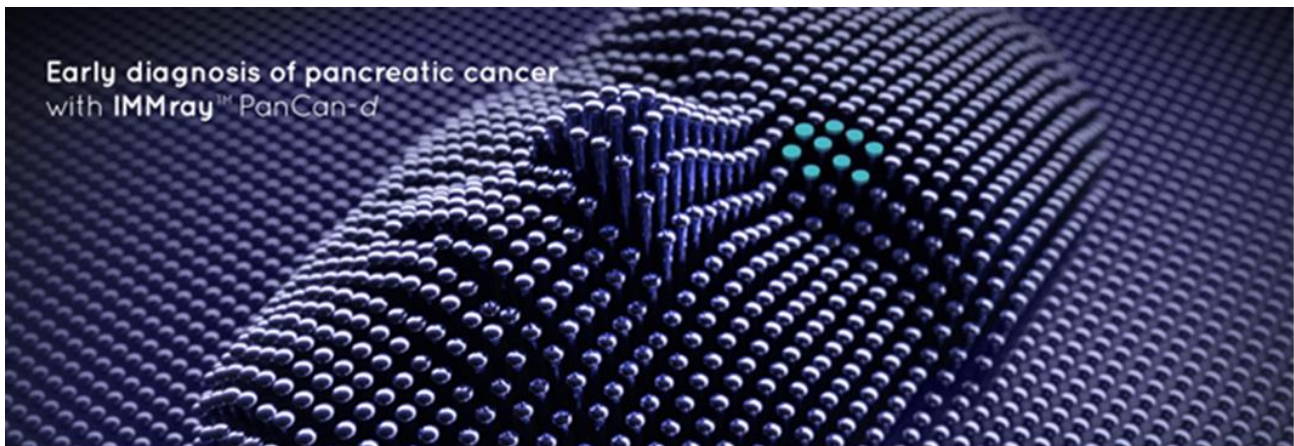


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Directors' report

Business activities

Immunovia AB develops new and improved methods for diagnosing complex forms of cancer and autoimmune diseases. Activities primarily take place in the parent company, Immunovia AB, and comments below therefore refer to both parent company and Group.

Development of the business and important events during the financial year

In 2016 Immunovia started implementing commercialisation plans aimed at obtaining reimbursement of costs from various insurance systems and also achieving national guideline status on each market. The key step is performing prospective studies, which means doing tests among risk groups. Obtaining the necessary accreditation, certificates, government approval while engaging key opinion leaders are other important steps on the road to achieving commercial breakthrough.

On the road to reimbursement with PANFAM-1 study

In December 2016 a prospective study was started that is designed to monitor individuals with a genetic predisposition for pancreatic cancer over three years. In the study, IMMray™ PanCan-d testing will be added to the existing high-risk surveillance in familial pancreatic cancer programs in the US and Europe. If results are good, the next step will be to proceed with regulatory approval and reimbursement applications worldwide. A very important milestone will be an interim reading at the halfway stage of the study. Key centres involved in the study include Mount Sinai in New York, Liverpool University Hospital in the UK, Knight Cancer Institute in Portland, IRASYS in Madrid, and from January 2017, Michigan University Hospital. Engaging key centres is also important commercially as they will be the first large customers for IMMray™ PanCan-d.

Developing the diabetes connection together with NCI

One of the highest risk groups that has gained a lot of attention in 2016 are new onset Type II diabetes patients, diagnosed after 50 years of age. A memorandum of understanding with NCI, the US National Cancer Institute, was signed during the year. The ambition is to work within a consortium of 12 major health care systems providing patient samples from up to 10,000 diabetes patients over 3 years. These participating centres will be communicated as NCI's plans progress. The company is pursuing similar schemes in order set up prospective studies among diabetes risk groups as quickly as possible and eventually receive reimbursement and national guideline status.

Certifications and accreditations continue

Immunovia has worked intensively to industrialize the IMMray™ PanCan-d assay as a major part of the development process and preparation for ISO 13485 certification and other related accreditations required for market entry. During 2016, the regulatory quality standard ISO 13485 was updated to ISO 13485:2016 that introduces notable changes in risk management, software validation and design and development. The preparation for the market introduction and the CE marking has included developing strategies for scaling up the production of the microarray while maintaining the same robustness and reproducibility as in the retrospective validation studies.

Pancreatic cancer community across the world offers strong support

A validation study using American blood samples was completed in 2016 in collaboration with Knight Cancer Institute in Portland USA, as part of Immunovia's long-term collaboration. The results of the study, showing 96% accuracy in detecting asymptomatic stage I and II pancreatic cancer, were reported in May, thereby validating the excellent results previously obtained in the large Scandinavian study. This was a very important milestone and raised interest in Immunovia significantly as these findings were presented at all major pancreatic cancer specialist meetings during 2016.

Strong links forged with Scientific Advisory Board and patient organizations

Key opinion makers can influence medical practices and national guidelines. During 2016 Immunovia formed a Scientific Advisory Board and invited key opinion makers to join it. They are now actively working with Immunovia.

To ensure the introduction of IMMray™ PanCan-d into clinical practice, close collaboration with patient organizations is crucial. Collaboration continues with PANCAN USA, the largest US-based patient organization, which during 2016 formed a world coalition of more than 50 pancreatic cancer patient organizations. Immunovia joined World Pancreatic Cancer Coalition in May 2016.

Another key market identified – autoimmunity and SLE

At the beginning of 2016, Immunovia and Lund University started retrospective clinical validation studies of Systemic Lupus Erythematosus (SLE) biomarker signatures. In addition, Immunovia engaged in a collaboration with a multinational life science company to validate the new SLE diagnostics test.

An important study that will determine Immunovia's ability to differentiate between SLE and other common autoimmune diseases has been running during the year. The study's excellent preliminary results, showing that SLE could be differentiated with accuracy above 90% on average, were announced at the beginning of 2017.

Financial strength and change in listing

In the autumn Immunovia announced a preferential rights issue of SEK 28.7 million and a directed issue of SEK 189.9 million, to raise a total of SEK 218.6 million. New and existing institutional investors participated, including funds from Handelsbanken, Öhmans, Alfred Berg and Ålandsbanken. To better meet the great interest from institutional investors, Immunovia plans to apply during 2017 for a listing on Nasdaq Stockholm's Main Market.

Application of IFRS

This is the first year that the Group has prepared consolidated financial statements. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The parent company has changed its accounting policies. The annual accounts for 2015 were established in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board recommendation BFNAR 2012:1, Annual report and consolidated accounting (K3). The annual accounts for 2016 have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for legal entities, issued by the Financial Reporting Council. The timing of the transition is the beginning of the comparison year, i.e. 1 January 2015. The transition to RFR 2 has no effect on the parent company earnings, financial position or cash flow.

Comments on the income statement

Net sales

Net sales for 2016 were SEK 177,000 (205,000). Net sales principally comprise royalties.

Operating costs and earnings

The loss for the full year was SEK 14,723,000 (7,384,000). The net loss rose due to increased activity in product development and organizational enlargement. Other operating costs and personnel costs increased by a total of SEK 14,804,000 compared with last year to reach SEK 38,930,000 in 2016. This increase is mainly due to intensified marketing activities and an increase in employees.

Research and development costs

Research and development continued according to plan. Investment in the form of capitalisation of development costs amounted to SEK 24,293,000 (16,791,000), which represents 62% (69%) of the Group's total operating costs. All development costs during the year have been capitalised.

Comments on the balance sheet

Investments

For the full year, intangible assets were acquired for a total of SEK 28,028,000, consisting of capitalized development expenditure for SEK 24,293,000, patents for SEK 3,074,000 and other intangible assets for SEK 662,000. Where capitalised development costs are financed through approved and paid grants, the reported amounts are reduced by a comparable amount. In 2016 grants for development costs were received amounting to SEK 22,332,000 (11,147,000)

For the full year tangible assets were acquired in the form of inventories amounting to SEK 2,781,000. For the corresponding period last year the total was SEK 145,000.

Financial position and cash flow

Cash flow for 2016 from operating activities amounted to SEK -11,867,000 (-6,531,000) and total cash flow amounted to SEK 183,327,000 (43,963,000). The year's cash flow was generated by new share issues performed during the year and national and European grants received during the year amounting to SEK 18,451,000 (14,834,000).

Liquid funds and financial position

Cash and cash equivalents as at 31 December 2016 amounted to SEK 259,094,000 (75,767,000). Management believes that there is sufficient working capital to meet working capital needs, given the current business and development plan, for approximately 24 months going forward.

Shareholders' equity at the end of the period was SEK 276,631,000 (83,801,000) and the equity ratio was 98% (92). During the period the company completed two new share issues that raised SEK 207,233,000 after costs.

Significant risks and uncertainties

Business risks

Immunovia's business operations and market are subject to a number of risks that are wholly or partly outside the company's control and that affect or may in future affect Immunovia's business operations, financial position and earnings. The following risk factors are described in no special order and with no claim to be comprehensive:

- Immunovia is a development company with a relatively short operating history, which means that it may be some time before the company can report sales revenue.
- The company is in a commercialization phase, which means there is a risk that sales revenue will be less than expected or zero.
- Validation studies could result in unexpected or negative research results.
- Development costs are difficult to anticipate. These costs may be higher than planned.
- The company is dependent on collaboration and licensing agreements and there is a risk that the company cannot enter into the necessary partnerships.
- There is a risk that Immunovia does not receive the necessary registrations to sell and promote its products.
- There is a risk that the company will not receive accreditation to ISO 17025.
- Immunovia is subject to a number of government regulations that may change.
- There is a risk that Immunovia cannot defend granted patents, registered trademarks and other intellectual property rights or that submitted registration applications are not granted.

Financial risks

For a description of financial risks, see note 3.

The ten largest shareholders as of 31 December 2016.

Name	No. of shares	Share capital and votes
Carl Borrebaeck	1 909 900	11.37%
Vincent Saldell	1 000 000	5.95%
Sara Andersson Ek	968 950	5.77%
Christer Wingren	968 950	5.77%
Per Mats Ohlin	968 950	5.77%
Försäkringsbolaget Avanza Pension	776 298	4.62%
Handelsbanken Svenska Småbolag	560 531	3.34%
Michael Löfman	554 000	3.30%
Banque Internationale á Luxembourg	299 484	1.78%
Ålandsbanken AB, W8IMY	286 226	1.70%
Ten largest	8 293 289	49.35%
Others	8 510 770	50.65%
Total	16 804 059	100.00%

Development of share capital

Year	Event	Total share capital (SEK)	Change (SEK)	Total no. of shares	Change in shares	Nominal value (SEK)
24 May 2007	Formation	100 000.00	100 000.00	1 000 000	1 000 000	0,10
19 Oct 2011	New share issue	105 263.00	5 263.00	1 052 630	52 630	0,10
27 Oct 2011	Share split 5:1	105 263.00	-	5 263 150	4 210 520	0,02
5 July 2012	New share issue	108 869.92	3 606.92	5 443 496	180 346	0,02
21 May 2013	New share issue	122 483.76	13 613.84	6 124 188	680 692	0,02
10 Sept 2013	New share issue	124 899.76	2 416.00	6 244 988	120 800	0,02
5 May 2014	New share issue	220 924.32	96 024.56	11 046 216	4 801 228	0,02
13 Aug 2015	Bonus issue	552 310.80	331 386.48	11 046 216	-	0,05
17 Dec 2015	New share issue	714 560.80	162 250.00	14 291 216	3 245 000	0,05
15 Sept 2016	New share issue	823 728.40	109 167.60	16 474 568	2 183 352	0,05
17 Oct 2016	New share issue	840 202.95	16 474.55	16 804 059	329 491	0,05
At end of period		840 202.95		16 804 059		0.05

Employees

The number of employees in the Group during the period averaged 16 (11) and at the end of the period the number of full-time positions was 21, divided across 21 individuals.

Incentive scheme

Detailed information about the existing warrants scheme implemented by the company can be found in note 9.

Environmental impact

Immunovia does not conduct operations that have a dangerous impact on the environment that would require an obligation to gain a permit or submit notifications as defined in the Swedish environmental legislation code.

Proposed dividend

The Board proposes that no dividend be paid for the 2016 financial year.

Important events after the end of the financial year

The first data from the study on systemic lupus erythematosus (SLE) showed above 90% accuracy in distinguishing the disease from other autoimmune diseases. This confirmed that the principal aim of the study had been achieved. The data confirmed that IMMray™ biomarker signatures can distinguish Systemic Lupus Erythematosus (SLE) from three other main autoimmune diseases, rheumatoid arthritis, Sjögren's disease and vasculitis with an average accuracy exceeding 90%. These results are extremely encouraging because the symptoms of SLE mimic other rheumatic, autoimmune diseases leading to more than 50% of the patients being initially misdiagnosed, mainly due to ambiguous laboratory test results.

Outlook for 2017

Immunovia is focused on fundamentally transforming diagnosis of complex forms of cancer and autoimmune diseases. The antibody-based platform, iMMray™, is the result of 15 years of research at CREATE Health – the Centre for Translational Cancer Research at Lund University, Sweden. iMMray™ is a technology platform for the development of diagnostic tests and the company's primary test. iMMray™ PanCan-d is the first test in the world for early diagnosis of pancreatic cancer.

It is planned to launch iMMray™ PanCan-d on the American and European markets with sales to out-of-pocket customers, to start when the accreditation and production upscaling have been completed, with revenues expected to begin in 2018. In coming years Immunovia will address a market that in total is worth around SEK 30 billion.

Immunovia sees great potential in the development of tests for other unsolved problems in cancer and autoimmune diseases via its iMMray™ platform. The next focus area will be tests within SLE, based on the positive results announced in early 2017.

Financial overview, the Group	2016	2015
Net sales (SEK 000)	177	205
Earnings after financial items (SEK 000)	-14 723	-7 384
Balance sheet total (SEK 000)	283 409	91 509
Equity ratio, %	98	92

Financial overview, parent company	2016	2015	2014	2013
Net sales (SEK 000)	177	205	359	1 179
Earnings after financial items (SEK 000)	-14 723	-7 384	-8 859	-1 596
Balance sheet total (SEK 000)	283 409	91 509	38 874	7 466
Equity ratio, %	98	92	92	66

Allocation of earnings

(Amounts in SEK)

Proposed allocation of company's profits

At AGM's disposal:

Profit brought forward	266 221 046
Loss for the year	-14 723 206
	251 497 840

The Board proposes:

That the following amount be carried forward	251 497 840
	251 497 840

Income statement

<i>Amounts in SEK</i>	Note	Group	
		1-1-2016 31-12-2016	1-1-2015 31-12-2015
Operating income, etc.			
Net sales	5	177 284	205 193
Capitalized work for own account		24 292 671	16 791 278
Other income	7	32 583	10 822
Total operating income		24 502 538	17 007 293
Operating costs			
Other external costs	8	-24 115 164	-17 377 110
Personnel costs	9	-14 814 829	-6 748 835
Depreciation and amortization of tangible and intangible assets		-548 732	-288 282
Other operating expenses		-1 821	-17 202
Total operating expenses		-39 480 546	-24 431 429
Operating profit/loss		-14 978 008	-7 424 136
Earnings from financial investments			
Interest income and similar income items	10	255 933	41 278
Interest expenses and similar income items	11	-1 147	-822
Total financial items		254 786	40 456
Profit/loss after financial items		-14 723 222	-7 383 680
Tax on year's income	12	0	0
Profit/loss for the year		-14 723 222	-7 383 680
Earnings per share		-0,98	-0,65
Average number of shares before and after dilution		14 985 688	11 424 799
No. of shares at the end of the period		16 804 059	14 291 216

Comprehensive income summary

<i>Amounts in SEK</i>	Note	Group	
		1-1-2016 31-12-2016	1-1-2015 31-12-2015
Profit/loss for the year		-14 723 222	-7 383 680
<i>Items that may be later reclassified in the income statement</i>			
Exchange rate differences for foreign net investment		0	0
Other comprehensive income for the year		0	0
Comprehensive income for the year		-14 723 222	-7 383 680

Balance sheet

<i>Amounts in SEK</i>	Note	Group	
		31-12-2016	31-12-2015
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalized development expenses	13	7 604 735	5 644 488
Patents, licenses, etc.	14	<u>11 877 448</u>	<u>8 240 676</u>
		19 482 183	13 885 164
Tangible fixed assets			
Inventory, tools and installations	15	<u>3 002 393</u>	<u>671 075</u>
		3 002 393	671 075
Total fixed assets		22 484 576	14 556 239
Currents assets			
Current receivables			
Other receivables		1 305 632	807 994
Prepaid costs and accrued income		<u>524 744</u>	<u>378 095</u>
		1 830 376	1 186 089
Cash and cash equivalents		259 094 216	75 766 561
Total current assets		260 924 592	76 952 650
TOTAL ASSETS		283 409 168	91 508 889

Balance sheet

<i>Amounts in SEK</i>	Group	Note	31-12-2016	31-12-2015
EQUITY AND LIABILITIES				
Shareholders' equity		17		
Share capital			840 202	714 560
Other contributed capital			308 799 079	101 371 477
Reserves			0	0
Retained earnings, including year's profit/loss			-33 008 583	-18 285 361
Total shareholders' equity			276 630 698	83 800 676
Current liabilities				
Accounts payable			2 422 431	1 252 224
Other liabilities			1 581 436	5 383 553
Accrued costs and prepaid income			2 774 603	1 072 436
Total current liabilities			6 778 470	7 708 213
TOTAL EQUITY AND LIABILITIES			283 409 168	91 508 889

**Change in equity, summary
 Group**

Amounts in SEK	Share capital	Other contributed capital	Reserves	Retained earnings year's p/l	Total equity
Opening equity, 1-1-2015	220 924	46 423 707	0	-10 901 681	35 742 950
Comprehensive income for the period				-7 383 680	-7 383 680
<i>Transactions with shareholders in their capacity as owners:</i>					
Subscription warrant premiums		47 940			47 940
Bonus issue	331 386	-331 386			0
New share issue	162 250	59 870 250			60 032 500
Costs of share issue		-4 639 034			-4 639 034
Closing equity, 31-12-2015	714 560	101 371 477	0	-18 285 361	83 800 676
Opening equity, 1-1-2016	714 560	101 371 477	0	-18 285 361	83 800 676
Comprehensive income for the period				-14 723 222	-14 723 222
<i>Transactions with shareholders in their capacity as owners:</i>					
Subscription warrant premiums		320 580			320 580
New share issue	125 642	218 491 699			218 617 341
Costs of share issue		-11 384 677			-11 384 677
Closing equity, 31-12-2016	840 202	308 799 079	0	-33 008 583	276 630 698

Cash flow summary

<i>Amounts in SEK</i>	Note	Group	
		1-1-2016 31-12-2016	1-1-2015 31-12-2015
Operating activities			
Operating profit/loss		-14 978 008	-7 424 137
Adjustment for items not included in cash flow	18	548 732	288 282
Received interest		255 933	41 278
Paid interest		-1 147	-822
Paid tax		0	0
Cash flow from operating activities before changes in operating capital		-14 174 490	-7 095 399
Cash flow from changes in operating capital			
Reduction(+)/increase(-) in operating receivables		-645 187	-331 179
Reduction(+)/increase(-) in operating liabilities		2 952 853	895 557
Cash flow from operating activities		-11 866 824	-6 531 021
Investment activities			
Investment in intangible assets		-28 028 473	-19 637 300
Investment in tangible assets		-2 781 019	-145 089
Cash flow from investing activities		-30 809 492	-19 782 389
Financing activities			
National and European grants for development costs		18 450 727	14 834 460
Subscription warrant premiums		320 580	47 940
New share issue		207 232 664	55 393 465
Cash flow from financing activities		226 003 971	70 275 865
Cash flow for the year			
Cash and cash equivalents at start of year		75 766 561	31 804 106
Exchange rate difference in cash and cash equivalents		0	0
Cash and cash equivalents at year end	19	259 094 216	75 766 561

Income statement

<i>Amounts in SEK</i>	Note	Parent company	
		1-1-2016 31-12-2016	1-1-2015 31-12-2015
Operating income, etc.			
Net sales	6	177 284	205 193
Capitalized work for own account		24 292 671	16 791 278
Other operating income	7	32 583	10 822
<i>Total operating income</i>		24 502 538	17 007 293
Operating costs			
Other external costs	8	-25 112 037	-17 377 110
Personnel costs	9	-13 817 956	-6 748 835
Depreciation of tangible and intangible assets		-548 732	-288 282
Other operating costs		-1 805	-17 202
<i>Total operating costs</i>		-39 480 530	-24 431 429
Operating profit/loss		-14 977 992	-7 424 136
Earnings from financial investments			
Interest income and similar income items	10	255 933	41 278
Interest expenses and similar income items	11	-1 147	-822
<i>Total financial items</i>		254 786	40 456
Profit/loss after financial items		-14 723 206	-7 383 680
Tax on year's income	12	0	0
Profit/loss for the year		-14 723 206	-7 383 680

Comprehensive income summary

<i>Amounts in SEK</i>	Note	Parent company	
		1-1-2016 31-12-2016	1-1-2015 31-12-2015
Profit/loss for the year		-14 723 206	-7 383 680
Other comprehensive income		0	0
Other comprehensive income for the year		0	0
Comprehensive income for the year		-14 723 206	-7 383 680

Balance sheet

<i>Amounts in SEK</i>	Note	Parent company		
		31-12-2016	31-12-2015	1-1-2015
ASSETS				
Fixed assets				
Intangible fixed assets				
Capitalized development expenses	13	7 604 735	5 644 488	0
Patents, licenses, etc.	14	<u>11 877 448</u>	<u>8 240 676</u>	<u>5 468 920</u>
		19 482 183	13 885 164	5 468 920
Tangible fixed assets				
Inventory, tools and installations	15	<u>3 002 393</u>	<u>671 075</u>	<u>740 000</u>
		3 002 393	671 075	740 000
Financial fixed assets				
Participations in Group companies	16	<u>8</u>	<u>8</u>	<u>0</u>
		8	8	0
Total current assets		22 484 584	14 556 247	6 208 920
Current assets				
Current receivables				
Receivables from Group companies		915	0	0
Other receivables		1 305 632	807 994	464 228
Prepaid costs and accrued income		<u>524 744</u>	<u>378 095</u>	<u>396 432</u>
		1 831 291	1 186 089	860 660
Cash and cash equivalents		259 093 309	75 766 561	31 804 106
Total current assets		260 924 600	76 952 650	32 664 766
TOTAL ASSETS		283 409 184	91 508 897	38 873 686

Balance sheet

<i>Amounts in SEK</i>	Note	Parent company		
		31-12-2016	31-12-2015	1-1-2015
EQUITY AND LIABILITIES				
Shareholders' equity	17			
Restricted equity				
Share capital		840 203	714 561	220 924
Fund for development costs		24 292 671	0	0
		25 132 874	714 561	220 924
Unrestricted equity				
Share premium reserve		207 107 022	55 231 215	39 566 675
Retained earnings		59 114 024	35 238 580	4 814 440
Year's profit/loss		-14 723 206	-7 383 680	-8 859 089
		251 497 840	83 086 115	35 522 026
Total shareholders' equity		276 630 714	83 800 676	35 742 950
Current liabilities				
Accounts payable		2 422 431	1 252 224	1 163 503
Other liabilities		1 581 436	5 241 849	1 280 744
Accrued costs and prepaid income		2 774 603	1 214 148	686 489
Total current liabilities		6 778 470	7 708 221	3 130 736
TOTAL EQUITY AND LIABILITIES		283 409 184	91 508 897	38 873 686

Change in equity, summary
Parent company

Amounts in SEK	Share capital	Fund for developme costs	Share premium reserve	Retained Earnings	Year's profit/loss	Total equity
Opening equity, 1-1-2015	220 924	0	39 566 675	4 814 440	-8 859 089	35 742 950
Previous year's earnings brought			-39 566 675	30 707 586	8 859 089	0
Comprehensive income for the year					-7 383 680	-7 383 680
<i>Transactions with shareholders in their capacity as owners:</i>						
Subscription warrant premiums				47 940		47 940
Bonus issue	331 386			-331 386		
New share issue	162 251		59 870 309			60 032 560
Costs of share issue			-4 639 094			-4 639 094
Closing equity, 31-12-2015	714 561	0	55 231 215	35 238 580	-7 383 680	83 800 676
Opening equity, 1-1-2016	714 561	0	55 231 215	35 238 580	-7 383 680	83 800 676
Previous year's earnings brought			-55 231 215	47 847 535	7 383 680	0
Comprehensive income for the year					-14 723 206	-14 723 206
Capitalized development costs for the		24 292 671		-24 292 671		0
<i>Transactions with shareholders in their capacity as owners:</i>						
Subscription warrant premiums				320 580		320 580
New share issue	125 642		218 491 699			218 617 341
Costs of share issue			-11 384 677			-11 384 677
Closing equity, 31-12-2016	840 203	24 292 671	207 107 022	59 114 024	-14 723 206	276 630 714

Cash flow summary

<i>Amounts in SEK</i>	Note	Parent company	
		1-1-2016 31-12-2016	1-1-2015 31-12-2015
Operating activities			
Operating profit/loss		-14 977 992	-7 424 136
Adjustment for items not included in cash flow	18	548 732	288 282
Received interest		255 933	41 278
Paid interest		-1 147	-822
Paid tax		0	0
Cash flow from operating activities before changes in operating capital		-14 174 474	-7 095 398
Cash flow from changes in operating capital			
Reduction(+)/increase(-) in operating receivables		-645 202	-325 429
Reduction(+)/increase(-) in operating liabilities		2 951 945	4 577 486
Cash flow from operating activities		-11 867 731	-2 843 341
Investment activities			
Acquisitions of intangible assets		-28 028 473	-19 637 301
Acquisitions of tangible assets		-2 781 019	-145 089
Cash flow from investing activities		-30 809 492	-19 782 398
Financing activities			
National and European grants for development costs		18 450 727	11 146 789
Subscription warrant premiums		320 580	47 940
New share issue		207 232 664	55 393 465
Cash flow from financing activities		226 003 971	66 588 194
Cash flow for the year		183 326 748	43 962 455
Cash and cash equivalents at start of year		75 766 561	31 804 106
Cash and cash equivalents at year end	19	259 093 309	75 766 561

Key indicators

	Group		Parent comp.	
	2016	2015	2014	2013
Operating profit/loss (SEK 000)	-14 978	-7 424	-8 959	-1 614
Profit/loss for the year (SEK 000)	-14 723	-7 384	-8 859	-1 596
Earnings per share before and after dilution (SEK)	-0,98	-0,65	-1,02	-3,20
R&D costs (SEK 000)	-24 293	-16 791	-3 126	0
R&D costs as percentage of operating costs (%)	62	69	33	0
Cash and cash equivalents at end of period (SEK 000)	259 093	75 767	31 804	3 607
Cash flow from operating activities (SEK 000)	-11 867	-6 531	-8 290	-414
Cash flow for the period (SEK 000)	183 327	43 962	28 197	5 210
Equity(SEK 000)	276 631	83 801	35 743	4 939
Equity per share (SEK)	16,46	5,86	3,24	0,79
Equity ratio (%)	98	92	92	66
Average no. of employees	16	11	3	2
Average no. of employees in R&D	11	8	2	2

The Group was formed in 2015 with the formation of the subsidiary Immunovia Inc. To illustrate the development of the business, the parent company's key indicators for 2013 and 2014 are presented. The operations of the subsidiary are still very limited, which is why the parent company's and Group's key indicators are essentially the same.

Of the above key indicators, it is only 'Earnings per share before and after dilution' that is mandatory and defined in accordance with IFRS. Of the other key indicators, 'Net profit', 'Cash equivalents at end of period', 'Cash flow from operating activities', 'Cash flow for the period', and 'Equity' are taken from an IFRS-defined financial formulation.

The table below forms the basis for the calculation of key indicators, for 'Earnings per share before and after dilution', a key indicator that is mandatory in accordance with IFRS, and also for 'R&D expenditures', 'R&D expenses as a percentage of operating expenses', 'Equity per share' and 'Equity ratio'.

The company's business involves conducting research and development (R&D), which is why R&D expenses as a percentage of operating expenses excluding impairment is an essential key indicator as a measure of efficiency showing the proportion of the company's expenses used for R&D.

The company's business is such that it does not have a steady flow of income, but instead income flows irregularly in connection with the signing of license agreements and milestones achieved. The key indicators that the company focuses on, therefore, to assess the company's financial position and stability are 'Equity ratio' and 'Equity attributable to parent company shareholders per share'. Along with these ratios the company also monitors the various measures of cash flows arising from the consolidated statement of cash flow.

For definitions, see the paragraph entitled 'Definitions' below.

	2016	2015	2014	2013
Profit/loss for the year (SEK 00)	-14 723	-7 384	-8 859	-1 596
Average number of shares before and after dilution	14 985 688	11 424 799	8 992 357	5 109 031
Earnings per share before and after dilution (SEK)	-0.98	-0.65	-0.99	-0.31
Operating costs (SEK 000)	-39 481	-24 431	-9 493	-2 794
Administrative cost (SEK 000)	-14 639	-7 352	-6 108	-2 295
Depreciation (SEK 000)	-549	-288	-259	-499
R&D costs (SEK 000)	-24 293	-16 791	-3 126	0
R&D costs as percentage of operating costs (%)	62	69	33	0
Equity (SEK 000)	276 631	83 801	35 743	4 939
Number of registered shares on closing date	16 804 059	14 291 216	11 046 216	11 046
Equity per share (SEK)	16.46	5.86	3.24	447.13
Equity (SEK 000)	276 631	83 801	35 743	4 939
Total assets (SEK 000)	283 409	91 509	38 874	7 466
Equity ratio (%)	98	92	92	66

Definitions

Key indicator	Definition	Reason for using key indicator not defined in accordance with IFRS
Net sales	Revenues for goods and services sold and received royalties in the main activity during the current period.	
Operating profit	Profit before financial items and tax.	Operating income provides a picture of the results that the

		company's regular operations have generated.
Earnings per share before and after dilution	Profit attributable to shareholders divided by the weighted average number of shares during the period before and after dilution.	
Average number of shares before and after dilution	Average number of shares outstanding during the period before and after dilution. As the Group's performance is negative, there is no dilution although the issue price is lower than the market price.	
R & D costs	The Company's direct costs for research and development. Refers to the costs of personnel, materials and external services.	The company's main activity is research and development. Management believes that its R & D costs is an important parameter to follow as an indicator of the level of activity of the company.
R & D expenses as a percentage of operating expenses	R & D expenses divided by operating expenses, which include other external costs, personnel costs and depreciation.	Management believes that the company's R & D expenses in relation to total costs is an important parameter to follow as an indicator of how much of the total costs is used for the company's main business.
Cash and cash equivalents	Cash and bank balances.	
Cash flow from operating activities	Cash flow before cash flows from investing and financing activities.	
Cash flow for the period	Net change in cash and cash equivalents excluding the impact of unrealized gains and losses.	
Equity per share	Equity divided by number of shares at period end.	Management monitors this number to monitor how much value is equity per share.
Equity ratio	Equity as a percentage of total assets.	Management monitors this ratio as an indicator of the financial stability of the company.
Average number of employees	The average number of employees is calculated as the sum of hours worked during the period divided by the normal working hours for the period.	
Average number of employees in R & D	The average number of employees in the company's research and development departments.	

Additional information

Note 1 General information

Immunovia AB has its registered office in Lund, Sweden. The organization number is 556730-4299. Immunovia AB is the parent company of the wholly-owned subsidiary Immunovia Inc., organization. no. 350589-6, based in Wilmington, USA. Together, these companies are referred to as the Group or Immunovia. The address is Medicon Village, 223 81 Lund, Sweden. The Group was formed in September 2015 through the formation of Immunovia Inc.

The business of the company is the development of new and improved methods for diagnosing complex forms of cancer and autoimmune diseases.

The Board gave its approval on 23 March 2017 for publication of this report.

Note 2 Accounting principles

The consolidated financial statements are prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary accounting rules for groups, International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by the EU.

The parent company's annual report has been prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for Legal Entities. The recommendation means that the parent company applies the same accounting policies as the Group except in the cases where the Annual Accounts Act or applicable tax rules limit the possibilities of applying IFRS. Differences between the parent company and the Group's accounting policies are outlined in the parent company's accounting policies below.

This annual report is the company's first application of RFR 2 Accounting for Legal Entities. The date of transition is the beginning of the comparison year, that is, 1 January 2015. The transition to RFR 2 has no effect on the parent company results, position or cash flow.

Basis of preparation

The consolidated financial statements have been prepared using the cost method. The balance sheet items are classified as current assets and current liabilities are expected to be recovered and paid within 12 months. All other balance sheet items are expected to be recovered or paid later. The Group's functional presentation currency is Swedish kronor. The consolidated financial statements and the annual report have been stated in Swedish kronor (SEK), unless otherwise indicated.

New and amended standards applied by the Group

None of the standards to be applied by the Group for the first time for the financial year beginning 1 January 2016 have had, or are expected to have in future, any impact on the Group's accounting policies or disclosures.

New standards and interpretations not yet adopted by the Group

A number of new standards and interpretations effective for periods beginning after 1 January 2016 and have not been applied in preparation of this report. The new standards and interpretations that may have an impact on the consolidated financial statements are described below.

IFRS 9 Financial instruments, concerns the classification, measurement and recognition of financial assets and liabilities and introduces new rules for hedge accounting. IFRS 9 replaces those parts of IAS 39 relating to classification and measurement of financial instruments and introduces a new impairment model. The new model for calculating losses is based on expected losses, which may lead to earlier recognition of credit losses. The Group expects no impact on the classification and valuation of the Group's financial assets and liabilities. IFRS 9 will enter into force on 1 January 2018.

IFRS 15 Revenue from contracts with customers concerns how revenue should be reported. Revenue is to be reported under IFRS 15 when the customer obtains control over the sold product or services and is able to use and obtain the benefits from the product or service. The standard includes an enhanced disclosure requirement. IFRS 15 comes into force on 1 January 2018. The Group currently only has income in the form of royalties, whose accounting is not expected to be affected by IFRS 15.

IFRS 16, "Leases" is a new leasing standard that will replace IAS 17 Leases and related interpretations. The standard requires that assets and liabilities relating to all leasing agreements, with some exceptions, shall be recognized in the balance sheet. This reporting is based on the view that the lessee has a right to use an asset for a specific period of time and at the same time an obligation to pay for this right. The standard, which applies to fiscal years beginning 1 January 2019 or later, has not yet been adopted by the EU. The Group has not yet evaluated in detail the impact of IFRS 16 but believes that the premises that the Group hires will be recognized as an asset in the balance sheet. The present value of future lease costs will be reported as a liability. The amended principle will mainly affect the company's equity ratio. The Group does not intend to make an early application of this standard.

No other IFRS or IFRS IC Interpretations not yet in force are expected to have any material impact on the Group.

Consolidated accounting

Subsidiaries are all entities over which the Group has control. The Group controls a company when it is exposed to or has the right to variable returns from its holdings in the company and has the capability to impact the return, through its influence in the company. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are "excluded from the consolidated financial statements from the date that control ceases." The acquisition method is used to report the Group's business acquisitions. The purchase price for the acquisition of a subsidiary is the fair value of transferred assets and liabilities that the Group incurs to former owners of the acquired company and the shares issued by the Group. The purchase price also includes the fair value of all assets or liabilities that are a result of an agreement on contingent consideration. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on the acquisition date. Acquisition-related costs are expensed as incurred.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. "Accounting policies of subsidiaries have been changed where necessary to ensure consistent application of the Group's principles."

Foreign currency translation

Functional and presentation currency

Items included in the financial statements for the various units in the Group are valued in the currency used in the economic environment in which the entity operates (its functional currency). Swedish kronor (SEK), which is the Group's reporting currency, is used in the consolidated accounts.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date or the date when the items were revalued. Exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies on the balance sheet date are recognized in the income statement. Exceptions are made when the transactions are hedges that qualify for hedge accounting of cash flows or net investments, where gains / losses are recognized in other comprehensive income.

Exchange gains and losses that relate to borrowings and cash and cash equivalents are reported in the income statement as financial income or expenses. All other foreign exchange gains and losses are recognized net in Other operating income or Other operating expenses.

Group companies

The results and financial position of all group entities that have a functional currency different from the presentation currency are translated into the Group as follows:

- assets and liabilities for each balance sheet are translated at the closing rate,
- income and expenses for each income statement are translated at average exchange rates, and
- all resulting exchange differences are recognized in other comprehensive income.

Intangible and tangible assets

Intangible and tangible assets are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset. Additional expenses are added to the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the asset can be measured reliably. Expenses for repairs and maintenance are expensed in the income statement in the period in which they arise. Depreciation is linear as follows:

Patents	6.7 years
Licences	5 years
Equipment, tools and installations	5 years

Development expenses which add functionality and value, are recognized as intangible assets when the following criteria are met:

- it is technically and economically feasible to complete the asset,
- there is an intention and opportunity to sell or use the asset,

- it is probable that the asset will generate revenue or lead to cost savings, and
- expenditure can be calculated in a satisfactory manner.

Directly attributable costs that are capitalized as part of an intangible asset include expenses for employees and a reasonable proportion of indirect costs. Other development costs that do not meet the above criteria, are expensed as incurred. Development costs previously expensed are not capitalized in subsequent periods.

The assets' residual values and useful life cycles are reviewed at each reporting period and adjusted if necessary. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount.

Impairment

Intangible assets not ready for use are not written down but are tested annually for impairment. Assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling costs and its value in use. When calculating the value in use the estimated future cash flows are discounted to a present value using a pre-tax rate that reflects current market assessments of the current value of the amount and the risks associated with the asset. When assessing impairment, assets are grouped at the lowest levels for which there are essentially independent cash flows (cash generating units). For assets that have previously been impaired, an assessment is made at each reporting date as to whether a reversal shall be made.

Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, and financial assets available for sale. The classification depends on the purpose for which the financial asset was acquired. Management determines the classification of its financial assets at initial recognition. The Group currently has only financial assets in the category loan receivables and trade receivables.

Loans and receivables

Loans and receivables are financial assets that are not derivatives, with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting period, which are classified as fixed assets. Valuation is at amortized cost using the effective interest method. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms set for the receivables. The size of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

Impairment of accounts receivable and loan receivables are reported in the income statement as 'Other external costs'.

Liquid assets

Liquid assets include, in both the balance sheet and statement of cash flows, cash, bank deposits and other short-term investments with maturities of three months or less from the date of acquisition.

Equity

Share capital

Ordinary shares are classified as share capital.

Share issue costs

Transaction costs directly attributable to the issue of new ordinary shares or options are recognized, net of tax, in equity as a deduction from the proceeds. For share issues that have a nominal value, the costs are deducted from 'Other equity' for the Group and 'Retained earnings' for the parent company.

Loan liabilities and accounts payable

Accounts payable are recognized at accrued acquisition value using the effective interest method.

Loan liabilities are initially reported at fair value, net after transaction costs. Loan liabilities are thereafter reported at accrued acquisition value using the effective interest method.

Income tax

Accounting for income tax includes current and deferred tax. The tax is recognized in the income statement, with the exception of cases relating to items recognized directly in equity. In such cases, tax is also recognized in equity. Deferred tax is reported using the balance sheet method for all significant temporary differences. A temporary difference exists when the book value of an asset or liability differs from the tax value.

Deferred tax is calculated by applying the tax rate that has been enacted or announced as of the closing date and which is expected to apply when the tax asset is realized or tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold less discounts, returns and value added tax.

Net sales relate entirely to royalties which are recognized under the financial implications of the respective royalty agreements. Interest income is recognized over the term using the effective interest method.

Government grants

Government grants are recognized at fair value as soon as there is reasonable assurance that the conditions attached to the grant will be met and hence that the grant will be received. Contributions received to cover costs are reported under Other income in the same period that the costs are incurred. Contributions that are attributable to an asset reduce the value of the asset in the balance sheet.

Leasing

Leases are classified as either financial or operational leases. Financial leasing occurs when the economic risks and benefits associated with the leased asset have essentially been transferred to the lessee. All other instances are operational leases. The Group has no significant financial leasing, which is why all leases are recognized as operational leases and the lease payment is distributed linearly over the leasing period.

Employee Benefits

Liabilities for wages and benefits and compensated absences that are expected to be settled within 12 months after the fiscal year end, are recorded as current liabilities at the amount expected to be paid when the liabilities are settled, without regard to discounting.

The cost is recognized as the services are rendered by employees.

The Group only has pension obligations under defined-contribution plans. In defined-contribution plans the company pays fixed contributions to an independent pension fund. Once the fee is paid, the company has no further obligations.

Employee benefits such as salary and pension are recognized as an expense during the period when the employees performed the services for which the remuneration relates.

Cash flow statement

The cash flow statement has been prepared using the indirect method which means that net earnings are adjusted for transactions that do not entail payments during the period, and for any income or expense associated with investing or financing cash flows. Liquid assets include cash and immediately available bank balances.

Parent company accounting principles

The Parent Company applies the same accounting policies as the Group except in the respects described below.

Participations in subsidiaries

Investments in subsidiaries are carried at cost less any impairment losses. The cost includes acquisition-related costs and any additional consideration.

When there is an indication that investments in subsidiaries decreased in value, an estimate is made of the recoverable amount. If the recoverable amount is lower than the carrying amount, an impairment is recorded. Impairment losses are recognized in 'Earnings from participations in Group companies'.

Financial instruments

The parent company does not apply IAS 39. For the parent company, financial fixed assets are valued at cost less any impairment losses, while financial current assets are valued at the lower of cost and fair value less selling expenses.

Leasing

The parent company reports all leases as if they were operational, which means that the leasing charge is distributed linearly over the lease term.

Note 3 Financial risk management and capital risk

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to various financial risks such as market risk (including currency and interest rate risk in cash flow), credit risk and liquidity risk. The Group's overall risk management policy, which is determined by the Board, is to strive for minimal adverse effects on the financial position and performance.

Market risks

Currency risks

The Group operates both nationally and internationally, which involves exposure to fluctuations in various currencies, especially USD and EUR. Currency risk arises from future commercial transactions and recognized assets and liabilities. The extent of the company's business currently means that the net exposure in foreign currencies is limited. The company therefore does not have a currency hedging policy.

If the Swedish krona had weakened or strengthened by 10%, with all other variables constant, the adjusted profit after tax as of 31 December 2016 would have been SEK 25,000 (25,000) lower / higher, mainly as a result of gains and losses on translation of receivables and liabilities. The corresponding impact on the parent company would have been SEK 25,000 (25,000).

Interest rate risk in cash flow

Interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates. The Group currently only has interest-bearing financial assets in the form of bank deposits.

Calculated on interest-bearing assets and liabilities with variable interest rate as of 31 December 2016, a one percentage point change in market rates would have affected the Group's results by SEK 2,591,000 (757,000). For the parent company, the effect would have been SEK 2,591,000 (757,000).

Credit risk

Credit risk is the risk that one party to a transaction with a financial instrument fails to meet its obligation. The maximum exposure to credit risk on financial assets as of 31 December 2016 amounted to SEK 259,200,000 (75,845,000). For the parent company, the effect would have been SEK 259,200,000 (75,845,000).

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash or agreed credit options to close market positions. Based on the existing business plan, there is enough liquidity for around two years. The maturity structure of the Group's financial liabilities is shown below.

(SEK 000)	< 3 months	3 months – 1 year	1-2 years	2-5 years
Accounts payable	2 422	0	0	0
Accrued costs	587	0	0	0
Total	3 009	0	0	0

Managing capital risks

The Group's objective regarding capital structure, defined as equity, is to safeguard its ability to continue operations in order to generate returns for shareholders and benefits for other stakeholders while maintaining optimised capital structure with regard to the cost of capital. Dividends to shareholders, redemption of shares, the issuing of new shares or the sale of assets are examples of measures that the company can use to adjust the capital structure.

The Group's gearing ratio	2016
Total interest-bearing liabilities (SEK 000)	0
Less: interest-bearing assets (SEK 000)	259 094
Net Debt	-259 094
Total equity (SEK 000)	276 731
Gearing	-94%

Net Debt

Interest-bearing liabilities less interest-bearing assets

(Incl. cash)

Gearing

Net debt in relation to equity

Note 4 Significant estimates and assessments for accounting purposes

Listed below are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, which mean a significant risk of material adjustments to the carrying values of assets and liabilities within the next financial year. The greatest uncertainty exists for intangible assets. Intangible assets have not yet begun to be impaired which is why they are tested annually for impairment.

Impairment tests are based on a review of the recoverable amount is estimated using the assets' value in use. Management makes estimates of future cash flows according to internal business plans and forecasts. The review also makes use of estimates of factors such as the discount rate and future growth beyond the established budgets and forecasts. The carrying values of intangible assets amounts to SEK 19,482,000 (13,885,000), of which the capitalized development cost is SEK 7,605,000 (5,644,000) while SEK 11,877,000 (8,241,000) consists of patents and licenses. Changes to the assumptions made by management during impairment testing could have a material impact on the company's results and financial position.

Note 5 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the most senior operating decision maker. The chief operating decision maker is the management position responsible for allocating resources and assessing operating segments. Within the Group this position has been identified as the management team, which consists of six people, including the CEO.

The management team has established that the Group as a whole represents a segment based on the information processed in consultation with the Board and used as a basis for allocating resources and assessing performance.

All fixed assets are in Sweden.

The Group's net sales consist of royalties which are invoiced in their entirety from Sweden. Customers may be found in the United States.

The Group has one customer which accounts for ten percent or more of the company's revenue.

Note 6 Purchases and sales within the Group

	Parent company	
	2016	2015
Proportion of sales concerning Group companies	0%	0%
Proportion of purchases concerning Group companies	4%	0%

Note 7 Other operating income

	Group		Parent company	
	2016	2015	2016	2015
Other	25 333	10 800	25 333	10 800
Exchange-rate gains	7 250	22	7 250	22
Total	32 583	10 822	32 583	10 822

Note 8 Leasing fees

	Group		Parent company	
	2016	2015	2016	2015
Operational leasing, incl. Property rents				
Leasing fees, annual cost	898 315	523 101	898 315	523 101
<i>Remaining leasing fees fall due as follows</i>				
< 1 year	1 587 064	660 000	1 587 064	660 000
1-5 years	2 482 357	1 320 000	2 482 357	1 320 000
> 5 years	0	0	0	0
Total	4 069 421	1 980 000	4 069 421	1 980 000

The most significant rental agreements concern rental of property for company activities.

Note 9 Employees and employee

<i>Average no. of employees</i>	Group		Parent company	
	Average employees	Men	Average employees	Men
Parent company				
Sweden	15	4	11	2
Subsidiaries				
USA	1	0	0	0
Group total	16	4	11	2
<hr/>				
Board	3	2	3	2
CEO and other senior executives	3	3	2	2
<hr/>				
<i>Employee costs</i>	Group		Parent company	
	Salary & remuneration	Social costs	Salary & remuneration	Social Costs
Parent company				
Board and CEO	1 683 806	545 870	2 640 000	36 133
(of which pension costs)		(375 331)		(0)
Other employees	7 557 670	3 608 098	4 597 842	1 874 053
(of which pension costs)		(882 094)		(523 621)
Subsidiaries				
Other employees	1 006 734	0	0	0
(of which pension costs)		(0)		(0)
Group total	10 248 210	4 153 968	7 237 842	1 910 186
(of which pension costs)		(1 257 425)		(523 621)

Senior executives are those individuals who make up the senior management team together with the CEO. There are 6 members of this team. Fees are paid to the chairman of the board and to directors in accordance with decisions made by the AGM. The table below shows received remuneration.

2016 Name	Position	Salary & benefit/ Board fee	Pension costs	Other remuneration	Total
Carl Borrebaeck	Chairman	100 000	0	0	100 000
Hans Johansson	Director	0	0	0	0
Åsa Hedin	Director	50 000	0	0	50 000
Patrik Dahlén	Director	40 000	0	0	40 000
Ann-Christin Malmborg Hager	Director	50 000	0	0	50 000
Ann-Christin Sundell	Director	0	0	0	0
Total Board		240 000	0	0	240 000
Mats Grahn	CEO	1 443 806	375 331	53 528	1 872 665
Other senior executives		2 659 314	448 856	2 465 620	5 573 790
Total CEO and senior executives		4 103 120	824 187	2 519 148	7 446 455

2015 Name	Position	Salary & benefit/ Board fee	Pension costs	Other remuneration	Total
Carl Borrebaeck	Chairman	100 000	0	0	100 000
Patrik Dahlén	Director	50 000	0	0	50 000
Åsa Hedin	Director	50 000	0	0	50 000
Ann-Christin Malmborg Hager	Director	50 000	0	0	50 000
Total Board		250 000	0	0	250 000
Mats Grahn	CEO	115 000	0	2 275 000	2 390 000
Other senior executives		1 688 275	297 990	1 849 533	3 835 798
Total CEO and senior executives		1 803 275	297 990	4 124 533	6 225 798

The CEO has a notice period of 6 months, when giving notice of termination. In the event of termination by the company, the notice period is 6 months.

The Board of Directors and senior executives are included in the subscription warrants scheme whose terms are shown below.

The Group only has pension obligations under defined-contribution plans. In defined-contribution plans, the company pays fixed contributions to the insurance company. Retirement age is 65 years. For CEO Mats Grahn, the company shall pay a fixed premium equivalent to 26% of his salary.

Subscription warrants

The Annual General Meeting held on 30 May 2016 resolved to offer a warrants scheme (series 2016/2019) to employees and key persons in the company. The warrants (137,000) can be used to subscribe for newly issued shares of the Company during the period from registration of the decision until 15 October 2019. Each warrant entitles the holder to subscribe for one share at a subscription price of SEK 82.90 per share. Full utilization would increase the company's share capital by SEK 6,850.

The Annual General Meeting held on 1 June 2015 resolved to offer a warrants scheme (series 2015/2018) to employees and key persons in the company. The warrants (47,000) can be used to subscribe for newly issued shares of the Company during the period from registration of the decision until 15 October 2018. Each warrant entitles the holder to subscribe for one share at a subscription price of SEK 13.50 per share. Full utilization would increase the company's share capital by SEK 2,350.

The board meeting held on 10 September 2014 utilised the mandate issued by the Annual General Meeting held on 2 May 2014 to issue warrants (series 2014/2017) to employees and key persons in the company. The warrants (504,000) can be used to subscribe for new shares in the Company during the period from registration of the decision until 15 October 2017. Each warrant entitles the holder to subscribe for one share at a subscription price of SEK 9.50 per share. Full utilization would increase the company's share capital by SEK 25,200.

The warrants are subject to customary recalculation terms in connection with share issues, etc.

Note 10 Interest income and similar income items

	Group		Parent	
	2016	2015	2016	2015
Interest income Group	0	0	0	0
Interest income other	255 933	41 278	255 933	41 278
Total	255 933	41 278	255 933	41 278

Note 11 Interest expenses and similar income items

	Group		Parent	
	2016	2015	2016	2015
Interest expenses	0	0	0	0
Interest expenses other	-1 147	-822	-1 147	-822
Total	-1 147	-822	-1 147	-822

Note 12 Tax on year's earnings

	Group		Parent	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Current tax	0	0	0	0
Deferred tax	0	0	0	0
Total	0	0	0	0
<i>Theoretical tax</i>				
Reported earnings before tax	-14 723 222	-7 383 680	-14 723 206	-7 383 680
Current tax rate, 22%	3 239 109	1 624 410	3 239 105	1 624 410
<i>Reconciliation of reported tax</i>				
Effect of non-deductible costs	-42 556	-34	-42 556	-34
Effect of non-taxable income	30 522	7 694	30 522	7 694
Issue costs reported through equity	2 504 629	961 188	2 504 629	961 188
Effect of deficit deduction not being valued	-5 731 704	-2 593 258	-5 731 700	-2 593 258
Effect of utilised previously not valued deficit deduction				
Total	0	0	0	0

For the Group, tax loss carryforwards at December 31, 2016 amounted to SEK 52,762,000 (26,709,000). For the parent company, tax loss carryforwards at December 31, 2016 amounted to SEK 52,762,000 (26,709,000). All loss carryforwards run indefinitely. Of the tax loss carryforwards, SEK 0,000 (0) has been valued in the Group as well as the parent company.

Note 13 Capitalised development costs

	Group		Parent company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Opening acquisition values	16 791 277	0	16 791 277	0
Investments	24 292 671	16 791 277	24 292 671	16 791 277
Total	41 083 948	16 791 277	41 083 948	16 791 277
National and European grants for development costs				
Opening values	-11 146 789	0	-11 146 789	0
Annual utilization	-22 332 424	-11 146 789	-22 332 424	-11 146 789
Total	-33 479 213	-11 146 789	-33 479 213	-11 146 789
Reported values	7 604 735	5 644 488	7 604 735	5 644 488

Note 14 Patents, licenses and similar rights

	Group		Parent company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Opening acquisition values	8 971 857	6 125 833	8 971 857	6 125 833
Investments	3 735 803	2 846 024	3 735 803	2 846 024
Closing accumulated acquisition value	12 707 660	8 971 857	12 707 660	8 971 857
Opening depreciation	-157 431	-83 163	-157 431	-83 163
Depreciation for the year	-74 268	-74 268	-74 268	-74 268
Closing accumulated depreciation	-231 699	-157 431	-231 699	-157 431
Opening impairment	-573 750	-573 750	-573 750	-573 750
Impairment for the year	-24 763	0	-24 763	0
Closing accumulated impairment	-598 513	-573 750	-598 513	-573 750
Reported value	11 877 448	8 240 676	11 877 448	8 240 676

Note 15 Inventory, tools and installations

	Group		Parent company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Opening acquisition value	1 070 089	925 000	1 070 089	925 000
Purchases	2 781 019	145 089	2 781 019	145 089
Closing accumulated acquisition value	3 851 108	1 070 089	3 851 108	1 070 089
Opening depreciation	-399 014	-185 000	-399 014	-185 000
Depreciation for the year	-449 701	-214 014	-449 701	-214 014
Closing accumulated depreciation	-848 715	-399 014	-848 715	-399 014
Reported value	3 002 393	671 075	3 002 393	671 075

Note 16 Participations in Group companies

Company	Organisation		Amount	Capital share	Reported value	
	number	Office			31-12-2016	31-12-2015
Immunovia Inc	350589-6	Wilmington, USA	1 000	100%	8	8
					31-12-2016	31-12-2015
Opening acquisition value					8	0
Acquisition via share issue					0	8
Reported value					8	8

Note 17 Equity

The total number of shares is 16 804 059, each with one vote. The nominal value of one share is SEK 0.05.

Note 18 **Items not affecting cash flow**

	Group		Parent company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Depreciation	548 732	288 282	548 732	288 282
Total	548 732	288 282	548 732	288 282

Note 19 **Liquid assets**

	Group		Parent company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Cash and cash	0	0	0	0
Bank accounts	259 094 216	75 766 561	259 093 309	75 766 561
Total liquid assets	259 094 216	75 766 561	259 093 309	75 766 561

Note 20 **Financial instrument per category**

	Group		Parent company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Borrowing receivables and accounts receivable valued at accrued acquisition				
Accrued income	105 950	78 750	105 950	78 750
Liquid funds	259 094 216	75 766 561	259 093 309	75 766 561
	259 200 166	75 845 311	259 199 259	75 845 311
 Borrowing liabilities and accounts payable valued at accrued acquisition value				
Other liabilities	0	0	0	0
Accounts payable	2 422 431	1 252 224	2 422 431	1 252 224
Accrued costs	587 045	390 120	587 045	390 120
	3 009 476	1 642 344	3 009 476	1 642 344

Loans and receivables

The Group's activities give rise to very few receivables, and historically receivables have not have amounted to significant sums. Historically there have been no losses in accounts receivable. On the closing date there were no accounts receivable.

Cash and cash equivalents consist entirely of bank deposits in SEK.

On the closing date, no receivables have been identified where there is a requirement for impairment. The accrued income is entirely in USD.

The fair value of the Group's loans and receivables essentially correspond to their carrying values.

Borrowings and payables

The Group has no interest-bearing liabilities. The maturity structure regarding financial liabilities is shown in note 3.

The Group has not provided any security for any of the financial liabilities. The fair value of the Group's financial liabilities is essentially consistent with its carrying value.

Note 21 Important events after the end of the period

The first data from the study on systemic lupus erythematosus (SLE) showed above 90% accuracy in distinguishing the disease from other autoimmune diseases. This confirmed that the principal aim of the study had been achieved. The data confirmed that IMMray™ biomarker signatures can distinguish Systemic Lupus Erythematosus (SLE) from three other main autoimmune diseases, rheumatoid arthritis, Sjögren's disease and vasculitis with an average accuracy exceeding 90%. These results are extremely encouraging because the symptoms of SLE mimic other rheumatic, autoimmune diseases leading to more than 50% of the patients being initially misdiagnosed, mainly due to ambiguous laboratory test results.

Note 22 Transactions with related parties

Remuneration to the Board and senior executives is reported in Note 9. All transactions with related parties have taken place on market terms.

Note 23 Allocation of earnings

(Amounts in SEK)

Proposed allocation of company's profits

At AGM's disposal:

Profit brought forward	266 221 046
<u>Loss for the year</u>	<u>-14 723 206</u>
	251 497 840

The Board proposes:

<u>That the following amount be carried forward</u>	<u>251 497 840</u>
	251 497 840

The Group's income statement and balance sheet will be presented to the AGM on 25 April 2017 for adoption.

The Board of Directors and the CEO certify that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results.

The annual report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the parent company's position and results.

The Directors' report for the Group and the parent company provides a fair review of the development of the Group's and parent company's operations, position and results and describes significant risks and uncertainty factors that the parent company and the companies included in the Group face.

Lund, 23 March 2017.

Carl Borrebaeck
Chairman

Hans Johansson
Board member

Åsa Hedin
Board member

Ann-Christin Malmberg Hager
Board member

Mats Grahn
CEO

Ann-Christin Sundell
Board member

My audit report was submitted on 23 March 2017 Mats-Åke Andersson

Authorised public accountant