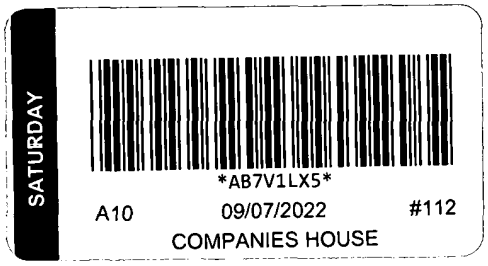
IMMUNOCORE

Immunocore Limited

Annual report and financial statements

for the year ended

31 December 2021



Company number: 06456207

IMMUNOCORE

Contents

IMMUNOCORE

Company information

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Registered office	92 Park Drive Milton Park Abingdon Oxfordshire OX14 4RY
Auditor	KPMG LLP 15 Canada Square London E14 5GL

Strategic Report for the year ended 31 December 2021

Introduction

Immunocore Limited (the "Company") was incorporated in 2007. During the year ended 31 December 2021, the Company ceased to be the ultimate parent company of the Immunocore group of companies.

On 7 January 2021, Immunocore Holdings Limited was incorporated as a private limited company under the laws of England and Wales with nominal assets and liabilities for the purpose of becoming the holding company of Immunocore Limited. On 22 January 2021, each holder of series A preferred shares, series B preferred shares, series C preferred shares, Growth Shares and ordinary shares in Immunocore Limited, exchanged each of their shares of Immunocore Holdings Limited for 100 shares of the same class in Immunocore Holdings Limited. Following this share exchange, Immunocore Limited became a wholly owned subsidiary of Immunocore Holdings Limited.

All Immunocore Limited share options granted to directors and employees under share option plans that were in existence immediately prior to the reorganisation were exchanged for share options in Immunocore Holdings plc on a one-for-100 basis with no change in any of the terms or conditions.

Following the share exchange, Immunocore Limited undertook a reorganisation of its share capital to re-designate its series A preferred shares, series B preferred shares, series C preferred shares and Growth shares into a single class of ordinary shares and subsequently undertook a share capital reduction, cancelling 6,414,412 ordinary shares and creating distributable reserves.

On 1 February 2021, Immunocore Holdings Limited was re-registered as a public limited company ("plc") with the name Immunocore Holdings plc. Immunocore Holdings plc's Board, management and corporate governance arrangements, and consolidated assets and liabilities immediately following the reorganisation were the same as Immunocore Limited immediately before the reorganisation.

The Directors present their strategic report and audited financial statements for the Company for the year ended 31 December 2021.

The principal activity of the Company is pioneering the development of a novel class of TCR bispecific immunotherapies called ImmTAX – Immune **m**obilizing **m**onoclonal **T**CRs **A**gainst **X** disease – designed to treat a broad range of diseases, including cancer, infectious and autoimmune. Leveraging its proprietary, flexible, off the-shelf ImmTAX platform, the Company is developing a deep pipeline in multiple therapeutic areas, including five clinical stage programs in oncology and infectious disease, advanced pre-clinical programs in autoimmune disease and multiple earlier pre-clinical programs.

Business review

On 26 January 2022, the U.S. Food and Drug Administration, or the FDA, approved KIMMTRAK (tebentafusp-tebn) for the treatment of unresectable or metastatic uveal melanoma. KIMMTRAK demonstrated superior overall survival, or OS, in a Phase 3 randomised clinical trial, in uveal melanoma compared to the investigator's choice, with a hazard ratio of 0.51. KIMMTRAK's approval establishes many firsts as the first TCR therapeutic to receive regulatory approval from the FDA, the first bispecific T cell engager to receive regulatory approval from the FDA to treat a solid tumour, and the first and only therapy for the treatment of unresectable or metastatic uveal melanoma to be approved by the FDA.

Tebentafusp regulatory submissions have been submitted to additional regulatory agencies for mUM. The EMA, the United Kingdom's MHRA, Health Canada, and the Australian Government Department of Health Therapeutic Goods Administration (TGA) have accepted the submission of the Company's Marketing Authorisation Application.
As of 31 December 2021, the Company has dosed over 700 cancer patients with the Company's ImmTAX product candidates, which it believes is the largest clinical data set of any bispecific in a solid tumour and any TCR therapeutic.

Strategic Report for the year ended 31 December 2021 (continued)

The Company's clinical programs are being conducted with patients with a broad range of cancers including melanoma, lung, gastric, head and neck and ovarian, among others. The Company has three clinical stage programs within its ImmTAC (**Imm**une **m**obilizing **m**onoclonal **TC**Rs **A**gainst **C**ancer) platform, including KIMMTRAK. Its other ImmTAX product candidates have the potential to address other tumour types with larger addressable patient populations and significant unmet need, and the Company is studying the application of its ImmTAX platform to infectious diseases and autoimmune conditions.

Unlike antibody targeted immunotherapies that have a relatively small target pool, the Company's approach relies on the power of T cell receptors, or TCRs, which are naturally occurring receptors found on the surface of T cells that have the ability to target nearly all of the human proteome. Natural TCRs give T cells the ability to scan for abnormalities in nearly any cell in the body that are presented as protein fragments, or antigens, by human leukocyte antigen, or HLA, on the cell surface. The Company's ImmTAX platform builds upon these natural TCRs to engineer soluble targeted and high-affinity TCRs. By engineering these TCRs, using its ImmTAX platform, the Company is developing off-the-shelf, bispecific therapeutics, which are able to precisely target a wide range of proteins uniquely expressed by unhealthy and abnormal cells that cannot be targeted by current antibody-based immunotherapies.

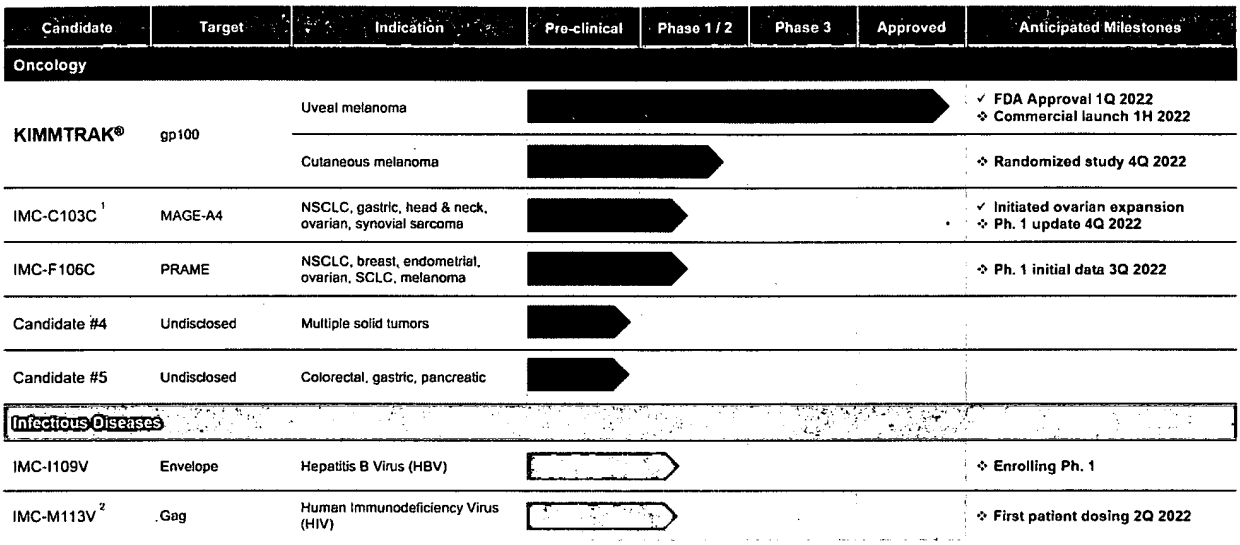
The Company's ImmTAX bispecific therapeutics couple the targeting power of these engineered TCRs on one end with the other end displaying pre-optimised effector functions, which have the ability to drive a desired immune response at the site of the disease. This combination is designed to provide the Company with significant flexibility as it is able to engineer and tailor its ImmTAX therapeutics to target proteins that are specific to the disease it is trying to treat and then modulate the corresponding immune response by either boosting or inhibiting the immune system.

From the Company's strong foundation and expertise in TCR targeting development, it continues to push boundaries to improve the product candidates it can generate from its ImmTAX platform. The Company's mission is to pursue the development of innovative product candidates designed to benefit the greatest number of patients. For example, the Company recently developed a universally applicable HLA-E platform for universal patient access, which it has validated in pre-clinical proof-of-concept studies. Using this platform, the Company believes it may be able to develop product candidates which will allow all patients globally to benefit from a single therapeutic per target rather than requiring several classical HLA programs with their associated development costs. While still early in development, the Company believes this advancement to its platform has the potential to further revolutionise the future of TCR-based therapies by expanding the therapeutic reach of its ImmTAX platform.

Pipeline development and performance

The Company is currently leveraging its ImmTAX platform within three therapeutic areas: oncology, infectious, and autoimmune disease. It has named each of these platforms according to their therapeutic area to distinguish the type of target recognised by the TCR targeting system and the selected effector function. The Company has five clinical stage assets as well as numerous pre-clinical programs. While the Company's most advanced clinical programs are focused on developing treatments for oncology, it believes its ImmTAX platform is versatile, and will also allow the Company to develop therapeutics with significant advantages in the treatment of infectious and autoimmune diseases. The Company's current pipeline is represented in the diagram below.

Strategic Report for the year ended 31 December 2021 (continued)



[1] Developed under a co-development/co-promotion collaboration with Genentech. [2] Program is wholly owned, development costs being provided by the Bill & Melinda Gates Foundation (BMGF), Immunocore retain all development and commercialization rights in the developed world.

The Company's ImmTAC Platform (Oncology)

Within the Company's ImmTAC platform, it has three clinical stage programs and additional pre-clinical programs (two of which are shown in the diagram above), focusing on the treatment of solid tumours with high unmet medical needs. The Company's ImmTAC product candidates are bispecific, soluble TCR molecules featuring an antigen-specific targeting module based on the Company's high-affinity, highly specific TCR system and its proprietary cluster of differentiation 3 effector module for T cell recruitment, engagement and activation.

The Company's ImmTAC programs include:

- **KIMMTRAK (tebentafusp-tebn)**, the Company's ImmTAC molecule targeting an HLA-A*02:01 gp100 antigen, is its first approved product. KIMMTRAK was approved by the FDA on January 26, 2022, for the treatment of HLA-A*02:01-positive adult patients with unresectable or metastatic uveal melanoma. KIMMTRAK demonstrated monotherapy activity and recently achieved the primary endpoint of superior overall survival in a randomised Phase 3 clinical trial in patients with previously untreated metastatic uveal melanoma against the investigator's choice of treatment. The OS hazard ratio in the intent-to-treat population favoured tebentafusp, HR=0.51 (95% CI: 0.37, 0.71); p< 0.0001, over investigator's choice (82% pembrolizumab; 13% ipilimumab; 6% dacarbazine). The FDA reviewed KIMMTRAK under the Real-Time Oncology Review pilot program, an initiative of the FDA's Oncology Center of Excellence designed to expedite the delivery of safe and effective cancer treatments to patients, and the FDA's Project Orbis initiative, which enables concurrent review by the health authorities in partner countries that have requested participation.

- **Tebentafusp** regulatory submissions have been submitted to additional regulatory agencies for mUM. The EMA, the United Kingdom's MHRA, Health Canada, and the Australian Government Department of Health Therapeutic Goods Administration (TGA) have accepted the submission of the Company's Marketing Authorisation Application. Over 200 patients have entered into the Company's global early access program in 13 countries. Subject to regulatory approval, the Company anticipates launching KIMMTRAK in Europe in the second quarter of 2022.

- **Tebentafusp** is also being developed in metastatic cutaneous melanoma (mCM). In 2021, Immunocore presented data from Phase 1b trial in metastatic cutaneous melanoma (mCM) at the Society for

Strategic Report for the year ended 31 December 2021 (continued)

Immunotherapy of Cancer (SITC) 36th Annual Meeting. Preliminary evidence of KIMMTRAK (tebentafusp-tebn) clinical activity in mCM patients who had prior anti-PD(L)1 therapy, currently an unmet medical need, included 1-year overall survival (OS) rate of 76%. The Company anticipates initiating a mCM Phase 2 randomised trial with and without PD(L)1 therapies in the fourth quarter of 2022.

- **IMC-C103C**, the Company's ImmTAC molecule targeting an HLA-A*02:01 MAGE-A4 antigen, is currently being evaluated in a first-in-human, Phase 1/2 dose escalation trial in patients with solid tumour cancers including non-small-cell lung cancer, or NSCLC, gastric, head and neck, ovarian and synovial sarcoma. In December 2021, the Company reported initial Phase 1 data from the trial at the European Society of Medical Oncology Immuno-Oncology Congress. IMC-C103C demonstrated a manageable safety profile and clinical activity with confirmed durable responses in ovarian cancer and a confirmed durable response in head and neck squamous cell carcinoma, or HNSCC. The Company initiated an expansion arm in high-grade serous ovarian carcinoma at 140 micrograms/week. It anticipates reporting additional data from the Phase 1 trial in the fourth quarter of 2022.

- **IMC-F106C**, the Company's ImmTAC molecule targeting an optimal HLA-A*02:01 PRAME antigen is currently being evaluated in a first-in-human, Phase 1/2 dose escalation trial in patients with multiple solid tumour cancers including NSCLC, SCLC, endometrial, ovarian, cutaneous melanoma, and breast cancers. As of 31 December 2021, the Company had enrolled 39 patients in the Phase 1 clinical trial. Early pharmacodynamic data indicate that IMC-F106C monotherapy is demonstrating biological activity at the doses currently under evaluation. The Company anticipates reporting Phase 1 initial data from the trial in the third quarter of 2022.

Financial performance

The Directors and management regularly review the Company's performance. Key balances reviewed to assess performance include Revenue, Research and Development expenses and Operating loss. In addition, the level of Cash and cash equivalents and the Company's Cash used in operating activities are reviewed on an ongoing basis to ensure the Company has an appropriate degree of financial flexibility to achieve the Company's objectives and continue as a going concern.

Revenue

For the year ended 31 December 2021, revenue from collaboration agreements decreased to £23.5 million from £30.1 million for the year ended 31 December 2020. The decrease is primarily driven by the Eli Lilly collaboration, for which no revenue has been recognised in the year ended 31 December 2021, while a review is undertaken of the two ongoing programs. In addition, revenue under the Genentech collaboration decreased by £2.8 million due to a decrease in reimbursable costs under the cost sharing arrangements. During the same year the Company elected with GSK not to progress the remaining programs under the collaboration, and recognised in full the balance of deferred revenue, representing the final revenue expected from GSK. The agreement was subsequently terminated in January 2022.

The decrease in collaboration revenue was partially offset by pre-product revenue relating to the sale of tebentafusp under a compassionate use program in France during the year ended 31 December 2021, which provides patients with access to tebentafusp prior to marketing approval. Pre-product revenue is recognised net and includes deductions for both an estimate of government rebates payable and an estimate of returns in the case of expiry, damage or other instances.

Research and development expenses

For the year ended 31 December 2021, the Company's research and development expenses were £74.1 million, as compared to £75.3 million for the year ended 31 December 2020. This decrease of £1.2 million was attributable to a decrease in external research and development expenses due to a reduction in clinical trial activity as the Company

Strategic Report for the year ended 31 December 2021 (continued)

focused on regulatory approval and prepared for commercial launch, with the FDA having granted regulatory marketing approval for KIMMTRAK on January 26, 2022.

Operating loss

For the year ended 31 December 2021, the Company's operating loss was £132.5 million as compared to £87.4 million for the year ended 31 December 2020. This increase £45.1 million was attributable primarily to an increase of £27.7 in the non-cash share-based payment charge, which increased to £35.9 million in the year ended 31 December 2021, following the award of share options in connection with the Group's IPO. In addition, precommercial expenses increased in the year ended 31 December 2021 as a result of expenditure related to tebentafusp.

Financial position at year-end

While the Company has recorded pre-product revenue for the sale of tebentafusp under a compassionate use program, and the FDA approved KIMMTRAK on January 26, 2022, for periods up to and including the year ended 31 December 2021, the Company did not generate any revenue from the sale of marketed pharmaceutical products, and the Company has incurred operating losses and negative cash flows from its operations since inception. The Company expects to incur significant expenses and operating losses for the foreseeable future as it advances its product candidates through preclinical and clinical development, seek regulatory approval and pursue commercialisation of any approved product candidates. The Company expects that its research and development and general and administrative costs will increase in connection with its planned clinical and commercial activities. As a result, the Company will need additional capital to fund its operations until such time as it can generate sufficient revenue from product sales.

The Company has previously funded its operations primarily with proceeds from sales of equity securities, debt financing and collaboration agreements. Following the Group's IPO, the Company is reliant on its parent, Immunocore Holdings Plc, which has funded the Group's operations with proceeds from the sale of equity securities in connection with the IPO. The Company has borrowed money from Immunocore Holdings Plc and expects to borrow more in the future to finance its ongoing activities.

At 31 December 2021, the Company had cash and cash equivalents of £231.0 million (2020: £127.4 million).
Other than its Loan Agreement with Oxford Finance described below, the Company currently has no ongoing material financing commitments, such as lines of credit or guarantees, that are expected to affect its liquidity, other than its lease obligations and certain supplier purchase commitments outlined in Note 18 of the financial statements.

Environmental Matters

The Company's research and development activities involve the controlled use of potentially hazardous substances, including chemical and biological materials, potentially infectious material and genetically modified cells. We and our suppliers are subject to federal, state and local laws and regulations in the United Kingdom and United States governing the use, manufacture, storage, handling and disposal of such hazardous materials. Although we believe that we and our suppliers' procedures for using, handling, storing and disposing of these materials comply with legally prescribed standards, and that we and our suppliers have all necessary permits, we and our suppliers cannot completely eliminate the risk of contamination or injury resulting from hazardous chemical or biological materials. As a result of any such contamination or injury, we may incur liability or local, city, state or federal authorities may curtail the use of these materials and interrupt our business operations. In the event of an accident, we could be held liable for damages or penalised with fines, and the liability could exceed our resources. We have insurance in place for liabilities arising from handling biological and hazardous substances, but it may not or may not fully cover all costs from such accidents. Compliance with applicable environmental laws and regulations is expensive, and current or future environmental regulations may impair our research, development and production efforts, which could impact our business, prospects, financial condition or results of operations.

Strategic Report for the year ended 31 December 2021 (continued)

Principal risks and uncertainties

The principal risks and uncertainties of the Company relate to the technology platform, success in clinical trials, market interest in immunotherapeutic approaches towards disease treatment, management of intellectual property, regulatory compliance, regulatory environment and liquidity.

Coronavirus risk

The Company's business could be adversely affected by health epidemics in regions where the Company has concentrations of clinical trial sites or other business operations, and could cause significant disruption in the operations of third-party manufacturers and CROs upon whom the Company relies. Since December 2019, a novel strain of coronavirus, COVID-19, has spread to multiple countries. The Company's headquarters is located in Oxfordshire, United Kingdom and the Company's CROs and contract manufacturing organisations, or CMOs, are operating in Europe, United States and Asia. In March 2020, the World Health Organisation declared the COVID-19 outbreak a pandemic, and the U.S. Government-imposed travel restrictions on travel between the United States, Europe and certain other countries. Further, the President of the United States declared the COVID-19 pandemic a national emergency, invoking powers under the Stafford Act, the legislation that directs federal emergency disaster response.

In response to these public health directives and orders, the Company has implemented work-from-home policies to support the community efforts to reduce the transmission of COVID-19 and protect employees, complying with guidance from federal, state/provincial or municipal government and health authorities. The Company implemented a number of measures to ensure employee safety and business continuity. Employees who could work from home did so, while those needing to work in laboratory facilities were divided into shifts to reduce the number of people gathered together at one time. Business travel was suspended, and online and teleconference technology was used to meet virtually rather than in person. The Company took measures to secure its research and development project activities, while work in laboratories and facilities was organised to reduce risk of COVID-19 transmission.

The effects of the executive orders and the Company's work-from-home policies may negatively impact productivity, disrupt the Company's business and delay its clinical programs and timelines (for example, its timeline for tebentafusp), the magnitude of which will depend, in part, on the length and severity of the restrictions and other limitations on its ability to conduct its business in the ordinary course. These and similar, and perhaps more severe, disruptions in the Company's operations could negatively impact its business, operating results and financial condition.

Quarantines, shelter-in-place and similar government orders, or the perception that such orders, shutdowns or other restrictions on the conduct of business operations could occur, related to COVID-19 or other infectious diseases could impact personnel at third-party manufacturing facilities in the United Kingdom, United States and other countries, or the availability or cost of materials, which would disrupt the Company's supply chain.

To date, the coronavirus 2019, or COVID-19, pandemic has resulted in periodic short-term delays in progressing the Company's early-stage pipeline programs. The Company's current and planned clinical trials have been affected by the COVID-19 pandemic, including (i) patients becoming exposed to COVID-19 or having to interrupt treatment (ii) delays in accessing patients during surges of COVID-19, which can adversely impact enrolment, ongoing treatment, dosing, and protocol-mandated assessments and other procedures and (iii) CRO and trial site staffing shortages due to illness, isolation and hiring challenges, which can impact data enrolment, data entry, timely response to queries, study timelines and operational milestones.

Strategic Report for the year ended 31 December 2021 (continued)

Brexit risk

The Company's principal office space is located in the United Kingdom. The United Kingdom formally exited the European Union, commonly referred to as Brexit, on 31 January 2020. Under the terms of its departure, the United Kingdom entered a transition period, or the Transition Period, during which it continued to follow all European Union rules. The Transition Period ended on 31 December 2020. On 30 December 2020, the United Kingdom and European Union signed the Trade and Cooperation Agreement, which includes an agreement on free trade between the two parties, which provisionally applied from 1 January 2021, and formally entered into force on 1 May 2021.

Since a significant proportion of the regulatory framework in the United Kingdom applicable to the Company's business and its product candidates is derived from EU directives and regulations, Brexit has had, and will continue to have, a material impact upon the regulatory regime with respect to the development, manufacture, importation, approval and commercialisation of the Company's product candidates in the United Kingdom and the European Union. For example, following the Transition Period, Great Britain is no longer covered by the centralised procedures for obtaining EU-wide marketing authorisations and the Company's products will therefore require a separate marketing authorisation to allow the Company to market such products in Great Britain. Any delay in obtaining, or an inability to obtain, any marketing approvals, as a result of Brexit or otherwise, would prevent the Company from or delay it in commercialising product candidates in the United Kingdom and/or the EEA and restrict its ability to generate revenue and achieve and sustain profitability. In the short term, there is ongoing disruption to import and export processes due to a lack of administrative processing capacity by the respective United Kingdom and EU customs agencies that may delay time-sensitive shipments and may negatively impact the Company's product supply chain. In addition, there are non-tariff costs to such trade that did not exist prior to the expiry of the Transition Period. Orphan designation in Great Britain following Brexit is, unlike in the EU, not available pre-marketing authorisation. Applications for orphan designation in Great Britain (or the United Kingdom, if there is not a prior centralised marketing authorisation in the EU) are now made at the same time as an application for marketing authorisation. The criteria to be granted orphan designation are essentially identical to those in the EU but based on the prevalence of the condition in Great Britain as opposed to prevalence in the EU. It is therefore possible that conditions that were or would have been designated as orphan conditions in Great Britain prior to the end of the Transition Period are or would no longer be and that conditions that were not currently designated as orphan conditions in the European Union will be designated as such in Great Britain.

As a result of Brexit or otherwise, other European countries may seek to conduct referenda with respect to their continuing membership with the European Union. Given these possibilities and others the Company may not anticipate, as well as the absence of comparable precedent, it is unclear what financial, regulatory and legal implications the withdrawal of the United Kingdom from the European Union will have and how such withdrawal will affect the Company, and the full extent to which business could be adversely affected.

Geopolitical risk

Our operations and those of our third-party suppliers and collaborators could be subject to earthquakes, power shortages, telecommunications failures, water shortages, floods, hurricanes or other extreme weather conditions, medical epidemics, labor disputes, war or other business interruptions. Although we have limited business interruption insurance policies in place, any interruption could come with high costs for us, as salaries and loan payments would usually continue. Moreover, any interruption could seriously harm our ability to timely proceed with any clinical programs or to supply product candidates for use in our clinical programs or during commercialisation. For example, the current COVID-19 pandemic has, at points, caused an interruption in our clinical trial activities. Specifically, we had to reduce our business activities including those in the laboratory according to governmental orders in the United States as well as in the United Kingdom. Additionally, supply chains disruptions impact and may continue to impact our research activities. Moreover, at the end of 2021 and into 2022, tensions between the United States and Russia escalated when Russia amassed large numbers of military ground forces and support personnel on the Ukraine-Russia border and, in February 2022, Russia invaded Ukraine. In response, North Atlantic Treaty Organisation, or NATO has deployed additional military forces to Eastern Europe, including to Lithuania, and the Biden administration and other countries announced certain sanctions against Russia. The invasion of Ukraine and the retaliatory measures that have

Strategic Report for the year ended 31 December 2021 (continued)

been taken, or could be taken in the future, by the United States, NATO, and other countries have created global security concerns that could result in a regional conflict and otherwise have a lasting impact on regional and global economies, any or all of which could disrupt our supply chain, adversely affect our ability to conduct ongoing and future clinical trials of our product candidates, and adversely affect our ability to commercialise our products (subject to regulatory approval) in this region. For example, our ongoing IMCgp100-202 trial currently includes trial sites located in Ukraine and Russia and we are currently treating one patient in Russia. Currently, we have plans in place to continue study treatment for this individual; however, the invasion of Ukraine will likely impact our ability to conduct the trial in Ukraine, Russia and potentially in other Eastern European countries, and may prevent us from continuing treatment or follow-up for patients currently enrolled or enrolling future patients at sites in these countries, and may also prevent us from commercialising our products (subject to regulatory approval) in this region. This could negatively impact the anticipated timing and completion of our clinical trials and/or analyses of clinical results, including our IMCgp100-202 Trial, and negatively impact our plans to commercialise our product (subject to regulatory approval) in this region, which could harm our business.

Financial risk management

The Company is exposed to interest rate, currency, credit and liquidity risks. The Company's Board oversees the management of these risks supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework. The financial risk committee provides assurance to the Board that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with its policies and risk objectives. The most significant financial risks to which the Company is exposed are set out below.

The Company's principal financial assets include cash and cash equivalents and trade and other receivables that derive directly from its operations. The principal financial liabilities comprise the drawn down debt under the loan agreement with Oxford Finance S.A.R.L ("Oxford Finance"), lease liabilities and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations.

Interest Rate Risk

The Company's exposure to changes in interest rates relates to investment in deposits and to changes in interest for overnight deposits. Changes in the general level of interest rates may lead to an increase or decrease in the fair value of these investments. As a result of entering into the Loan Agreement with Oxford Finance, the Company is also exposed to interest rate risk as a variable rate of interest is applied within a defined cap and collar over the term of the debt. A hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on the Company's financial statements.

Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities in the United States and outsourced supplier agreements denominated in currencies other than pound sterling. The Company minimises foreign currency risk by maintaining cash and cash equivalents of each currency at levels sufficient to meet foreseeable expenditure.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), including deposits with banks and financial institutions. The Company has assessed the expected credit loss by considering a number of factors including the credit quality of the Company's counter-parties and the short-term nature of the receivables, and based on these factors, expected credit losses at 31 December 2021 are not significant and there have been no changes in expected loss allowances in the year ended 31 December 2021. The

Strategic Report for the year ended 31 December 2021 (continued)

Company's material receivables are from large pharmaceutical companies and healthcare providers. Appropriate due diligence is performed on these organisations before agreements are entered into. There are no significant amounts which are past due at 31 December 2021 or 2020.

Liquidity Risk

The Company's exposure to liquidity risk arises from its ongoing operational expenditure, which is required to perform its principal activity. The Company continuously monitors the risk of a shortage of funds by assessing expected cash flows, which are used to generate forecast levels of cash and cash equivalents. The Company also considers its foreign currency receivables and the foreign currency cash levels required in dollars and euros as part of these forecasts in order to ensure it has sufficient resources to settle its payable balances. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of capital increases or other sources of financing to ensure it continues to have sufficient liquidity.

Going concern

The financial position of the Company, liquidity position and borrowing facilities are described in the primary statements and notes to these sets of financial statements. Our business activities and other factors likely to affect our future position and performance are set out further above in this Strategic Report.

In assessing whether our financial statements can be prepared on a going concern basis, our directors have considered the Company's business and the factors likely to affect our future development and performance. This review included an assessment of the Company's financial position and potential cash flows. The review and assessment is set out in Note 1 to these financial statements.

Human Rights and Employee Matters

The Company places value on engagement with its employees. Meetings are regularly held to discuss the Company's operations, challenges, progress and successes. The Company periodically conducts employee surveys to obtain, assess and address employee views on a variety of topics. In addition, since the Group's IPO in February 2021, the majority of the Company's employees have been able to participate in the Group's share option scheme, which provides potential opportunities to benefit financially from the success of the Group.

The Company supports concepts frequently associated with human rights as outlined within its Section 172 statement below. The Company believes that its employees should be provided with a safe working environment, free from discrimination or coercion. The Company also values the rights of its employees to privacy and has processes in place to protect personal and sensitive information. The Company periodically arranges training on a variety of ethical matters designed to prevent harassment and bullying and ensure that employees are respected in the workplace.

Section 172(1) Statement

Introduction

Company directors are required by law to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and in doing so to have regard to a non-exclusive set of matters that consider the interest of wider stakeholders. This statement aligns to such requirements, and indicates how, during the year, the Directors addressed the matters set out in Section 172(1) (a) to (f) of the Act when performing their duties.

Strategic Report for the year ended 31 December 2021 (continued)

S172(1) (a) "The likely consequences of any decision in the long term"

The Directors understand the business and the evolving environment in which the Company operates. The strategy set by the Board is intended to strengthen the Company's current position such that the Group can achieve long-term sustainable growth.

The Company's strategy is to build a global immuno-therapy business with a portfolio of therapeutics that have the potential to beneficially impact the clinical outcomes of patients across a broad range of diseases, with a near-term focus on the treatment of cancer, infectious diseases and autoimmune diseases. The Company is pioneering the field of TCR bispecifics by leveraging the power of TCRs to recognise nearly any cellular target with targeted precision and convert them into potent ImmTAX therapies that can either boost or inhibit the immune system to treat the targeted disease.

S172(1) (b) "The interests of the Company's employees"

The Company has an experienced, highly-skilled and dedicated workforce which it recognises as a key asset of the business. The Group places considerable value on the involvement of its employees. Meetings are held with employees to discuss the operations and progress of the business and feedback is shared with management through the Group's formal employee representative forums, CEO forums, Town Halls and departmental meetings. Building a culture of collaboration and mutual trust, employees are encouraged to share in the success of the Company through its compensation policy and share option scheme (see Note 25 to the financial statements). The Company recognises that employees dedicate a large part of their time to the Group and that wellbeing and performance are linked; accordingly, the Company offers benefits such as private health insurance and also sponsors a number of employee events and initiatives.

Further, the Company places diversity and inclusion as integral to the Group's strategic objective and aligns with the its values of respect and integrity. The Company recognises that it is also a vital contributor to its success and long-term competitiveness. By valuing and promoting a culture of diversity and inclusion it enables employees to contribute their unique perspectives, which fully leverages their individual talent and creates an organisation that is entrepreneurial, values diversity to drive innovation in which all employees are respected, act with integrity and do the right thing.

The Company places a large emphasis on ensuring an inclusive workplace, one where differences are welcome and respected, where different ideas and perspectives are expressed and listened to and where employees feel a sense of belonging and have equal opportunities to develop their long-term career. The Group is fully committed to providing a diverse working environment with zero tolerance for discrimination, harassment, sexual harassment or any other improper conduct in the workplace.

The Company recognises that to attract and retain talented employees it must promote both an equal opportunity and a harmonious working environment. The Group aims to enhance this culture by training in the principles of diversity and inclusion, unconscious bias and ethical behaviours. Appointments made within the Company are made on merit according to the skills and experience offered by prospective candidates. Whilst acknowledging the benefits of diversity, individual appointments are made irrespective of personal characteristics such as race, disability, gender, sexual orientation, religion or race.

S172(1) (c) "The need to foster the Company's business relationships with suppliers, customers and others"

Delivering the Group's strategy requires strong mutually beneficial relationships with suppliers, customers and other stakeholders, including regulators and participants in the Company's clinical trials. The Company requires its suppliers to comply with all applicable laws, including applicable anti-corruption laws, around the world and undertakes Quality audits, for regulatory purposes, of suppliers where appropriate. The Company works closely and openly with its regulators to ensure that the regulatory and statutory requirements are met and work transparently with them to provide evidence of its compliance.

Strategic Report for the year ended 31 December 2021 (continued)

S172(1) (d) "The impact of the Company's operations on the community and the environment"

The Company seeks regularly to promote activities related to the community and the environment including charitable fundraising, promotion of health and safety, green initiatives etc. The Company is committed to understanding and limiting its impact on the environment and continues to monitor this.

S172(1) (e) "The desirability of the Company maintaining a reputation for high standards of business conduct"

The Company aims to meet its objectives in ways which are economically, environmentally and socially responsible. The Company has adopted policies and training on areas such as anti-bribery and corruption, fraud, anti-harassment and discrimination and acting ethically. This helps assure that the Company's decisions are taken and that the Company acts in ways that promote high standards of business conduct. Should such policies be breached such that the Company's high standards of business conduct are compromised, the Directors are committed to investigating and taking appropriate actions and have done so following an internal investigation undertaken on matters raised through a whistleblower complaint. As a result of the investigation the Company took appropriate steps against all involved parties and recovered the estimated losses in full.

S172(1) (f) "The need to act fairly as between members of the Company"

When making its decisions, the Board takes into consideration the differing interests and situations of its various members and member groups. Member views are canvassed via the Group's Annual General Meeting, Investor Relations activities and ad hoc meetings with individual members or groups of members and are fed back to the Board so that they can be taken into account in Board decision-making processes.

The Directors continue to be committed to having regard to the matters set out in Section 172(1) (a) to (f) when performing their duty to promote the success of the Company for the benefit of shareholders as a whole.

The Strategic Report was approved by the Board on 1 June 2022.

By Order of the Board

T St Leger
Director

1 June 2022

Directors' Report for the year ended 31 December 2021

Introduction

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

Principal activities

The principal activities of the Company are set out in the Strategic Report on page 2.

Dividends

The Directors do not recommend the payment of a dividend for the year ended 31 December 2021 (year ended 31 December 2020: £nil).

Qualifying third party indemnity provisions

There are no qualifying third party indemnity provisions in place for the benefit of one or more directors at the time this report is approved.

Directors and secretary and their interests

The Directors of the Company, Immunocore Ltd, who were in office during the year and up to the date of signing the financial statements were as follows:

J Bell (Chairman) (resigned on 24 January 2021)
T Coy (resigned on 24 January 2021)
B Jallal (resigned on 24 January 2021)
R Perez (resigned 24 January 2021)
K Petersen (resigned 24 January 2021)
P Ratcliffe (resigned 24 January 2021)
F Webster (appointed 24 January 2021; resigned on 5 January 2022)
L Hepworth (Secretary and director) appointed 24 January 2021)
T St Leger (appointed 10 March 2022)

Political contributions

The Company made no political donations and did not incur any political expenditure during the period.

Financial risk management

Information about financial risk management is provided in the Strategic Report on page 9 to 10.

Future developments and research and development activities

Information about future developments and research and development activities is provided in the Strategic Report on pages 3 to 5.

Employee engagement

The Company is committed to the continued development of employee involvement by effective communications and a consultative framework. Further information about employee engagement is provided in the Strategic Report on page 10 to 12.

Directors' Report for the year ended 31 December 2021 (continued)

Disabled employees

The Company always fully considers applications for employment by disabled persons, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the Company's policy that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of other employees.

Events after the balance sheet date

On 26 January 2022, the Company announced approval from the FDA for its lead product candidate, KIMMTRAK (tebentafusp-tebn) for the treatment of metastatic uveal melanoma. It has subsequently commenced selling the product in the United States.

In July 2014, the Company entered into a development and license agreement with Eli Lilly and Company, or Lilly, pursuant to which the Company and Lilly agreed to collaborate in the development, manufacture and commercialisation of soluble TCR bispecific therapeutic compounds, which is referred to, as subsequently amended, as the Lilly Collaboration. Under the Lilly Collaboration, Lilly paid the Company an initial upfront fee payment of $45 million in exchange for options to three targets.

In March 2022, the Company and Lilly have mutually agreed to terminate the Lilly Collaboration. Accordingly, the rights to two TCR candidates targeting KRASG12D pursued under the Lilly Collaboration reverted back to the Company, and no further obligations or payments are owed by the Company to Lilly. In November 2021, the Company presented data from the Lilly Collaboration at the Society for Immunotherapy of Cancer's (SITC) 36th Annual Meeting, where the Company demonstrated that, as supported by preclinical evidence, its ImmTAC platform can be engineered to differentiate a single amino acid as well as its ability to develop a novel molecular mechanism for soluble TCR selectivity for single amino acid difference of a neoantigen versus the wild type peptide. The Company believes the Lilly Collaboration achieved its goal of engineering highly specific, affinity-enhanced T-cell receptor bispecifics capable of targeting the KRASG12D oncogene presented by two different HLAs.

On 1 April 2022, the EC approved KIMMTRAK (tebentafusp) for the treatment of HLA-A*02:01-positive adult patients with unresectable or metastatic uveal melanoma (mUM). With EC approval, KIMMTRAK has received marketing authorisation in all E.U. member states, and following completion of related national procedures, also in Iceland, Liechtenstein, and Norway. The Company plans to pursue regulatory approval for the marketing authorisation of KIMMTRAK in all 27-member states of the European Union. There are currently over 130 early access program patients in the EU and UK. The United Kingdom's MHRA, Health Canada, and the Australian Government Department of Health Therapeutic Goods Administration have each accepted the submission of the Company's Marketing Authorisation Application.

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Statement of Directors' responsibilities in respect of the Annual Report

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare financial statements in accordance in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

Directors' Report for the year ended 31 December 2021 (continued)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors' Report was approved by the Board on 1 June 2022 and signed on its behalf.

T St Leger
Director

1 June 2022

Independent Auditor's Report to The Members of Immunocore Limited

Opinion

We have audited the financial statements of Immunocore Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Loss, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

Independent Auditor's Report to The Members of Immunocore Limited (continued)

- Enquiring of directors, the audit committee, in-house legal team and finance team and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, audit and risk committee, remuneration committee and pricing committee minutes.
- Using analytical procedures to identify any usual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Company management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the entity is in the pre-commercialisation stage and no revenues are earned from trading.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries to revenue with corresponding entries to non-revenue related accounts and entries posted to Research and Development expense accounts with corresponding entries to non-related accounts.
- Evaluated the business purpose of significant unusual transactions.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and clinical trial law. Auditing standards

Independent Auditor's Report to The Members of Immunocore Limited (continued)

limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on pages 14 to 15, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable,

Independent Auditor's Report to The Members of Immunocore Limited (continued)

matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Nichols

Paul Nichols (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
United Kingdom

1 June 2022

IMMUNOCORE

Statements of Loss for the years ended 31 December 2021 and 2020

	Notes	2021 £'000	2020 £'000
Revenue	2	26,520	30,114
Total revenue		**26,520**	**30,114**
Net other operating income		3,835	4,195
Research and development costs	1	(74,062)	(75,276)
Administrative expenses		(88,797)	(46,431)
Operating loss		**(132,504)**	**(87,398)**
Finance income		242	2,184
Finance costs	5	(5,731)	(3,269)
Non-operating expense		**(5,489)**	**(1,085)**
Loss before taxation		**(137,993)**	**(88,483)**
Income tax credit	6	9,080	12,429
Loss for the year		**(128,913)**	**(76,054)**

The accompanying notes on pages 23 to 39 form an integral part of these financial statements.

Company number: 06456207
Statement of Financial Position as at 31 December 2021 and 2020

	Notes	2021 £'000	2020 £'000
Non-current assets			
Property, plant and equipment	8	8,551	13,325
Right of use assets	9	21,406	22,450
Investment in subsidiaries	10	-	-
Investment in sub-lease	9	-	542
Other non-current financial assets	11	9,452	4,410
Total non-current assets		**39,409**	**40,727**
Current assets			
Trade and other receivables	12	27,226	10,495
Tax receivable		9,560	12,863
Cash and cash equivalents		231,004	127,415
Total current assets		**267,790**	**150,773**
Total assets		**307,199**	**191,500**
Equity			
Share capital	13	-	1
Share premium	13	-	386,230
Share-based payment reserve	13	54,682	18,821
Other reserves	13	386,231	-
Accumulated deficit		(485,659)	(356,746)
Total equity		**(44,746)**	**48,306**
Non-current liabilities			
Interest-bearing loans and borrowings	14	37,226	36,654
Deferred revenue		6,408	24,868
Lease liabilities	9	24,098	24,587
Provisions		18	109
Total non-current liabilities		**67,750**	**86,218**
Current liabilities			
Trade and other payables	15	258,956	28,581
Deferred revenue		24,450	27,118
Lease liabilities	9	789	1,277
Total current liabilities		**284,195**	**56,976**
Total liabilities		**351,945**	**143,194**
Total equity and liabilities		**307,199**	**191,500**

The accompanying notes on pages 23 to 39 form part of these financial statements.

The Company financial statements on pages 20 to 39 were approved by the Board of Directors on 1 June 2022 and were signed on its behalf by:

T St Leger
Director

1 June 2022

IMMUNOCORE

Statement of Changes in Equity for the years ending 31 December

	Notes	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Other reserve £'000	Accumulated deficit £'000	Total equity £'000
At 1 January 2020		**-**	**283,250**	**10,659**	**-**	**(284,022)**	**9,887**
Loss for the year		-	-	-	-	(76,054)	(76,054)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive loss for the year		**-**	**-**	**-**	**-**	**(76,054)**	**(76,054)**
Conversion of interest-bearing loan		-	-	-	-	(510)	(510)
Derecognition of derivative liability		-	-	-	-	3,840	3,840
Issue of share capital		1	102,980	-	-	-	102,981
Equity-settled share-based payment transactions		-	-	8,162	-	-	8,162
At 31 December 2020		**1**	**386,230**	**18,821**	**-**	**(356,746)**	**48,306**
Loss for the year		-	-	-	-	(128,913)	(128,913)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive loss for the year		**-**	**-**	**-**		(128,913)	(128,913)
Capital reduction on corporate reorganisation	1, 13	(1)	(386,230)	-	386,231	-	-
Equity-settled share-based payment transactions	13, 16	-	-	35,861		-	35,861
At 31 December 2021		**-**	**-**	**54,682**	**386,231**	**(485,659)**	**(44,746)**

The accompanying notes on pages 23 to 39 form part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

General information

Immunocore Limited (the "Company") is a private company incorporated in England and Wales and has the following wholly owned subsidiaries: Immunocore LLC, Immunocore Commercial LLC, Immunocore Ireland Limited and Immunocore Nominees Limited. Immunocore Holdings Limited was incorporated in England and Wales on 7 January 2021. Following a subsequent corporation reorganisation and prior to the Initial Public Offering completed on 9 February 2021, Immunocore Holdings Limited became the ultimate parent company for the Group and was re-registered as Immunocore Holdings plc. Since this occurred, the Company has been wholly owned by Immunocore Holdings Plc.

The principal activity of the Company is pioneering the development of a novel class of TCR bispecific immunotherapies called ImmTAX – **I**mmune **m**obilizing **m**onoclonal **T**CRs **A**gainst **X** disease – designed to treat a broad range of diseases, including cancer, infectious and autoimmune. Leveraging its proprietary, flexible, off the-shelf ImmTAX platform, the Company is developing a deep pipeline in multiple therapeutic areas, including five clinical stage programs in oncology and infectious disease, advanced pre-clinical programs in autoimmune disease and multiple earlier pre-clinical programs.

Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosures Framework' ("FRS 101") and with the Companies Act 2006. The financial statements have been prepared under the historical cost basis, as modified by the recognition of certain financial instruments measured at fair value. The Company financial statements are presented in sterling which is both the Company's presentational and functional currency, and all values are rounded to the nearest thousand, except where otherwise indicated.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the below:

- Statement of Cash Flows and related notes
- Certain disclosures, including disclosure of judgements, disaggregated information, explanations of movements in revenue-related balances, and information regarding performance obligations in relation to revenue contracts under IFRS 15
- Certain disclosures regarding segmental reporting and leases
- Comparative period reconciliations for tangible fixed assets and intangible assets
- Disclosures in respect of transactions with wholly owned subsidiaries
- Disclosures in respect of capital management
- Disclosures in respect of the compensation of Key Management Personnel.
- The effects of new but not yet effective IFRSs
- Certain disclosures required by IFRS 13, *Fair Value Measurement* and the disclosures required by IFRS 7, *Financial Instrument Disclosures*

As the consolidated financial statements of Immunocore Holdings Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of group settled share-based payment disclosures under IFRS 2, *Share Based Payments*.

Adoption of New Accounting Standards

There have been no recent new accounting standards that have had a material impact on these financial statements.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Going concern

The financial position of the Company is described in the primary statements and notes to these sets of financial statements.

The Company reported cash and cash equivalents of £231,004,000 and net current liabilities of £16,405,000 as at 31 December 2021, with an operating loss for the year the ended 31 December 2021 of £132,504,000. The Company did not generate positive operational cash flow, which was largely due to the continuing focus on the research, development, and clinical activities to advance the programs within the Company's pipeline. On 26 January 2022 the Company's lead product candidate, KIMMTRAK received regulatory approval for marketing by the U.S. Food and Drug Administration and on 1 April 2022, the Company also received marketing approval from the European Commission ("EC") for KIMMTRAK. In addition, the Company generated pre-product revenue of £3,010,000 from sales of tebentafusp under a compassionate use program in France.

In assessing the going concern assumptions, the Board has undertaken an assessment of the current business and strategy forecasts covering a two-year period, which includes KIMMTRAK revenue. In assessing the downside risks, the Board has also considered scenarios incorporating a range of revenue arising from KIMMTRAK. As part of considering the downside risks, the Board has considered the impact of the ongoing coronavirus 2019 (''COVID-19'') pandemic and have concluded that the pandemic may have a future impact on the Company's business and implementation of its strategy and plans, but it anticipates that any such impact will be minimal on clinical trials or other business activities over the period assessed for going concern purposes. As of the date of these financial statements, the Company is not aware of any specific event or circumstance that would require the Company to update its estimates, assumptions and judgments or revise the carrying value of its assets or liabilities. Actual results could differ from these estimates, and any such differences may be material to the Company's financial statements.

Given the current cash position and the assessment performed, the Board is confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements. This scenario is based on the Company's lower range of anticipated revenue levels. As the Company continues to incur significant expenses in the pursuit of its business strategy, including further commercialisation and marketing plans for KIMMTRAK, additional funding will be needed before further existing clinical and preclinical programs may be expected to reach commercialisation, which would potentially lead to operational cash inflows. Immunocore Holdings plc has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts, including additional amounts if required. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the Directors have prepared the financial statements on a going concern basis.

Estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions. These judgments, estimates and assumptions affect the reported assets and liabilities as well as income and expenses in the financial period.

The estimates and associated assumptions are based on information available when the financial statements are prepared, historical experience and various other factors which are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the Company's control. Hence, estimates may vary from the actual values.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or the period of revision and future periods if this revision affects both current and future periods.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Percentage of Completion for performance obligations satisfied over time

Revenue arising on performance obligations satisfied over time are recognised by estimating the percentage of completion which takes into consideration the estimated timelines required to satisfy these obligations and the time since program nomination. The timeline for a project is determined using historical data from previous arrangements and through discussions about each project's plan and progress with project teams and joint steering committees. The measure of progress is therefore based on judgmental assumptions, which could be subject to adjustment in future periods. The Company believes these assumptions to be materially appropriate and to faithfully depict the level of progress for each project; however, assumptions around estimated tasks and timelines can change and it is possible that other factors may arise which cause estimates in future periods to significantly differ to both current and previous estimates.

Deferred revenue, relating to performance obligations satisfied over time, is £30,858,000 as at 31 December 2021. If the assessed life of all projects was underestimated by six months, equating to approximately 10% of the weighted average life of projects under collaborations, deferred revenue would have been £5,300,000 higher (and the cumulative revenue recognised correspondingly lower).

Valuation of share options

The Company participates in the Group's equity-settled, share-based compensation plans whereby certain of its employees and directors are granted awards over the shares in its parent company, Immunocore Holdings Plc. The grant date fair value of awards granted under these share-based compensation plans is calculated using the Black Scholes valuation model for grants since the Company's IPO, which closed on 9 February 2021. From this point, Immunocore Holdings Plc's share price has been publicly available as an input to the Black Scholes model. For awards prior to the Group's IPO, both the Black Scholes and the Back Solve valuations models were used.

The valuation models used require the input of subjective assumptions, including assumptions about the expected life of share-based awards and share price volatility, which are used to determine the fair value of Immunocore Holdings Plc's ordinary shares. These assumptions used represent management's best estimates at the time of grant, but such estimates involve inherent uncertainties and the application of judgment. The expected life assumption is based on the Company's assessment of the time within which participants are expected to exercise options, which requires consideration of employee groups, expected employee service, and other internal factors, and the degree to which these are expected to shorten the life of options in comparison to contractual expiry dates. The volatility assumption is based on the historical data of a comparator group of companies. While the Company has assessed that these estimates result in share-based payment accounting that is materially appropriate within a reasonable range of sensitivities, applying different assumptions could result in a significantly different expense being recognised in the Statement of Comprehensive Loss. Further judgmental assumptions around options expected to vest and the valuation of option modifications also significantly impact the share-based compensation charge associated with granted options.

Prior to the Group's IPO, there was no public market for the ordinary shares, and the estimated fair value of the ordinary shares was determined as of the date of each grant considering the most recently available third-party valuations of the Group's ordinary shares, and the assessment of additional objective and subjective factors that the Group believed were relevant. The ordinary share valuations were prepared using a probability weighting expected return and a current value method. The probability weighted expected return method estimated the fair value of the common stock based on an analysis of future values for the enterprise assuming various future outcomes. Share value was based on the probability-weighted present value of the expected future investment returns, considering each of the possible outcomes available to the enterprise, as well as the rights of each share class. Although the Company does not expect its estimated fair value of the ordinary shares to generate material differences within a reasonable range of sensitivities, judgement was involved in selecting the inputs into the valuations and the movement in the determined fair value had an impact on the share-based payment charge recognised in the statement of loss.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Following the Group's IPO and the award of a total of 4,702,027 options under its Equity Incentive Plan in the year ended 31 December 2021, the share-based payment expense has materially increased. The Company recognised a total charge of £35,861,000 in the year ended 31 December 2021, compared to a charge of £8,162,000 in the year ended 31 December 2020.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non- monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Collaboration revenue

Revenue arises primarily under the Company's collaboration agreements, which are reviewed and assessed in line with the five step framework established by IFRS 15 "*Revenue from Contracts with Customers*".

Within these collaboration agreements, the Company grants licensing rights and access to the Group's technology to develop specified targets and commercialise future product candidates for specified targets defined in the respective collaboration agreements, in addition to research and development services, participation on a joint steering committee and the option to obtain exclusive rights to the associated intellectual property license either through the collaborator exercising an option to do so, or at the Company's election. In each of the collaboration agreements, these promises are combined with each relevant target as one combined performance obligation. These single combined performance obligations are satisfied over time and deemed fully satisfied when the collaborator is contractually entitled to benefit from the exclusive rights to the associated intellectual property license either through the collaborator exercising an option to do so or at the Company's election. Once the collaborator has obtained exclusive rights to the associated intellectual property, the Company has no further contractual obligations relating to the performance obligation and accordingly the performance obligation is deemed satisfied and complete at this point. The Company accounts for each target under collaboration agreements as having one combined performance obligation with the mutually dependent rights noted above.

Where the Company receives development milestones at key inflection points specified within the collaboration agreements, these are considered variable consideration and are assessed at contract inception and each subsequent reporting period and not recognised in the transaction price until it is highly probable that the recognition of such revenue will not be reversed. The Company determines the variable consideration to be included in the transaction price by estimating the most likely amount that will be received and then applying a constraint to reduce the consideration to the amount which is not probable of being reversed. Any development milestone revenue adjustments are recorded on a cumulative catch-up basis, which would affect revenues and earnings in the period of adjustment.

Under these collaboration agreements, depending on the terms, the Company may also receive commercialisation milestones upon the first commercial sale of a product, the amount of which is based on the territory the sale occurs in, and royalties based on worldwide net sales. These amounts have not been included within the transaction price as of 31 December 2021 and 2020 because they are sales-based royalties which will be recognised when the subsequent sale occurs.

Revenue is recognised as the programs progress through the various stages of research and development using an estimate of percentage completion which takes into consideration the estimated timelines required to satisfy the performance obligation and the time taken since program nomination. If a change in facts or circumstances occurs, the estimate of percentage completion is adjusted, and revenue recognised based on the revised estimate. The difference between the cumulative revenue recognised based on the previous estimate and the revenue recognised based on the revised estimate is recognised as an adjustment to revenue in the period in which the change in estimate occurs.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

The Company recognises deferred revenue when the amount of unconditional consideration is in excess of the value of satisfied, or part satisfied, performance obligations. Once a right to receive consideration is unconditional, that amount is presented as a receivable.

Under certain collaboration agreements, research and development costs incurred either in excess of a defined amount, or in accordance with a cost sharing agreement, are reimbursed. These amounts are considered variable consideration and are assessed at contract inception and each subsequent reporting period and not recognised in the transaction price until it is highly probable that the recognition of such revenue will not be reversed. The Company determines the variable consideration to be included in the transaction price by estimating the expected value that will be received and then applying a constraint to reduce the consideration to the amount which is not probable of being reversed.

Pre-product revenue

Pre-product revenue relates to the sale of tebentafusp under a compassionate use program in France. This program provides patients with access to tebentafusp prior to receipt of marketing approval. Pre-product revenue is recognised on delivery of tebentafusp to healthcare providers, which is the point in time when control is transferred. Such revenue is recognised net and represents the prices set by the Company that are expected to be retained after estimated deductions and to the extent that it is highly probable that a significant reversal of revenue will not occur. These variable estimated deductions include both an estimate of government rebates payable and an estimate of returns in the case of expiry, damage or other instances. The total rebate payable by the Company is dependent on the outcome of price negotiations with the French government, and the Company makes an estimate of these amounts payable each reporting period based on available pricing information and the applicable regulations. Returns are estimated based on industry trends and information provided by the Company's distributors.

The estimates for rebates and returns deducted from pre-product revenue are recorded in the period the related pre-product revenue is recognised and are classified under Accruals within Trade and other payables in the Statement of Financial Position. Costs of pre-product revenue are expensed when incurred and include costs associated with previous manufacturing of tebentafusp and other third-party selling expenses. Manufacturing costs are recognised within Research and development costs and other third-party selling expenses are recognised within Administrative expenses. Costs associated with pre-product revenue up to 31 December 2021 are not material.

Trade Receivables

Trade receivables include amounts invoiced or contractually accrued where only the passage of time is required before payment is received under the Company's collaboration agreements and other revenue arrangements. Trade receivables are assessed for impairment using the simplified approach under IFRS 9, *Financial Instruments*, which requires lifetime expected losses to be recognised with the initial recognition of the receivable. As of 31 December 2021, expected credit losses are not material.

Research and development costs

Research and development expenditure is expensed as incurred. In preparing the financial statements, the Company may be required to estimate accrued research and development expenditure incurred, the most significant of which is that relating to ongoing clinical trials. These estimates are based on reviews of open contracts, reports provided by the contract research organisations (CROs) and internal reviews to estimate the level of service performed and the associated cost incurred for those services when the Company has not yet been invoiced or otherwise notified of the actual cost. The majority of CROs invoice the Company monthly in arrears for services performed or when contractual milestones are met. The Company makes estimates of accrued expenses as of each statement of financial position date in our financial statements based on facts and circumstances known at that time. The Company periodically confirms the accuracy of estimates with the CROs and adjust if necessary.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

The financial terms agreed with the CROs are subject to negotiation, vary from contract to contract and may result in uneven payment flows. There may be instances in which payments made to the CROs will exceed the level of services provided and result in either a prepayment of the research and development expenses or, where the payments are repaid back to the Company at the end of the clinical trial, a non-current financial asset. In accruing clinical trial expenses, the Company estimates the time period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from the estimate made, the accrual or prepayment expense is adjusted accordingly.

Share-based payments

The Company participates in equity-settled, share-based compensation plans whereby certain employees in the Immunocore group are granted equity options by the Company's parent company, Immunocore Holdings Plc. The resulting cost is recognised in the profit and loss account over the vesting period of the awards, in line with the vesting schedule of the awards, being the period in which the services are received. The value of the charge is adjusted to reflect actual levels of awards vesting, except where the failure to vest is as a result of not meeting a market condition.

Taxation

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The U.K. Research and Development Tax Credit calculation incorporates an estimate of employee time spent on qualifying research and development activities which are reviewed and updated annually.

Tax on the loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Current tax is provided at the amounts expected to be paid applying tax rates that have been enacted or substantively enacted by the statement of financial position date. Current tax includes tax credits, which are accrued for the period based on calculations that conform to the U.K. Research and Development Tax Credit scheme applicable to Small and Medium sized Enterprises. Research and development costs which are not eligible for reimbursement under this scheme, such as expenditure incurred on research projects for which we receive income, are considered for reimbursement under the U.K. R&D expenditure credit ("RDEC") scheme.

Deferred tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investment in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is provided using rates of tax that have been enacted or substantively enacted by the statement of financial position date.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Leases

The Company's right of use assets and lease liabilities associated with leases for leasehold properties are recognised at lease commencement date based on the present value of minimum lease payments over the lease term.

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets comprise leasehold property and reflect the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs less lease incentives that may have been received. They are subsequently measured at cost less accumulated depreciation, impairment losses and remeasurements of the underlying lease liability. Depreciation is charged to the profit and loss account on a straight-line basis over the expected life of each lease agreement. The Company assesses at each reporting date whether the right-of-use asset is impaired.
The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date. Where the terms of the lease agreement include increases to the rent charge, the minimum guaranteed increase is included in the lease liability. They are subsequently measured by increasing the carrying amount to reflect interest of the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability will also be remeasured to reflect changes in the underlying lease agreement such as the expected lease length. Since the rate implicit in the lease is not readily determinable the Company uses incremental borrowing rates based on indicative borrowing rates that would be available based on the value, currency and borrowing term provided by financial institutions, adjusted for company and market specific factors. This incremental borrowing rate is the rate of interest that would have to be paid to borrow on a collateralised basis on an amount equal to the lease payments over a similar term in a similar economic environment, based on the information available at commencement date in determining the discount rate used to calculate the present value of lease payments.

The Company on occasion enters into sub-lease arrangements which are assessed at inception. For operating leases, the associated income is recognised in the profit and loss account on a straight-line basis over the term of the lease. There are no assets held under finance leases.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. The Company assesses at each reporting date whether property, plant and equipment is impaired.

Depreciation is charged to the profit and loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. The estimated useful lives are as follows:

•	Leasehold improvements	- over the expected lease term
•	Plant and equipment	- 3 to 5 years
•	Right-of-use assets	- over the expected lease term

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively where applicable.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Investments in subsidiaries

Investment in subsidiary undertakings are stated at cost less any accumulated impairment. Where management identify events or changes in circumstances which indicate such investments may be impaired, an assessment is performed, and the investment is impaired to the lower of cost and the investment's recoverable amount.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Loans and borrowings

All loans and borrowings are classified as financial liabilities and are initially recorded at fair value less the value attributable to any separately accounted for embedded derivative. After initial recognition, any such loans and borrowings are measured at amortised cost using the effective interest method, with the amortisation recognised in finance costs.

The Company has a long-term loan, drawn down under the Oxford Finance agreement entered into in November 2020, which is classified as a non-current liability, as at 31 December 2021, and accounted for under the amortised cost method. The loan is subsequently measured at amortised cost, with the unwinding of the discount recorded in finance costs over the life of the loan.

2. Revenue

Revenue recognised during 2021 and 2020 arose primarily from collaboration agreements with GlaxoSmithKline Intellectual Property Development Ltd ("GSK"), Eli Lilly and Company ("Eli Lilly") and Genentech, Inc. ("Genentech"). Revenue comprised the following for the years ended 31 December 2021 and 2020:

	2021 £'000	2020 £'000
Collaboration revenue	23,510	30,114
Pre-product revenue	3,010	—
Total revenue	**26,520**	**30,114**

Revenue is presented by region in the table below based on the location of the customer.

United Kingdom	6,083	6,356
United States	17,428	23,758
Europe	3,010	—
Total revenue	**26,520**	**30,114**

Notes to the Financial Statements (continued)

2. Revenue (continued)

For the year ended 31 December 2021, a total of £21,128,000 of revenue recognised was included in deferred revenue at 1 January 2021 (2020: £24,432,000 recognised included in deferred revenue at 1 January 2020). No revenue was recognised in 2021 relating to performance obligations satisfied in previous years (2020: £705,000; 2019: no revenue).

3. Operating loss

Operating loss is stated after charging (crediting) the following items:

	2021	2020
	£'000	£'000
Loss on disposal of property, plant and equipment	180	1,058
Profit on derecognition of leases	—	(3,700)
Remeasurement of leases	(81)	(227)
Depreciation of property, plant and equipment (Note 11)	5,386	6,327
Depreciation of right-of-use assets (Note 5)	1,292	2,352
Sub-lease income (Note 5)	(89)	(229)
Foreign exchange (gains)/losses	(467)	77

Research and development costs in the Statement of loss are stated net of the Research and Development Expenditure Credit, totalling £110,000 for 2021 (2020: £248,000).

4. Staff costs

	2021	2020
	£'000	£'000
Wages and salaries	15,348	18,563
Social security costs	1,704	1,652
Contributions to defined contribution plans	620	715
Share based payment expense	35,861	8,162
	53,533	**29,092**

Director's remuneration

	2021	2020
	£'000	£'000
Aggregate remuneration for qualifying services	472	1,148
	472	**1,148**

Remuneration above includes £18,000 and £11,000 for 2021 and 2020, respectively, for contributions to defined contribution pension schemes.

Highest paid director

	2021	2020
	£'000	£'000
Total remuneration for highest paid director	238	978
	238	**978**

The highest paid director did not exercise share options in the year ended 31 December 2021 (2020: options not exercised). Remuneration above includes £9,000 and £11,000 for 2021 and 2020, respectively, for contributions to defined contribution pension schemes.

Notes to the Financial Statements (continued)

5. Finance costs

	2021 £'000	2020 £'000
Interest on lease liabilities	1,650	2,295
Interest expenses on financial liabilities measured at amortised cost	4,081	708
Loss from change in fair value of embedded derivative asset	-	266
	5,731	3,269

6. Income tax

The major components of the income tax expenses for the years ended 31 December 2021 and 2020 are:

	2021 £'000	2020 £'000
Profit or loss		
Current tax:		
R&D tax credit for the year	(9,428)	(12,429)
Tax related to share-based compensation plans	—	—
Foreign corporation tax on profits for the year	—	—
Adjustments in respect of prior years	348	—
Total income tax credit	**(9,080)**	**(12,429)**

Reconciliation of tax expense and accounting profit for 2021 and 2020:	2021 £'000	2020 £'000
Loss before tax	**(137,993)**	**(88,483)**
Tax credit using the UK Corporation tax rate of 19% (2020: 19% and 2019: 19%)	**(26,219)**	**(16,812)**
Effect of:		
Adjustments in respect of prior years	348	—
Expenses not deductible	12,834	9,119
Additional deduction for R&D expenditure	(12,354)	(16,286)
Surrender of tax losses for R&D tax credit refund	12,354	16,286
R&D expenditure credits	(9,428)	(12,429)
Group relief	336	—
Amounts not recognised	13,049	7,693
Total tax credit included in loss for the year	**(9,080)**	**(12,429)**

On 24 May 2021, the U.K. 2021 Finance Bill was substantively enacted and subsequently received Royal Assent on 10 June 2021. Under this bill, the rate of U.K. corporation tax will increase to 25% on 1 April 2023, with lower rates and tapered relief to be applied to companies with profits below £250,000.

The Company has unrecognised deferred tax assets on tax losses of £58,093,000 (2020: £30,234,000) which do not expire. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Company were able to recognise all unrecognised deferred tax assets, including deferred tax on losses and share-based payment, the income tax credit would increase by £49,283,000 (2020: £33,258,000).

Notes to the Financial Statements (continued)

7. Intangible assets

There were no movements on intangible assets for the year ended 31 December 2021 and a nil net book value remains (original cost: £516,000).

8. Property, plant and equipment

	Leasehold properties and improvements £'000	Plant and equipment £'000	Assets under construction £'000	Total £'000
Cost				
At 1 January 2021	15,187	25,888	120	41,195
Additions	-	779	75	854
Transfers	59	85	(144)	-
Disposals	(232)	(134)	(34)	(400)
At 31 December 2021	**15,014**	**26,618**	**17**	**41,649**
Depreciation and impairment				
At 1 January 2021	7,614	20,256	-	27,870
Depreciation charge for the year	2,280	3,104	-	5,384
Disposals	(41)	(115)	-	(157)
At 31 December 2021	**9,853**	**23,245**	**-**	**33,098**
Carrying value				
At 31 December 2021	**5,161**	**3,373**	**17**	**8,551**
At 31 December 2020	7,573	5,632	120	13,325

9. Leases

The Company leases its corporate headquarters in the United Kingdom, where its facilities contain research and development, laboratory and office space of approximately 102,000 square feet. The Company's leases expire between 2037 and 2040, although there are points at which it may terminate the leases prior to this.

Leases have terms including options to terminate the lease early at the right of the tenant, and variable lease payments with a guaranteed minimum increase and capped maximum increase.

Notes to the Financial Statements (continued)

9. Leases (continued)

Leases in which the Company is a Lessee

Right-of-use assets: leasehold properties

	2021 £'000	2020 £'000
Balance at 1 January	22,450	35,726
Additions	—	453
Remeasurements	248	(1,181)
Disposal	—	(9,108)
Depreciation charge for the year	(1,292)	(2,352)
Other	—	(1,088)
Balance at 31 December	**21,406**	**22,450**

Following a review of the Company's lease commitments under leasehold agreements during the year ended 31 December 2020, the Company identified leasehold agreements in excess of the Group's future requirements. As a result of this review, the Company terminated the lease term for two leasehold properties, reducing right-of-use assets by £9,108,000.

The Company entered into two guarantee agreements in 2020 associated with the termination of the lease term for one of the leasehold properties. These agreements indemnify the lessor for certain costs in the event of the new lessee defaulting under their lease agreement for the leasehold property. As at 31 December 2021, the Company does not expect to make future payments as a result of these agreements.

Lease liabilities included in the Statements of Financial Position

	2021 £'000	2020 £'000
Current	789	1,277
Non-current	24,098	24,587
Total lease liabilities	**24,887**	**25,864**

During the year ended 31 December 2020, the lease term for two leasehold properties was terminated and the lease liability for four leasehold properties were remeasured reducing the associated lease liability by £10,414,000 and £1,075,000 respectively. The maturity of undiscounted lease commitments is set out in Note 18.

Leases in which the Company is a Lessor

The company has sub-leasing arrangements which are not material. In addition, there are leasehold properties to which the Company is committed to assume the leases should the properties become vacant. The future contingent liabilities associated with these leases are set out in Note 18.

10. Investment in subsidiaries

Cost and carrying value

	£'000
At 31 December 2021	-
At 31 December 2020	-

Notes to the Financial Statements (continued)

10. Investment in subsidiaries (continued)

The Company has following investments in subsidiary undertakings.

Name	Principal activity	Address and country of incorporation	% equity interest
Immunocore LLC	Clinical Monitoring Services	Six Tower Bridge Suite 200 181 Washington Street Conshohocken PA 19428 United States	100
Immunocore Commercial LLC (subsidiary of Immunocore LLC)	Distribution Services	Six Tower Bridge Suite 200 181 Washington Street Conshohocken PA 19428 United States	100
Immunocore Nominees Limited	Employee Benefit Trust	92 Park Drive Milton Park Abingdon Oxfordshire OX14 4RY United Kingdom	100
Immunocore Ireland Ltd	Holding Company	88 Harcourt Street Dublin 2 DO2 DK18 Ireland	100

11. Other non-current financial assets

	2021 £'000	2020 £'000
Long-term security deposits	786	786
Prepayments	2,996	3,427
Amounts owed by group undertakings	5,505	-
Other	165	197
	9,452	**4,410**

The long-term security deposits represent lease security deposits for buildings. Prepayments are amounts paid in advance for clinical trials to be repaid at the end of the associated clinical trials or representing services expected to be received in services or repaid in a period greater than 12 months. Amounts owed by group undertakings above are unsecured, bear interest at a rate of 5% and are fully repayable in 2026.

Notes to the Financial Statements (continued)

12. Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	6,060	2,036
Amounts owed by group undertakings	12,613	7
Other receivables	834	1,970
Prepayments	7,719	6,482
	27,226	**10,495**

Amounts owed by group undertakings above are unsecured, interest-free and repayable on demand. Included within prepayments are amounts paid in advance for clinical trials expected to be received in services or repaid in a period of less than 12 months.

13. Capital and reserves

Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
Ordinary shares	-	268
Series A shares	-	170
Series B shares	-	115
Series C shares	-	82
Growth shares	-	6
	-	**641**

The Company had 100 ordinary shares with a par value of £0.0001 at 31 December 2021. The reduction in share capital in the year ended 31 December 2021 resulted from the corporate reorganisation outlined in Note 1 and the Statement of Changes in Equity.

Share premium

	£'000
At 1 January 2021	386,230
Capital reduction on corporate reorganisation	(386,230)
At 31 December 2021	**-**

Nature and purpose of reserves

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees. All other reserves are as stated in the statement of changes in equity.

No dividends were paid or declared in the years ended 31 December 2021 and 2020.

14. Non-current interest-bearing loans and borrowings

	2021 £'000	2020 £'000
Long-term borrowings	37,226	36,654
	37,226	**36,654**

In November 2020, the Company entered into a loan and security agreement with Oxford Finance for the provision of up to $100 million debt financing to be provided under three tranches, of which the first tranche of $50 million was received on signing the agreement. A second tranche of $25 million can be drawn down upon since tebentafusp received Biologics License Application approval in 2021. The third and final tranche of $25 million can be drawn down at the sole discretion of Oxford Finance.

Notes to the Financial Statements (continued)

14. Non-current interest-bearing loans and borrowings (continued)

Borrowings under the Oxford Finance Agreement bear interest at an annual rate equal to LIBOR plus 8.85%, with a minimum rate of 9.01% and a maximum rate of 12.01%. Borrowings under the Loan Agreement are repayable in monthly interest-only payments through November 2023. The interest only period may be extended for an additional twelve months upon tebentafusp receiving BLA approval from the FDA. The ultimate interest-only period will be followed by equal monthly payments of principal and interest to the maturity date in November 2025. The Company's obligations under the Oxford Finance Agreement may be prepaid in part or part at any time; provided that the Company may prepay in full or in part a minimum of $10 million of the Company's obligations together with accrued interest and a prepayment fee. The Company's obligations under the Oxford Finance Agreement are secured by substantially all the Company's current and future assets, including the Company's intellectual property. The Oxford Finance Agreement contains customary representations and warranties and customary affirmative and negative covenants applicable to the Company, including limitations on the Company's ability to dispose of assets, enter into merger, consolidation or acquisition transactions and incur additional debt. The Oxford Finance Agreement includes customary events of default, including but not limited to the non-payment of principal or interest, violations of covenants and material adverse changes. Upon an event of default, the lender may, among other things, accelerate the loans and foreclose on the collateral.

15. Trade and other payables

	2021 £'000	2020 £'000
Trade payables	5,784	5,737
Amounts owed to group undertakings	231,074	5,070
Other taxation and social security	450	437
Pension Liability	23	-
Accruals	21,625	17,337
	258,956	**28,581**

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand. Accruals include estimates for rebates and returns in respect of pre-product revenue relating to the sale of tebentafusp under a compassionate use program in France.

16. Share-based payments

The Company operates various employee share schemes that grant equity settled awards to certain employees and directors to acquire shares in the Group at a specified exercise price. Grants are normally exercisable over a four-year period with 25% vesting at the end of the first year and the remaining award vesting quarterly over the following three years. All awards lapse on the tenth anniversary from the date of grant and are not entitled to dividends.

The weighted average fair value of options granted in 2021 was $16.48 (2020: $9.11). The weighted average share price at the date of exercise of the options during the year was $33.97 (2020: $17.46).

Notes to the Financial Statements (continued)

16. Share-based payments (continued)

For share options outstanding at 31 December 2021, the range of exercise prices and weighted average remaining contractual life are as follows:

	Share options	
Exercise price £	Number of options	Weighted average remaining contractual life
11.83	439,220	3.2
17.46	3,915,749	8.7
26.00	4,433,612	9.3
32.98	16,545	4.1
36.79	161,500	9.8
39.02	4,000	9.5
40.93	114,045	7.4
41.74	51,944	9.3
46.39	61,845	9.1

17. Post-employment benefit plans

The Company operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The unpaid contributions outstanding at 31 December 2021 were £23,000 (2020: £2,000). The total expense relating to these plans in the year ended 31 December 2021 was £620,000 (2020: £715,000).

18. Commitments and contingencies

As at 31 December 2021	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Lease liabilities – existing	2,396	4,529	4,526	30,447	41,898
Lease liabilities – contingent	56	840	225	-	1,122
Manufacturing	919	189	-	-	1,108
Capital Commitments	75	-	-	-	75
Total contractual obligations	**3,446**	**5,558**	**4,751**	**30,447**	**44,202**

As at 31 December 2020	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Lease liabilities – existing	2,696	4,968	4,042	32,600	44,306
Lease liabilities – contingent	-	2,254	2,471	1,841	6,566
Manufacturing	2,824	500	-	-	3,324
Capital Commitments	77	-	-	-	77
Total contractual obligations	**5,597**	**7,722**	**6,514**	**34,441**	**54,273**

The Company has contractual obligations for a leasehold property under which it is obligated to take on the lease should the property become vacant at specified dates in the future. The Company has assessed this contingent event as at 31 December 2021 and has classified the potential obligation as a contingent liability totalling £1,122,000 (2020: £6,566,000).

Notes to the Financial Statements (continued)

19. Related party disclosures

The Company may enter into transactions in the ordinary course of business with unaffiliated companies of which the Company's directors are directors or executive officers. The Company considers such transactions to be on terms comparable with those of other companies with whom the Company does not share a common director or executive officer. The amounts involved in such transactions are not considered material in relation to the Company, the companies, or the directors and executive officers.

20. Ultimate controlling party

The Company is a subsidiary undertaking of Immunocore Holdings Plc, which is the ultimate parent company of the Group and incorporated in the United Kingdom. Immunocore Holdings Plc represents both the smallest and largest group in which the results of the Company are consolidated, and its registered office address is 92 Park Drive, Milton Park, Abingdon, Oxfordshire, United Kingdom, OX14 4RY.

21. Events after the reporting period

On 26 January 2022, the Company received approval from the FDA for its lead product candidate, KIMMTRAK (tebentafusp-tebn) for the treatment of metastatic uveal melanoma. The Company has subsequently commenced selling the product in the United States.

On 1 April 2022, the European Commission (EC) approved KIMMTRAK® (tebentafusp) for the treatment of HLA-A*02:01-positive adult patients with unresectable or metastatic uveal melanoma (mUM). The EC approval follows a positive opinion by the Committee for Medicinal Products for Human Use (CHMP) in February 2022. The CHMP recommendation of KIMMTRAK is based on the results of Immunocore's Phase 3 IMCgp100-202 clinical trial.

In July 2014, the Company entered into a development and license agreement with Eli Lilly and Company, or Lilly, pursuant to which we and Lilly agreed to collaborate in the development, manufacture and commercialisation of soluble TCR bispecific therapeutic compounds, which is referred to, as subsequently amended, as the Lilly Collaboration. Under the Lilly Collaboration, Lilly paid us an initial upfront fee payment of $45 million in exchange for options to three targets. In November 2021, the Company presented pre-clinical data from the Lilly Collaboration at the Society for Immunotherapy of Cancer's (SITC) 36th Annual Meeting, where it demonstrated that our ImmTAC platform can be engineered to differentiate a single amino acid as well as our ability to develop a novel molecular mechanism for soluble TCR selectivity for single amino acid difference of a neoantigen versus the wild type peptide. The Company believes the Lilly Collaboration achieved our goal of engineering highly specific, affinity-enhanced T-cell receptor bispecifics capable of targeting the KRASG12D oncogene presented by two different HLAs. In March 2022, the Company and Lilly mutually agreed to terminate the Lilly Collaboration. Accordingly, the rights to two TCR candidates targeting KRASG12D pursued under the Lilly Collaboration reverted back to the Company, and no further obligations or payments are owed to Lilly.