IMMUNOMEDICS INC
Form 10-K
August 23, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
(Mark one)
[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2018.
or
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission file number: 0-12104
IMMUNOMEDICS, INC.
(Exact name of registrant as specified in its charter)

Delaware	61-1009366
(State of incorporation)	(I.R.S. Employer Identification No.)
300 The American Road, Morris Plains, New Jersey	07950
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (973) 605-8200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§299.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer þ Accelerated Filer ¨
Non-Accelerated Filer ¨ Smaller Reporting Company ¨
Emerging Growth Company ¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2 of the Act). Yes ¨ No þ

The aggregate market value of the registrant's common stock held by non-affiliates computed by reference to the price at which the common stock was last sold as of December 31, 2017 was $2,606,095,987. The number of shares of the registrant's common stock outstanding as of August 20, 2018 was 186,832,011.

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Documents Incorporated by Reference:

Certain information required in Part III of this Annual Report on Form 10-K will be set forth in, and incorporated from the registrant's definitive proxy statement for the 2018 annual meeting of stockholders, or an amendment to this Annual Report on Form 10-K, which will be filed by the registrant with the Securities and Exchange Commission not later than 120 days after the end of the registrant's fiscal year ended at June 30, 2018.

In this Form 10-K, we use the words "Immunomedics, Inc." to refer to Immunomedics, Inc., a Delaware corporation, and we use the words "Company," "Immunomedics," "Immunomedics, Inc.," "we," "us" and "our" to refer to Immunomedics, Inc. and its subsidiaries.

PART I

Item 1. BUSINESS

Overview

Immunomedics is a clinical-stage biopharmaceutical company developing monoclonal antibody-based products for the targeted treatment of cancer. Our advanced proprietary technologies allow us to create humanized antibodies that can be used either alone in unlabeled or “naked” form, or conjugated with chemotherapeutics, cytokines or toxins. Our most advanced product candidate is sacituzumab govitecan ("IMMU-132"), an antibody-drug conjugate (“ADC”) that has received Breakthrough Therapy Designation (“BTD”) from the United States Food and Drug Administration (the “FDA”) for the treatment of patients with metastatic triple-negative breast cancer (“mTNBC”) who previously received at least two prior therapies for metastatic disease.

Our current focus is to commercialize sacituzumab govitecan as a third-line therapy for patients with mTNBC in the United States. On May 21, 2018 we submitted a Biologics License Application (“BLA”) to the FDA for sacituzumab govitecan for the treatment of patients with mTNBC who have received at least two prior therapies for metastatic disease. On July 18, 2018 we received notification from the Food and Drug Administration ("FDA") that the BLA was accepted for filing and granted Priority Review with a PDUFA target action date of January 18, 2019. If approved, sacituzumab govitecan would be the first and only ADC approved for the treatment of mTNBC.

As of June 30, 2018, we had $638.8 million in cash, cash equivalents and marketable securities. On January 7, 2018, we announced that we sold tiered, sales-based royalty rights on global net sales of sacituzumab govitecan to RPI Finance Trust (“RPI”) for $175.0 million. RPI also purchased $75.0 million of our common stock at $17.15 per share, which represented a more than 15% premium over the stock’s 15-day trailing average closing price at that time. On June 15, 2018, we announced the closing of a public offering of 11,500,000 shares of our common stock at a price of $24.00 per share. On June 22, 2018, pursuant to the underwriter's full exercise of the over-allotment option, we closed the sale of an additional 1,725,000 shares of our common stock. The total net proceeds from the offering, including the exercise of the over-allotment option, were approximately $300 million, after deducting underwriting discounts and commissions and other offering expenses payable by us. We believe our projected financial resources are adequate to (i) support our next phase of growth as we focus on commercializing and developing sacituzumab govitecan in mTNBC, advanced urothelial cancer ("UC"), advanced ER+ BC and other indications of high medical need, (ii) further build our clinical, medical affairs, commercial and manufacturing infrastructure, (iii) begin to commercialize sacituzumab govitecan globally, and (iv) fund operations into 2021 or beyond assuming we meet our regulatory and commercial objectives. However, in case of regulatory delays, alterations to our commercial forecast, or other unforeseen events, we may require additional funding in 2021. Potential sources of funding in such a case could include (i) the entrance into potential development and commercial partnerships to advance and maximize our full pipeline for mTNBC and beyond in the United States and globally, and (ii) potential private and capital markets financing.

For fiscal year 2019, our strategic priorities for sacituzumab govitecan includes:

1. Initiate clinical studies in second-line mTNBC as a monotherapy and in combination with PARP and checkpoint inhibitors in first line;

2. Complete patient enrollment into the pivotal Phase 2 TROPHY-U01 study in metastatic UC;

3. Launch a pivotal study in estrogen receptor-positive/HER2 negative metastatic breast cancer ("mBC"); and

4. Finalize commercial strategy in the European Union and complete licensing arrangement for territories outside the United States and Europe.

In addition, we plan to formalize a manufacturing and development plan for labetuzumab govitecan (“IMMU-130”), our second ADC that targets CEACMA5, and continue IND enabling work for IMMU-140, an anti-HLA-DR ADC, to be evaluated for the treatment of hematologic malignancies.

Our Clinical and Preclinical Programs

We believe that our antibodies have therapeutic potential, in some cases as a naked antibody or when conjugated with chemotherapeutics, cytokines or other toxins to create unique and potentially more effective treatment options. The attachment of effective anti-tumor compounds to antibodies is intended to allow the delivery of these therapeutic agents to tumor sites with better specificity than conventional chemotherapy. This treatment method is designed to reduce the total exposure of the patient to the therapeutic agents, which ideally minimizes debilitating side effects.
Our portfolio of investigational products includes ADCs that are designed to deliver a specific payload of a chemotherapeutic directly to the tumor while reducing overall toxicities that are usually found with conventional administration of these chemotherapeutic agents. Our most advanced ADCs are sacituzumab govitecan (“IMMU-132”) and labetuzumab govitecan (“IMMU-130”), which are in advanced trials for a number of solid tumors and metastatic colorectal cancer ("CRC"), respectively. Sacituzumab govitecan is our lead product candidate and has received BTD from the FDA for the treatment of patients with metastatic mTNBC who have received at least two prior therapies for metastatic disease.
The BLA submitted in 2018 for sacituzumab govitecan in patients with mTNBC has been accepted by the FDA and granted Priority Review. Refer to "Overview" above for additional information.

To accelerate the clinical and preclinical development of sacituzumab govitecan, we have entered into a clinical collaboration with AstraZeneca and signed a letter of intent to enter into a clinical collaboration with Clovis to investigate the ADC in earlier lines of therapy for mTNBC and advanced UC in combination with checkpoint and PARP inhibitors, respectively. For other cancer indications, we are working with the University of Wisconsin and Fred Hutchison Cancer Center on prostate cancer, Yale University Cancer Center on endometrial and cervical cancers, and with Memorial Sloan Kettering Cancer Center on head and neck cancer. Refer to "Corporate Collaboration" and "Other Collaborations" below for additional information.
We also have a number of other product candidates that target solid tumors and hematologic malignancies, in various stages of clinical and preclinical development. They include other ADCs such as labetuzumab govitecan, which binds the CEACAM5 antigen expressed on CRC and other solid cancers, and IMMU-140 that targets HLA-DR for the potential treatment of hematologic malignancies. We believe that our portfolio of intellectual property provides commercially reasonable protection for our product candidates and technologies.
Below is our broad pipeline ADC therapies:
Antibody-Drug Conjugates
Our first ADC program, sacituzumab govitecan, is an anti-TROP-2-SN-38 ADC currently being clinically evaluated in patients with a variety of solid tumors, including Phase 3 ASCENT trial for patients with mTNBC who have received at least two prior therapies and the pivotal Phase 2 TROPHY-U01 study for patients with advanced UC. Labetuzumab govitecan, the second agent from our ADC program, is an anti-CEACAM5-SN-38 ADC which has been evaluated in a Phase 1/2 trial for the treatment of metastatic CRC. Our third ADC, IMMU-140, targets the HLA-DR antigen and is in preclinical development.

Sacituzumab Govitecan/IMMU-132

Sacituzumab govitecan has been studied in over 500 cancer patients in more than 15 types of solid cancers, with the dose of 10 mg/kg given on days 1 and 8 of repeated 21-day cycles being the established dose regimen. Sacituzumab govitecan received BTD from the FDA for the treatment of patients with mTNBC who have received at least two prior therapies for metastatic disease. The FDA has also granted sacituzumab govitecan Fast Track designation for the treatment of patients with mTNBC and for patients with small-cell lung cancer ("SCLC"), or non-small-cell lung cancer ("NSCLC"). Sacituzumab govitecan has also been designated an orphan drug by the FDA for the treatment of patients with SCLC or pancreatic cancer in the United States and by the European Medicines Agency ("EMA") for the treatment of patients with pancreatic cancer in the European Union.

Clinical development of sacituzumab govitecan has focused on a number of select types of solid cancers including mTNBC, hormone receptor-positive (HR+) mBC, advanced UC, SCLC, NSCLC, and certain other cancers.

The BLA submitted in 2018 for sacituzumab govitecan in patients with mTNBC has been accepted by the FDA and granted Priority Review. Refer to "Overview" above for additional information.

In April 2018, FDA agreed to our proposed amendments to the confirmatory ASCENT trial protocol that is under a Special Protocol Assessment ("SPA"). The amendments incorporated recommendations from EU National Health authorities and input and advice from key breast cancer experts. The key protocol changes, amongst others, are:

- A capping of the proportion of patients with stable brain metastasis to no more than 15% of the total enrollment;
- An increase of the sample size from 328 to 488 patients, which will allow for progression-free survival ("PFS") to be analyzed in patients without brain metastasis, while keeping intact the statistical power to analyze PFS in the overall population; and
- Increased power for key secondary endpoints such as overall survival.

Based on strong early enrollment trends, we believe these changes will not meaningfully impact overall study timelines. We believe that FDA's agreement to this SPA amendment may further increase the probability of success of the study, while leaving key study objectives and endpoints intact.

Another breast cancer indication that is a key strategic focus for the Company is ER+ mBC. Phase 2 results of sacituzumab govitecan in patients with treatment-refractory HR+, human epidermal growth factor receptor 2-negative ("HER2-") mBC, a patient population with the distinct need for better treatment options, were presented at the 2018 ASCO Annual Meeting. In the Phase 1/2 study, 54 patients with ER+/HER2-mBC who received sacituzumab govitecan at a dose of 10 mg/kg on days 1 and 8 of three-week cycles showed a confirmed overall response rate ("ORR") of 31 percent (17/54), based on local investigator assessment in accordance with RECIST 1.1. The estimated median duration of response was 7.4 months (95% CI: 4.4, 18.3), the clinical benefit rate ("CBR"); partial response and stable disease lasting for six months and longer) was 48 percent (26/54). At the time of data cutoff on April 30, 2018, seven responders were still receiving sacituzumab govitecan.

In the subgroup of 37 patients who also had received prior CDK 4/6 inhibitors, ORR was 24 percent (9/37). In the difficult-to-treat subgroup of patients with liver metastases, CBR was 48 percent (21/44). The estimated median progression-free survival was 6.8 months (95% CI: 4.6, 8.9).

All patients had received at least two prior treatments for metastatic disease, with a median of three hormonal agents and two chemotherapy regimens. Prior treatments in any setting included taxanes (93 percent), anthracyclines (69 percent) and CDK 4/6 inhibitors (69 percent). Patients generally tolerated the treatment with sacituzumab govitecan well, with no treatment-related deaths and only two patients (3.7 percent) discontinued due to adverse events. Median

number of doses was 11 (range: 1-74), and the median duration of treatment was 4.0 months (range: 0.2-26.0 months). The only grade 3 or 4 toxicity with greater than 10 percent frequency was neutropenia (42 percent), which is consistent with the safety profile observed in metastatic mTNBC.

In advanced UC, sacituzumab govitecan was found to be effective in patients who have relapsed or are refractory to chemotherapies and immune checkpoint inhibitors ("IOs"), as reported by our clinical investigator at the European Society for Medical Oncology Congress held during September 2017.

The Company's strategy to broaden the development of sacituzumab govitecan beyond mTNBC and advanced UC includes meeting the high unmet medical need in patients such as advanced CRPC, endometrial cancer and cervical cancer. To that end, the Company, through an agreement with The Prostate Cancer Clinical Trials Consortium, is collaborating with the

University of Wisconsin Carbone Cancer Center to investigate sacituzumab govitecan in an investigator-sponsored Phase 2 trial to assess whether targeting Trop-2 with sacituzumab govitecan is promising in prostate cancer patients. Approximately 55-60 male patients with castrate-resistant prostate cancer ("CRPC") progressing on enzalutamide or abiraterone, objectively or based on prostate-specific antigen level, in either hormone naïve or CRPC settings will be enrolled into the multicenter study, which will be funded by the Company. A recently agreed research collaboration with Yale University will enable the clinical investigation of sacituzumab govitecan in patients with advanced endometrial and cervical cancer.

We have an extensive intellectual property portfolio protecting sacituzumab govitecan. Specifically, 44 patents were issued in the United States and 26 foreign patents were issued covering composition of matter, synthesis and uses. Certain patents relating to the protein sequence of the hRS7 antibody used in sacituzumab govitecan expired in 2017 in the United States and will expire in 2023 overseas. Patents to compositions and use of the CL2A linker incorporated in sacituzumab govitecan expire between 2023 and 2029 in the United States and overseas. Other patents relating to methods of cancer therapy with the SN-38 conjugated form of hRS7 used in sacituzumab govitecan extend to 2033. Additionally, we are entitled to extend the term of our key patent for up to 5 more years in the United States and certain foreign countries. Outside the United States, patents were issued in Australia, Canada, China, Europe, Israel, Japan, Mexico, South Korea and other key global markets.

Labetuzumab Govitecan/IMMU-130

Our second investigational solid-tumor ADC involves our anti-CEACAM5 antibody labetuzumab, conjugated to SN-38. The agent has been studied in patients with metastatic CRC who had received at least one prior irinotecan-containing regimen and had an elevated blood titer of carcinoembryonic antigen.

Labetuzumab govitecan was well-tolerated, with a manageable toxicity profile. Major toxicities (Grade >3) among all cohorts were neutropenia (16%), leukopenia (11%), anemia (9%), and diarrhea (7%). Anti-drug or anti-antibody antibodies were not detected.

Although certain patents relating to labetuzumab used in labetuzumab govitecan expired in 2016, other patents relating to use of labetuzumab for cancer therapy, including the SN-38 conjugated form of labetuzumab used in labetuzumab govitecan, extend to 2033.

IMMU-140

IMMU-140 is our third ADC that is a SN-38 conjugated form of IMMU-114. The latter is a novel humanized antibody directed against an immune response target, HLA-DR. As such, IMMU-140 is a dual-therapeutic, combining the signaling functions of the parental antibody, IMMU-114, with the cytotoxicity of SN-38. In preclinical studies, IMMU-140 demonstrated higher potency than naked IMMU-114 in acute lymphoblastic leukemia and acute myelocytic leukemia, a disease that despite having high expression levels of HLA-DR, has proven to be resistant to the antitumor effects of IMMU-114 in vitro, thus warrants further clinical development.

Other Product Candidates

We have additional potential products for the treatment of cancer and autoimmune diseases including epratuzumab, our anti-CD22 antibody; veltuzumab, our anti-CD20 antibody; milatuzumab, our anti-CD74 antibody; and IMMU-114, a humanized anti-HLA-DR antibody. We are evaluating various options, including licensing arrangements and collaborations with outside study groups, for further clinical development of these assets in oncology and autoimmune disease indications, including pemphigus.

Our Platform Technologies

In our drive to improve targeted therapies of diseases, we have built significant expertise in antibody engineering, particularly proprietary CDR-grafting methods, antibody production and formulation, immunochemistry, molecular biology, antibody conjugation, peptide chemistry, synthetic organic chemistry, and protein engineering. Beginning with our unique grafting technique to engineer humanized antibodies, our antibody humanization platform has produced a diverse portfolio of therapeutic agents that are in multiple stages of clinical trials for the therapy of cancer, as detailed above. These humanized antibodies are well tolerated and also have a low incidence of immunogenicity.

With the successful humanized antibody platform as a foundation, we have built a robust ADC program using our own proprietary ADC linker technology. Finally, our protein engineering platform technology called DOCK-AND-LOCK® combines conjugation chemistry and genetic engineering to produce bioactive molecules of increasing complexity.

ADC Linker Technology

We developed a novel ADC platform using our proprietary linker, CL2A, which was designed with targeted delivery of SN-38 in mind. SN-38 is about 3 orders of magnitude (100 to 1,000 times) more potent than irinotecan, its parent drug, but it cannot be administered systemically to patients because of its poor water solubility and toxicity. Our linker, CL2A, allows us to produce SN-38 conjugates that are soluble in water with excellent yields while preserving antibody binding and drug activity.

CL2A contains an antibody coupling group on one end and a chemical group on the other for binding with a drug. We have also added a short polyethylene glycol to improve the solubility of CL2A.

Furthermore, because SN-38 can be converted from its active lactone form to the inactive carboxylate form, CL2A was designed to attach close to the lactone ring to prevent it from opening up, thereby maintaining the activity of SN-38. Another key feature of our ADC platform is that the linkage between CL2A and SN-38 is sensitive to both acidic and alkaline conditions and will allow the detachment of SN-38 at a rate of about 50% per day in vivo.

The final structure of our ADC is depicted below, with the pH-sensitive cleavable linkage highlighted. What differentiates our ADC platform from other companies is the high drug-to-antibody ratio of about seven to eight molecules of drug per antibody. That is to say, when our ADCs bind to their targets on cancer cells, they are delivering up to eight molecules of SN-38 per antibody molecule into the blood or at the vicinity of the tumor, which may explain why our ADCs can deliver more than 120-times the amount of SN-38 to the tumor when studied in an animal model, as compared to irinotecan, the parent compound. We can deliver this drug concentration because our drug is not supertoxic, thus permitting us to give higher antibody doses, in repeated therapy cycles, that we believe provide a better therapeutic index.

DOCK-AND-LOCK® Platform Technology

We developed a platform technology, called the DOCK-AND-LOCK® ("DNL®") method, which has the potential for making a considerable number of bioactive molecules of increasing complexity. DNL® utilizes the natural interaction between two human proteins, cyclic AMP-dependent protein kinase A (“PKA”) and A-kinase anchoring proteins (“AKAPs”). The region that is involved in such interaction for PKA is called the dimerization and docking domain, (“DDD”), which always is produced in pairs. Its binding partner in AKAPs is the anchoring domain (“AD”). When mixed together, DDD and AD will bind with each other spontaneously to form a binary complex, a process termed docking. Once “docked,” certain amino acid residues incorporated into DDD and AD will react with each other to “lock” them into a stably-tethered structure. The outcome of the DNL® method is the exclusive generation of a stable complex, in a quantitative manner that retains the full biological activities of its individual components.

DNL® combines conjugation chemistry and genetic engineering to enable the creation of novel human therapeutics, and the potential construction of improved recombinant products over those currently on the market. Diverse drugs, chemical polymers, proteins, peptides, and nucleic acids are among suitable components that can be linked to either DDD or AD. Since the invention of DNL®, we have created multivalent, mono- or multi-specific antibodies, DNL-PEGylated cytokines; and cytokine-antibody conjugates.

We have employed DNL® to create bispecific antibodies targeting cancers as a T-cell redirecting immunotherapy. This is one of several new methods of cancer immunotherapy being studied both clinically and preclinically by many other commercial and academic groups. In contrast to hematological tumors, little progress has been made in this approach to treat the more challenging solid cancers, including pancreatic and gastric cancers, two malignancies with very high rates of mortality.

In this regard, we are developing a novel investigational T-cell redirecting bispecific antibody, (E1)-3s, created using DNL® for the potential treatment of pancreatic and gastric cancers. These and various other solid cancers express high-levels of Trop-2, a target recognized by the bispecific (E1)-3s, which also binds to the CD3 antigen on T cells. (E1)-3s effectively induced a potent and specific T-cell-mediated killing of human pancreatic and gastric cancer cell lines.

Furthermore, in animal models of human pancreatic or gastric cancer, treatment with (E1)-3s significantly inhibited tumor growth, which resulted in improved survival compared with the control groups. Adding IFN enhanced the tumor-growth-inhibition activity of (E1)-3s.

As with all candidate therapeutic molecules developed by us, the safety and potential efficacy cannot be predicted until sufficient trials in humans have been conducted.

Diagnostic Imaging Products

We transitioned away from the development and commercialization of new diagnostic imaging products in order to accelerate the development of our therapeutic product candidates. The Company discontinued the sale of LeukoScan® during the third quarter of 2018 to focus on its ADC business.

Research and Development Expense

We have historically invested heavily in our research and development programs, spending approximately $99.3 million, $51.8 million and $53.5 million for these programs during the fiscal years ended June 30, 2018, 2017, and 2016, respectively. The increase in research and development costs for the fiscal year ended June 30, 2018 compared to fiscal 2017 relate primarily to increases in clinical trial costs as well as increases in lab supplies and chemical reagents and personnel costs in connection with preparations for the approval and launch of sacituzumab govitecan in the United States for patients with mTNBC. The decrease in research and development costs during the 2017 fiscal year resulted primarily from the closure of the Phase 3 pancreatic cancer “PANCRIT Trial” in the 2016 fiscal year, partially offset by higher spending in product development expense related to the manufacturing of sacituzumab govitecan.

Patents and Proprietary Rights

Our Patents

We have accumulated a sizeable portfolio of patents and patent applications in the course of our research, which we believe constitutes a valuable business asset. Our key patents relate primarily to our therapeutic product candidates as well as our technologies and other discoveries for which no product candidate has yet been identified. As of August 23, 2018, our portfolio included approximately 303 active United States patents. In addition, as of such date, the portfolio included more than 400 foreign patents, with a number of United States and foreign patent applications pending.

The chart below highlights our material patents and product groups as of August 23, 2018, the major jurisdictions, and relevant expiration periods. Additional patents have been filed to extend the patent life on some of these products, but there can be no assurance that these will be issued as filed.

Program & Product Group	Targeted Antigen/Description	Patent Expiration	Major Jurisdictions
Antibody-Drug Conjugates	Trop-2, CEA/CEACAM5 and HLA-DR	2023-2033	U.S., Europe, Japan
Subcutaneous Formulation	All Antibodies	2032	U.S., Europe, Japan
Epratuzumab	CD22	2018-2032	U.S., Europe, Japan
Veltuzumab	CD20	2023-2029	U.S., Europe, Japan
Milatuzumab	CD74	2018-2032	U.S., Europe, Japan
IMMU-114	HLA-DR	2026	U.S., Europe, Japan
DNL® Program - (E1)-3s	Trop-2	2033	U.S.*

* - pending in Europe and Japan

Our Licenses

We have obtained licenses from various parties for rights to use, develop and commercialize proprietary technologies and compounds. Currently, we have the following licenses:

Medical Research Council (“MRC”) – We entered into a license agreement with MRC in May 1994, whereby we have obtained a license for certain patent rights with respect to the genetic engineering on monoclonal antibodies. Our agreement does not require any milestone payments, nor have we made any payments to MRC to date. Our agreement with MRC, which expires at the expiration of the last of the licensed patents in 2020, provides for future royalty payments in the low single digits based on a percentage of product sales.

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Center for Molecular Medicine and Immunology ("CMMI") – We entered into a license agreement with CMMI in December 2004, whereby we have licensed certain rights with respect to patents and patent applications owned by CMMI. Dr. Goldenberg, our former Chief Scientific Officer and Chief Patent Officer and Chairman of our Board of Directors, founded and was the President and member of the Board of Trustees of CMMI. No license or milestone payments are required under this agreement. Under the license agreement, which expires at the expiration of the last of the licensed patents in 2031, CMMI will receive future royalty payments in the low single digits based on a percentage of sales of products that are derived from the CMMI patents. Inventions made independently of us by CMMI are the property of CMMI. CMMI has ceased operations and is in the process of dissolution. Refer to "Other Collaborations" below for more information.

On April 4, 2018, we entered into a license agreement with The Scripps Research Institute (TSRI). Pursuant to the license agreement, TSRI granted to us an exclusive, worldwide, sub-licensable, royalty-bearing license to use certain patent rights relating to our ADC sacituzumab govitecan. The license agreement expires on a country-by-country basis on the expiration date of the last to expire licensed patent rights in such country covering a licensed product. The license agreement may be terminated by the mutual written consent of us and TSRI, and TSRI may terminate the license agreement upon the occurrence of certain events, including but not limited to if we do not make a payment due pursuant to the license agreement and fail to cure such non-payment within 30 days after the date of TSRI's written notice of such non-payment. As consideration for the license granted, we made a cash payment of $250,000 to TSRI. Additionally, we will pay TRSI (i) product development milestone payments that range from the mid-six digit dollar figure to the low-seven digit dollar figure and (ii) royalties on net sales of licensed products in the low-single digit percentage figure range capped at an annual amount. We have agreed to use reasonable efforts to develop and market the licensed products.

Our Trademarks

The mark "IMMUNOMEDICS" is registered in the United States and 19 foreign countries and a European Community Trademark has been granted. Our logo is also registered in the United States and in one foreign country. The mark "IMMUSTRIP" is registered in the United States and Canada. The mark "LEUKOSCAN" is registered in the United States and eight foreign countries, and a European Community Trademark has been granted. In addition, we have applied for registration in the United States for several other trademarks for use on products now in development or testing, and for corresponding foreign and/or European Community Trademarks for certain of those marks. The marks "EPRATUCYN," "VELTUCYN" and "MILATUCYN" have been registered in the United States International Trademark Registrations and Canadian applications which claim priority to the respective United States applications have been filed for "EPRATUCYN" and "VELTUCYN." The International Registrations request registration in China, Japan and the European Union. The marks "DOCK-AND-LOCK," "DNL," and "PANCRIT" have been registered in the United States.

Our Trade Secrets

We also rely upon unpatented trade secrets, and there is no assurance that others will not independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets or disclose such technology, or that such rights can be meaningfully protected. We require our employees, consultants, outside scientific collaborators, sponsored researchers and other advisers to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information developed or made known to the individual during the course of the individual's relationship with us is to be kept confidential and not disclosed to third parties except in specific circumstances. In the case of our employees, the agreement provides that all inventions conceived by such employees shall be our exclusive property. There can be no assurance, however, that these agreements will provide meaningful protection or adequate remedies for our trade secrets in the event of unauthorized use or disclosure of such information.

Third Party Rights

Our success also depends in part on our ability to gain access to third party patent and proprietary rights and to operate our business without infringing on third party patent rights. We may be required to obtain licenses to patents or other proprietary rights from third parties to develop, manufacture and commercialize our product candidates. Licenses

required under third-party patents or proprietary rights may not be available on terms acceptable to us, if at all. If we do not obtain the required licenses, we could encounter delays in product development while we attempt to redesign products or methods or we could be unable to develop, manufacture or sell products requiring these licenses at all.

Corporate Collaboration

AstraZeneca/MedImmune

In June 2018, the Company entered into a clinical collaboration with AstraZeneca and its global biologics research and development arm, MedImmune, to evaluate in Phase 1/2 studies the safety and efficacy of combining AstraZeneca's Imfinzi® (durvalumab), a human monoclonal antibody directed against PD-L1, with sacituzumab govitecan as a frontline treatment of patients with TNBC and urothelial cancer ("UC").

Part one of the two-part Phase 1/2 studies will be co-funded by the two companies. Immunomedics will supply the study drug and AstraZeneca will utilize its existing clinical trial infrastructure to accelerate the enrollment of the sacituzumab govitecan and durvalumab combination. The trial design allows for rapid transition into randomized Phase 2 studies should the first part of these studies show promising data and the companies agree to proceed based on efficacy and safety results obtained.

Clovis Oncology

In June 2018 the Company signed a letter of intent to enter into a clinical collaboration with Clovis Oncology, Inc. to investigate the combination of Clovis' Rubraca® (rucaparib), a poly (ADP ribose) polymerase inhibitor (PARPi), and sacituzumab govitecan as a second-line treatment of patients with mTNBC and mUC. The planned phase 1/2 study will include an initial safety cohort followed by expansion cohorts in each of mTNBC and mUC.

The Bayer Group (formerly Algeta ASA)

In fiscal 2013 the Company entered into a collaboration agreement, referred to herein as the Collaboration Agreement, with Algeta ASA (subsequently acquired by The Bayer Group "Bayer"), for the development of epratuzumab to be conjugated with Algeta's proprietary thorium-227 alpha-pharmaceutical payload. Under the terms of the Collaboration Agreement, the Company manufactured and supplied clinical-grade epratuzumab to Bayer, which has rights to evaluate the potential of a Targeted Thorium Conjugate (TTC), linking thorium-227 to epratuzumab, for the treatment of patients with cancer. Bayer has the right to terminate the Collaboration Agreement with three months prior written notice, subject to certain provisions. Bayer will fund all non-clinical and clinical development costs up to the end of Phase 1 clinical testing. Upon successful completion of Phase 1 testing, the parties shall negotiate terms for a license agreement at Bayer's request. The Company and Bayer have agreed to certain parameters in the Collaboration Agreement. Under the terms of the Collaboration Agreement, as amended, Immunomedics received an upfront cash payment and other payments aggregating $6.0 million, which have been recognized in prior periods upon the Company fulfilling its obligations under the Collaboration Agreement.

In January 2017, the Company recorded revenue of $0.3 million representing an anniversary payment under the agreement. This agreement has been extended to December 30, 2018 and, as amended, provides for the Company to receive a similar anniversary payment of $0.3 million, which was received in April 2018.

Other Collaborations

We have established multiple clinical and preclinical collaborations with academic cancer institutions with the objectives of identifying new cancer indications for sacituzumab govitecan and gaining a better understanding of the biology of the Trop-2 antigen.

In prostate cancer, we are working with the Carbone Cancer Center at the University of Wisconsin, through an agreement with The Prostate Cancer Clinical Trials Consortium, to evaluate sacituzumab govitecan in an investigator-sponsored Phase 2 trial in patients with advanced castration-resistant prostate cancer (CRPC). In addition to the Phase 2 trial, Dr. Lang, the lead investigator at the University of Wisconsin, will also be leading a broad

translational program integrated into the clinical study to further validate the expression and importance of Trop-2 as a therapeutic target in various stages of prostate cancer. A separate research collaboration was also established between the Company and Fred Hutchinson Cancer Research Center to investigate sacituzumab govitecan and labetuzumab govitecan (IMMU-130) as single agent and in combination in prostate cancer xenograft models.

In gynecologic cancers, we have recently entered into an agreement with the Yale Cancer Center at the Yale University School of Medicine to investigate sacituzumab govitecan in two Phase 2 studies in patients with persistent or recurrent endometrial and cervical cancers. The principal investigator of the studies, Dr. Santin, will also be conducting preclinical

evaluation of sacituzumab govitecan as a single agent and in combination with poly (ADP-ribose) polymerase inhibitors in animal in vivo models of gynecologic cancers.

We have also entered into a research collaboration with the Memorial Sloan Kettering Cancer Center to assess sacituzumab govitecan as a single agent and in combination with epidermal growth factor receptor and phosphoinositide 3-kinase inhibitors, and cisplatin in head and neck cancer in vitro and in vivo models.

In previous years, we conducted research on a number of our programs in collaboration with CMMI and its clinical unit, the Garden State Cancer Center. CMMI performed contracted pilot and preclinical trials in scientific areas of importance to us and also conducted basic research and preclinical evaluations in a number of areas of potential interest to us. Dr. David M. Goldenberg, former Chief Scientific Officer, Chief Patent Officer and Chairman of our Board of Directors, was the President and a Member of the Board of Trustees of CMMI. CMMI has ceased operations and is in the process of dissolution.

Government Regulation

Regulatory Compliance

Our research and development activities, including testing in laboratory animals and in humans, our manufacture of antibodies and oversight of suppliers and contract manufacturers involved in the production of our product candidates, as well as the design, manufacturing, safety, efficacy, handling, labeling, storage, record-keeping, advertising, promotion and marketing of the product candidates that we are developing, are all subject to stringent regulation, primarily by the FDA in the United States under the Federal Food, Drug, and Cosmetic Act (the FDCA) and its implementing regulations, and the Public Health Service Act (PHS act) and its implementing regulations, and by comparable authorities under similar laws and regulations in other countries. If for any reason we do not comply with applicable requirements, such noncompliance can result in various adverse consequences, including one or more delays in approval of, or even the refusal to approve, product licenses or other applications, the suspension or termination of clinical investigations, the revocation of approvals previously granted, as well as fines, criminal prosecution, recall or seizure of products, injunctions against shipping products and total or partial suspension of production and/or refusal to allow us to enter into governmental supply contracts.

Product Approval

In the United States, our product candidates are regulated as biologic pharmaceuticals, or biologics. The FDA's regulatory authority for the approval of biologics resides in the PHS Act. However, biologics are also subject to regulation under the FDCA because most biological products also meet the FDCA's definition of "drugs." Most pharmaceuticals or "conventional drugs" consist of pure chemical substances and their structures are known. Most biologics, however, are complex mixtures that are not easily identified or characterized. Biological products differ from conventional drugs in that they tend to be heat-sensitive and susceptible to microbial contamination, thus requiring sterile manufacturing processes. The process required by the FDA before biologic product candidates may be marketed in the United States generally involves the following:

- completion of preclinical laboratory tests and animal studies performed in accordance with the FDA’s current Good Laboratory Practices regulations;

- submission to the FDA of an Investigational New Drug Application (“IND”) which must become effective before human clinical trials may begin and must be updated annually;

- approval by an independent Institutional Review Board (“IRB”) the ethics committee at each clinical site before the trial is initiated;

-

performance of adequate and well-controlled clinical trials to establish the safety, purity and potency of the proposed biologic, and the safety and efficacy of the proposed drug for each indication;

- preparation of and submission to the FDA of a BLA for a new biologic, after completion of all pivotal clinical trials;
- satisfactory completion of an FDA Advisory Committee review, if applicable;
- a determination by the FDA within 60 days of its receipt of a BLA to file the application for review;
- satisfactory completion of an FDA pre-approval inspection of the manufacturing facilities to assess compliance with current Good Manufacturing Practice ("cGMP") regulations; and

- FDA review and approval of a BLA for a new biologic, prior to any commercial marketing or sale of the product in the United States.

Preclinical tests assess the potential safety and efficacy of a product candidate in animal models. Clinical trials involve the administration of the investigational product to human subjects under the supervision of qualified investigators in accordance with current Good Clinical Practices ("cGCPs"), which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND. Additionally, approval must also be obtained from each clinical trial site's IRB before the trials may be initiated, and the IRB must monitor the study until completed. There are also requirements governing the reporting of ongoing clinical trials and clinical trial results to public registries.

The clinical investigation of a pharmaceutical, including a biologic, is generally divided into three phases. Although the phases are usually conducted sequentially, they may overlap or be combined.

- Phase 1 studies are designed to evaluate the safety, dosage tolerance, metabolism and pharmacologic actions of the investigational product in humans, the side effects associated with increasing doses, and if possible, to gain early evidence on effectiveness.

- Phase 2 includes controlled clinical trials conducted to preliminarily or further evaluate the effectiveness of the investigational product for a particular indication(s) in patients with the disease or condition under study, to determine dosage tolerance and optimal dosage, and to identify possible adverse side effects and safety risks associated with the product.

- Phase 3 clinical trials are generally controlled clinical trials conducted in an expanded patient population generally at geographically dispersed clinical trial sites, and are intended to further evaluate dosage, clinical effectiveness and safety, to establish the overall benefit-risk relationship of the investigational product, and to provide an adequate basis for product approval.

The FDA may place clinical trials on hold at any point in this process if, among other reasons, it concludes that clinical subjects are being exposed to an unacceptable health risk. Trials may also be terminated by IRBs, which must review and approve all research involving human subjects. Side effects or adverse events that are reported during clinical trials can delay, impede or prevent marketing authorization.

The results of the preclinical and clinical testing, along with information regarding the manufacturing of the product and proposed product labeling, are evaluated and, if determined appropriate, submitted to the FDA through a BLA. The application includes all relevant data available from pertinent preclinical and clinical trials, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product's chemistry, manufacturing, controls and proposed labeling, among other things. Once the BLA submission has been accepted for filing, the FDA's standard goal is to review applications within ten months of the filing date or, if the application relates to a drug that treats a serious condition and would provide a significant improvement in safety or effectiveness qualifying for Priority Review, six months from the filing date. The review process is often significantly extended by FDA requests for additional information or clarification.

The FDA offers certain programs, such as BTD and Fast Track designation, designed to expedite the development and review of applications for products intended for the treatment of a serious or life-threatening disease or condition. For BTD, preliminary clinical evidence of the product indicates that it may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. If BTD or Fast Track designation is obtained, the FDA may initiate review of sections of a

BLA before the application is complete, and the product may be eligible for accelerated approval. However, receipt of BTD or Fast Track designation for a product candidate does not ensure that a product will be developed or approved on an expedited basis, and such designation may be rescinded if the product candidate is found to no longer meet the qualifying criteria.

The FDA reviews the BLA to determine, among other things, whether the proposed product is safe, pure and potent, which includes determining whether it is effective for its intended use, and whether the product is being manufactured in accordance with cGMP, to assure and preserve the product's identity, strength, quality, potency and purity. The FDA may refer an application to an advisory committee for review, evaluation and recommendation as to whether the application should be approved, and applications for new molecular entities and original BLAs are generally discussed at advisory committee meetings unless the FDA determines that this type of consultation is not needed under the circumstances. The FDA is not bound by the recommendation of an advisory committee, but it typically follows such recommendations.

After the FDA evaluates the BLA and conducts inspections of manufacturing facilities, it may issue an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the biologic with specific prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete and the application is not ready for approval. A Complete Response Letter may require additional clinical data and/or an additional pivotal Phase 3 clinical trial(s), and/or other significant, expensive and time-consuming requirements related to clinical trials, preclinical studies or manufacturing. Even if such additional information is submitted, the FDA may ultimately decide that the BLA does not satisfy the criteria for approval. The FDA could approve the BLA with a Risk Evaluation and Mitigation Strategy plan to mitigate risks, which could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. The FDA also may condition approval on, among other things, changes to proposed labeling, development of adequate controls and specifications, or a commitment to conduct one or more post-market studies or clinical trials. Such post-market testing may include Phase 4 clinical trials and surveillance to further assess and monitor the product's safety and effectiveness after commercialization.

The Biologics Price Competition and Innovation Act of 2009 ("BPCIA") created an abbreviated pathway for the approval of biosimilar and interchangeable biologic products. The abbreviated pathway establishes legal authority for the FDA to review and approve biosimilar biologics, including the possible designation of a biosimilar as "interchangeable" based on its similarity to an existing brand product. Under the BPCIA, an application for a biosimilar product cannot be approved by the FDA until 12 years after the original branded product was approved under a BLA. In March 2015, the FDA approved Novartis's Zarxio as a biosimilar product to Amgen's Neupogen. Since then, as of June 2018, eleven biosimilar drugs have received FDA approval.

Expedited Review and Approval

The FDA has four program designations/approval pathways — Fast Track, BTD, Accelerated Approval, and Priority Review — to facilitate and expedite development and review of new drugs to address unmet medical needs in the treatment of serious or life-threatening conditions. The Fast Track designation provides pharmaceutical manufacturers with opportunities for frequent interactions with FDA reviewers during the product's development and the ability for the manufacturer to do a rolling submission of the BLA. A rolling submission allows completed portions of the application to be submitted and reviewed by the FDA on an ongoing basis. The BTD provides manufacturers with all of the features of the Fast Track designation as well as intensive guidance on implementing an efficient development program for the product and a commitment by the FDA to involve senior managers and experienced review staff in the review. The Accelerated Approval designation allows the FDA to approve a product based on an effect on a surrogate or intermediate endpoint that is reasonably likely to predict a product's clinical benefit and generally requires the manufacturer to conduct required post-approval confirmatory trials to verify the clinical benefit. The Priority Review designation means that the FDA's goal is to take action on the BLA within six months, compared to ten months under standard review. The BLA submitted in 2018 for sacituzumab govitecan in patients with mTNBC has been accepted by the FDA and granted Priority Review. Refer to "Overview" above for additional information.

Post-Approval Requirements

Any products manufactured or distributed by us or on our behalf pursuant to FDA approvals are subject to continuing regulation by the FDA and certain state agencies, including requirements for record-keeping, reporting of adverse experiences with the biologic, submitting biological product deviation reports to notify the FDA of unanticipated changes in distributed products, establishment registration, compliance with cGMP standards (including investigation and correction of any deviations from cGMP), and certain state chain of distribution pedigree requirements. Additionally, any significant change in the approved product or in how it is manufactured, including changes in formulation or the site of manufacture, generally require prior FDA approval, and even changes that may seem less

significant must be evaluated under change control procedures to evaluate their potential impact on product quality and relative to the specifications on file with the FDA, and whether they trigger notification or approval requirements. The packaging and labeling of all products developed by us are also subject to FDA approval and ongoing regulation. Noncompliance with any regulatory requirements can result in, among other things, issuance of warning letters, civil and criminal penalties, seizures, and injunctive action. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.

Additionally, the FDA strictly regulates marketing, labeling, advertising and promotion of products that are placed on the market. Drugs and biologics may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability. The distribution of prescription drugs and biologics is subject to the Prescription Drug Marketing Act (PDMA), which regulates the

distribution of the products and product samples at the federal level, and sets minimum standards for the registration and regulation of distributors by the states. Both the PDMA and state laws limit the distribution of prescription pharmaceutical product samples and impose requirements to ensure accountability in distribution.

From time to time, legislation is drafted, introduced and passed in Congress that could significantly change the statutory provisions governing the approval, manufacturing and marketing of products regulated by the FDA. In addition to new legislation, FDA regulations, guidances, and policies are often revised or reinterpreted by the agency in ways that may significantly affect our business and our product candidates. It is impossible to predict whether further legislative or FDA regulation or policy changes will be enacted or implemented and what the impact of such changes, if any, may be.

Orphan Drug Act

To date, we have successfully obtained Orphan Drug designation by the FDA under the Orphan Drug Act of 1983 for epratuzumab for NHL, yttrium-90-labeled clivatuzumab tetraxetan for pancreatic cancer, sacituzumab govitecan for SCLC and pancreatic cancer, labetuzumab for ovarian, pancreatic and SCLCs, milatuzumab for multiple myeloma and CLL, and veltuzumab for ITP and pemphigus. Under the Orphan Drug Act, the FDA may grant orphan drug designation to drugs intended to treat a rare disease or condition, which is generally defined as a disease or condition that affects fewer than 200,000 individuals in the United States. Orphan drug designation must be requested before submitting a BLA. In the United States, orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages, and user-fee waivers. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process. The first BLA applicant to receive FDA approval for a particular active ingredient to treat a particular disease with FDA orphan drug designation is entitled to a seven-year exclusive marketing period in the United States for that product, for that indication. During the seven-year exclusivity period, the FDA may not approve any other applications to market the same drug for the same orphan indication, except in limited circumstances, such as a showing of clinical superiority to the product with orphan exclusivity or where the manufacturer of the approved product cannot assure sufficient quantities. As a result, there can be no assurance that our competitors will not receive approval of drugs or biologics that have a different active ingredient for treatment of the diseases for which our products and product candidates are targeted.

Foreign Regulation

In addition to regulations in the United States, we are subject to a variety of foreign regulations governing clinical trials and commercial sales and distribution of our product candidates being developed, and products being marketed outside of the United States. We must obtain approval by the comparable regulatory authorities of foreign countries before we can commence clinical trials or marketing of our products in those countries. The approval process varies from country to country, and the time may be longer or shorter than that required by the FDA for BLA licensure. The requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary greatly from country to country. As in the United States, we are subject to post-approval regulatory requirements, such as those regarding product manufacturing, marketing, or distribution.

Other Regulatory Considerations

We are also subject to regulation under the Occupational Safety and Health Act, the Toxic Substances Control Act, the Resource Conservation and Recovery Act, The Clean Air Act, New Jersey Department of Environmental Protection and other current and potential future federal, state, or local regulations. Our research and development activities involve the controlled use of hazardous materials, chemicals, biological materials and various radioactive compounds. We believe that our procedures comply with the standards prescribed by state and federal regulations;

however, the risk of injury or accidental contamination cannot be completely eliminated.

We may also be subject to healthcare regulation and enforcement by the federal government and the states and foreign governments where we may market our products and product candidates, if approved. These laws include, without limitation, state and federal anti-kickback, fraud and abuse, false claims, privacy, and security and physician sunshine laws and regulations.

The federal Anti-Kickback Statute, which prohibits, among other things, persons and entities including pharmaceutical manufacturers from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, overtly or covertly, in case or in kind, to induce or reward, or in return for, or either the referral of an individual for, or the purchase, lease or order or recommendation of an item or service reimbursable, in whole or in part, under a federal healthcare program, such as the Medicare and Medicaid programs. This statute has been interpreted broadly to apply to, among other

things, arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers and formulary managers on the other hand. The term “remuneration” expressly includes kickbacks, bribes or rebates and also has been broadly interpreted to include anything of value. There are a number of statutory exceptions and regulatory safe harbors protecting certain common activities from prosecution or other regulatory sanctions, however, the exceptions and safe harbors are drawn narrowly, and practices that do not fit squarely within an exception or safe harbor may be subject to scrutiny. The failure to meet all of the requirements of a particular applicable statutory exception or regulatory safe harbor does not make the conduct per se illegal under the federal Anti-Kickback Statute. Instead, the legality of the arrangement will be evaluated on a case-by-case basis based on a cumulative review of all of its facts and circumstances. Our practices may not meet all of the criteria for safe harbor protection from federal Anti-Kickback Statute liability in all cases. A person or entity does not need to have actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act.

The False Claims Act prohibits individuals or entities from, among other things, knowingly presenting or causing the presentation of a claims payment to, or approval by, the federal government that are false, fictitious or fraudulent, or knowingly making, using or causing to be made or used, a false record or statement material to a false or fraudulent claim to avoid, decrease or conceal an obligation to pay money to the federal government. As a result of a modification made by the Fraud Enforcement and Recovery Act of 2009, a claim includes "any request or demand" for money or property presented to the federal government. Although we do not submit claims directly to payors, manufacturers can be held liable under these laws if they are deemed to "cause" the submission of false or fraudulent claims by, for example, providing inaccurate billing or coding information to customers, promoting a product off-label, marketing products of sub-standard quality, or, as noted above, paying a kickback that results in a claim for items or services. In addition, our activities relating to the reporting of wholesaler or estimated retail prices for our products, the reporting of prices used to calculate Medicaid rebate information and other information affecting federal, state and third-party reimbursement for our products, and the sale and marketing of our products, are subject to scrutiny under this law. For example, several pharmaceutical and other healthcare companies have faced enforcement actions under these laws for allegedly inflating drug prices they report to pricing services, which in turn were used by the government to set Medicare and Medicaid reimbursement rates, and for allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product. The False Claims Act also permits a private individual acting as a "whistleblower" to bring actions on behalf of the federal government alleging violations of the False Claims Act and to share in any monetary recovery. In addition, federal Anti-Kickback Statute violations and certain marketing practices, including off-label promotion, may also implicate the False Claims Act. Although the False Claims Act is a civil statute, conduct that results in a False Claims Act violation may also implicate various federal criminal statutes.

The federal Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) imposes criminal and civil liability for knowingly and willfully executing, or attempting to execute, a scheme to defraud or obtain, by any means of false or fraudulent pretenses, representations or promises, any money or property owned by, or under the control or custody of, any healthcare benefit program, including private third-party payors, and knowingly and willfully falsifying, concealing or covering up by trick, scheme or device, a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

There has also been a recent trend of increased federal and state regulation of payments made to physicians and other healthcare providers. The federal physician payment transparency requirements, sometimes referred to as the “Physician Payments Sunshine Act,” created under the United States Patient Protection and Affordable Care Act of 2010, as amended or the ACA, and its implementing regulations, which requires applicable manufacturers of covered

drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the State Children's Health Insurance Program (with certain exceptions) to annually report to the United States Department of Health and Human Services, or HHS, information related to certain payments or other transfers of value made or distributed to physicians and teaching hospitals, or to entities or individuals at the request of, or designated on behalf of, the physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members. CMS has the potential to impose penalties of up to $1.15 million per year for violations, depending on the circumstances, and payments reported under the Sunshine Act also have the potential to draw scrutiny on payments to and relationships with physicians, which may have implications under the Anti-Kickback Statute and other healthcare laws.

We may also be subject to data privacy and security regulation by both the federal government and the states in which we conduct our business. HIPAA, as amended by the Health Information Technology and Clinical Health Act of 2009, or HITECH and their respective implementing regulations, including the Final Omnibus Rule published on January 25, 2013, imposes, among other things, obligations, including mandatory contractual terms with respect to safeguarding the privacy,

security and transmission of individually identifiable health information held by certain healthcare providers, health plans and healthcare clearinghouses, known as covered entities, and business associates. Among other things, HITECH made certain aspects of HIPAA's rules (notably the Security Rule) directly applicable to business associates, defined as independent contractors or agents of covered entities that receive or obtain individually identifiable health information in connection with providing a service for or on behalf of a covered entity. HITECH created four tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal court to enforce the federal HIPAA laws and seek attorney's fees and costs associated with pursuing federal civil actions. The Department of Health and Human Services Office of Civil Rights, or the OCR, has increased its focus on compliance and continues to train state attorneys general for enforcement purposes. The OCR has recently increased both its efforts to audit HIPAA compliance and its level of enforcement, with one recent penalty exceeding $5 million. Even where HIPAA does not apply, according to the United States Federal Trade Commission, or the FTC, failing to take appropriate steps to keep consumers' personal information secure constitutes unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, or the FTCA, 15 United States C § 45(a). The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Medical data is considered sensitive data that merits stronger safeguards. The FTC's guidance for appropriately securing consumers' personal information is similar to what is required by the HIPAA Security Rule.

We are subject to the United States Foreign Corrupt Practices Act, which prohibits corporations and individuals from engaging in certain activities to obtain or retain business or to influence a person working in an official capacity. Under this act, it is illegal to pay, offer to pay, or authorize the payment of anything of value to any foreign government official, government staff member, political party or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an official capacity. Our present and future business has been and will continue to be subject to various other laws and regulations.

Marketing, Sales and Distribution

As noted above, we intend to bring sacituzumab govitecan to the United States market on our own for patients with mTNBC. Should our efforts become successful, we will need to build a commercial operation with a total sales force of approximately 50 to 60 agents anticipated along with about a 15 to 20 field-based medical affairs organization. At present, we have limited marketing and sales capabilities as we focus on developing our therapeutic product candidates. On January 1, 2018 we terminated agreements with third parties to market and provide distribution and customer support services for LeukoScan®. The Company discontinued the sale of LeukoScan® during the third quarter of 2018 to focus on its ADC business.

Our European operations are headquartered in Rodermark, Germany. Our distribution agreement with Logosys Logistik GmbH to package and distribute LeukoScan® in the EU was terminated January 1, 2018.

Manufacturing

We operate a recombinant monoclonal antibody research manufacturing facility at our Morris Plains, New Jersey location. This facility is used for the research production of all of our therapeutic product candidates for clinical trials, and potentially for commercial production as well.

For the commercial-scale manufacturing of sacituzumab govitecan ("IMMU-132") we have contracted with two outside contract manufacturing organizations to provide drug for the planned Phase 3 clinical trial and to support the commercial launch of sacituzumab govitecan in the United States. Accordingly, we have agreements with Johnson Matthey Pharma Services of Devens, Massachusetts for the manufacture of the linker-drug payload, and BSP Pharmaceuticals of Latina Scalo, Italy for the conjugation of the antibody with the linker-drug and fill/finish of the sacituzumab govitecan drug product. Presently, we have the capacity at our Morris Plains facility to manufacture

sufficient quantities of the anti-Trop-2 antibody to support the commercial launch of sacituzumab govitecan in the United States. Together with our contract manufacturing organizations ("CMO") partners, we have already manufactured sufficient quantities of the drug product to complete the confirmatory Phase 3 clinical trial of sacituzumab govitecan as a third-line therapy for patients with mTNBC. Additionally, we are currently in discussions with other CMOs to support our longer term needs for commercial-scale antibody production.

The Company discontinued the sale of LeukoScan® during the third quarter of 2018 to focus on its ADC business.

Manufacturing Regulatory Considerations

In addition to regulating and auditing human clinical trials, the FDA regulates and inspects equipment, facilities and processes used in the manufacturing of such products prior to providing approval to market a product. If, after receiving approval from the FDA, a material change is made in manufacturing equipment, location, or process related to an approved

product, additional regulatory review may be required. We must also adhere to cGMP and product-specific regulations enforced by the FDA through its facilities inspection program. The FDA also conducts regular, periodic visits to re-inspect equipment, facilities, and processes following the initial approval. If, as a result of these inspections, the FDA determines that our equipment, facilities or processes do not comply with applicable FDA regulations and conditions of product approval, the FDA may seek civil, criminal or administrative sanctions and/or remedies against us, including the suspension of our manufacturing operations.

Employees

As of June 30, 2018, we employed 185 persons on a full-time basis, 54 of whom were engaged in research, clinical research and regulatory affairs, 85 of whom were engaged in operations and manufacturing and quality control, and 46 of whom were engaged in finance, administration, sales and marketing. We believe that while we have been successful to date in attracting skilled and experienced scientific personnel, competition for such personnel continues to be intense and there can be no assurance that we will continue to be able to attract and retain the professionals we will need to grow our business. Our employees are not covered by a collective bargaining agreement and we believe that our relationship with our employees is excellent.

Corporate Information

We were incorporated in Delaware in 1982. Our principal offices are located at 300 The American Road, Morris Plains, New Jersey 07950 and 410 The American Road, Morris Plains, New Jersey 07950. Our telephone number is (973) 605-8200. We have two foreign subsidiaries, Immunomedics B.V. in The Netherlands and Immunomedics GmbH in Rodermark, Germany, to assist us in managing sales and coordinating clinical trials in Europe. In addition, we have a majority-owned subsidiary, IBC Pharmaceuticals, Inc. (“IBC”). Immunomedics has incurred expenses on behalf of the IBC operations, including interest, over the past fourteen years. As of June 30, 2018, IBC has a liability to Immunomedics Inc. of approximately $17.3 million, which is eliminated in consolidation. Our web address is www.immunomedics.com. We have not incorporated by reference into this Annual Report on Form 10-K the information on our website and you should not consider it to be a part of this document.

Our reports that have been filed with the Securities and Exchange Commission (“SEC”), are available on our website free of charge, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Forms 3, 4 and 5 filed on behalf of directors and executive officers and any amendments to such reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Copies of this Annual Report on Form 10-K may also be obtained without charge electronically or by paper by contacting Investor Relations, Immunomedics, Inc., 300 The American Road, Morris Plains, New Jersey 07950 or by calling (973) 605-8200.

In addition, we make available on our website (i) the charters for the committees of the Board of Directors, including the Audit Committee, Compensation Committee and Governance and Nominating Committee, and (ii) the Company’s Code of Business Conduct (the “Code of Conduct”) governing its directors, officers and employees. Within the time period required by the SEC, we will post on our website any modifications to the Code of Conduct, as required by the Sarbanes-Oxley Act of 2002, (“Sarbanes-Oxley Act”).

The public may also read and copy the materials we file with the SEC at its Public Reference Room at 100 F Street, N.E., Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a web site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC.

Item 1A. RISK FACTORS

Factors That May Affect Our Business and Results of Operations

Our business is subject to certain risks and uncertainties, each of which could materially adversely affect our business, financial condition, cash flows and results of operations.

Risks Relating to Our Business, Operations and Product Development

We have a long history of operating losses and it is likely that our operating expenses will continue to exceed our revenues for the foreseeable future.

We have incurred significant operating losses since our formation in 1982. We continue to spend our cash resources to fund our research and development programs and, subject to adequate funding, we expect these expenses to increase for the foreseeable future. Our only significant sources of revenue in recentc years have been derived from our collaboration agreement with Bayer and sales of our LeukoScan® product in certain European countries. There can be no assurance that we will be profitable in future quarters or other periods. Additionally, the only product sales we have earned to date have come from the limited sales of our LeukoScan® diagnostic imaging product for which our (i) patent protection has expired and (ii) future sales were discontinued during the third quarter of fiscal year 2018. In addition, we have made the strategic decision to focus on our therapeutic pipeline. We have never had product sales of any therapeutic product. Although we may have net income from time to time based on the timing and amount of proceeds received under collaborative or licensing agreements, we expect to experience significant operating losses as we invest further in our research and development activities while simultaneously attempting to develop and commercialize our other therapeutic product candidates. If we are unable to develop commercially viable therapeutic products, certain obligations the Company has to third parties, including, without limitation, our obligation to pay RPI royalties on certain sacituzumab govitecan revenues pursuant to the Royalty Agreement may also erode profitability of this product. If we are unable to develop commercially viable therapeutic products or to license them to third parties, it is likely that we will never achieve significant revenues or become profitable, either of which would jeopardize our ability to continue as a going concern.

We have significant future capital needs and may be unable to raise capital when needed, which could force us to delay or reduce our clinical development efforts.

We believe our financial resources are adequate to support the Company’s next phase of growth as it focuses on developing sacituzumab govitecan in mTNBC, advanced UC and other indications of high medical need and on further building its clinical, medical affairs, commercial and manufacturing infrastructure, as well as provide sufficient cash to fund operations well into the future.

We will require additional funding in the future to complete our clinical trials currently planned or underway, continue research and new development programs, and continue operations. Potential sources of funding include (i) the entrance into various potential strategic partnerships targeted at advancing and maximizing our full pipeline for mTNBC and beyond, (ii) the sales and marketing of sacituzumab govitecan as a third-line therapy for mTNBC in the United States (pending FDA approval), and (iii) potential equity and debt financing transactions.

Until we can generate significant cash through (i) the entrance into various potential strategic partnerships towards advancing and maximizing our full pipeline for mTNBC and beyond, or (ii) the sales and marketing of sacituzumab govitecan as a third-line therapy for mTNBC in the United States (pending FDA approval), we expect to continue to fund our operations with our current financial resources. In the future, if we cannot obtain sufficient funding through the above methods, we could be required to finance future cash needs through the sale of additional equity and/or debt securities in capital markets. However, there can be no assurance that we will be able to raise the additional capital needed to complete our pipeline of research and development programs on commercially acceptable terms, if at all. The capital markets have experienced volatility in recent years, which has resulted in uncertainty with respect to availability of capital and hence the timing to meet an entity’s liquidity needs. Our existing debt may also negatively impact our ability to raise additional capital. If we are unable to raise capital on acceptable terms, our ability to

continue our business would be materially and adversely affected.

Our most advanced therapeutic product candidates are still only in the clinical development stage, and will require us to raise capital in the future in order to fund further expensive and time-consuming studies before they can even be submitted for final regulatory approval. A failure of a clinical trial could severely harm our business and results of operations.

Clinical trials involve the administration of a product candidate to patients who are already extremely ill, making patient enrollment often difficult and expensive. Moreover, even in ideal circumstances where the patients can be enrolled and then followed for the several months or more required to complete the study, the trials can be suspended, terminated, delayed or otherwise fail for any number of reasons, including:

- later-stage clinical trials may raise safety or efficacy concerns not readily apparent in earlier trials or fail to meet the primary endpoint;
- unforeseen difficulties in manufacturing the product candidate in compliance with all regulatory requirements and in the quantities needed to complete the trial which may become cost-prohibitive;
- we or any of our collaboration partners may experience delays in obtaining, or be unable to obtain, agreement for the conduct of our clinical trials from the FDA, IRBs, or other reviewing entities at clinical sites selected for participation in our clinical trials;
- while underway, the continuation of clinical trials may be delayed, suspended or terminated due to modifications to the clinical trial's protocols based on interim results obtained or changes required or conditions imposed by the FDA, an IRB, a data and safety monitoring board ("DSMB"), or any other regulatory authority;
- our third-party contractors may fail to meet their contractual obligations to us in a timely manner;
- the FDA or other regulatory authorities may impose a clinical hold, for example based an inspection of the clinical trial operations or trial sites;
- we or any of our collaboration partners may suspend or cease trials in our or their sole discretion;
- during the long trial process alternative therapies may become available which make further development of the product candidate impracticable; and
- if we are unable to obtain the additional capital we need to fund all of the clinical trials we foresee, we may be forced to cancel or otherwise curtail such trials and other studies.

Any substantial delay in successfully completing clinical trials for our product candidates, sacituzumab govitecan and labetuzumab govitecan, could severely harm our business and results of operations.

Moreover, principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and receive compensation in connection with such services. Under certain circumstances, the Company may be required to report some of these relationships to the FDA. The FDA may conclude that a financial relationship between the company and a principal investigator has created a conflict of interest or otherwise affected interpretation of the study. The FDA may therefore question the integrity of the data generated at the applicable clinical trial site and the utility of the clinical trial itself may be jeopardized. This could result in a delay in approval, or rejection, of our marketing applications by the FDA and may ultimately lead to the denial of regulatory approval of one or more of our product candidates.

Our clinical trials may not adequately show that our drugs are safe or effective, and a failure to achieve the planned endpoints could result in termination of product development.

Progression of our drug products through the clinical development process is dependent upon our trials indicating our drugs have adequate safety and efficacy in the patients being treated by achieving pre-determined safety and efficacy

endpoints according to the trial protocols. Failure to achieve either of these endpoints could result in delays in our trials; require the performance of additional unplanned trials or termination of any further development of the product for the intended indication.

These factors could result in delays in the development of our product candidates and could result in significant unexpected costs or the termination of programs.

Should the clinical development process be successfully completed, our ability to derive revenues from the sale of therapeutics will depend upon our first obtaining FDA as well as foreign regulatory approvals, all of which are subject to a number of unique risks and uncertainties.

Even if we are able to demonstrate the safety and efficacy of our product candidates in clinical trials, if we fail to gain timely approval to commercialize our product candidates from the FDA and other foreign regulatory authorities, we will be unable to generate the revenues we will need to build our business. The FDA or comparable regulatory authorities in other countries may delay, limit or deny approval of our product candidates for various reasons. For example, such authorities may disagree with the design, scope or implementation of our clinical trials; or with our interpretation of data from our preclinical studies or clinical trials; or may otherwise take the position that our product candidates fail to meet the requirements and standards for regulatory approval. There is limited FDA precedent or guidance on ADCs, and ADC product candidates may present more complex review considerations than conventional drugs, given their biologic (antibody), drug, and linker components. Regulatory approvals may not be granted on a timely basis, if at all, and even if and when they are granted, they may not cover all the indications for which we seek approval. For example, while we may develop a product candidate with the intention of addressing a large, unmet medical need, the FDA may only approve the use of the drug for indications affecting a relatively small number of patients, thus greatly reducing the market size and our potential revenues. The approvals may also contain significant limitations in the form of warnings, precautions or contraindications with respect to conditions of use, which could further narrow the size of the market. In certain countries, even if the health regulatory authorities approve a drug, it cannot be marketed until pricing for the drug is also approved. Finally, even after approval can be obtained, we may be required to recall or withdraw a product as a result of newly discovered safety or efficacy concerns, either of which would have a materially adverse effect on our business and results of operations.

In order to fund future operations, we will need to raise significant amounts of additional capital. Because it can be difficult for a mid-cap company like ours to raise equity capital on acceptable terms, we cannot assure you that we will be able to obtain the necessary capital when we need it, or on acceptable terms, if at all.

Even if our technologies and product candidates are superior, if we lack the capital needed to bring our future products to market, we will never be successful. We have obtained the capital necessary to fund our research and development programs to date primarily from the following sources:

- upfront payments, milestone payments, and payments for limited amounts of our antibodies received from licensing partners;
- proceeds from the public and private sale of our equity or debt securities; and
- limited product sales of LeukoScan® (which were discontinued during February 2018), licenses, grants and interest income from our investments.

Over the long term, we expect to commercialize sacituzumab govitecan in mTNBC in the United States and globally, to expand sacituzumab govitecan to treat patients with other solid tumors, including UC, CRPC, SCLC, NSCLC and other serious cancers, to expand research and development activities to continue to expand and we do not believe we will have adequate cash to continue commercial expansion and development of sacituzumab govitecan, or to complete development of product candidates in line with our pipeline included in our long term corporate strategy. Our capital requirements are dependent on numerous factors, including:

- the rate of progress of commercialization of sacituzumab govitecan in mTNBC and our ability to develop it for other cancers;
- the rate at which we progress our research programs and the number of product candidates we have in preclinical and clinical development at any one time;
- the cost of conducting clinical trials involving patients in the United States, Europe and possibly elsewhere;
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our need to establish the manufacturing capabilities necessary to produce the quantities of our product candidates we project we will need;

- the time and costs involved in obtaining FDA and foreign regulatory approvals;

- the cost of first obtaining, and then defending, our patent claims and other intellectual property rights; and

- our ability to enter into licensing and other collaborative agreements to help offset some of these costs.

There may be additional cash requirements for many reasons, including, but not limited to, changes in our commercial expansion plans, our research and development plans, the need for unexpected capital expenditures or costs associated with any acquisitions of other businesses, assets or technologies that we may choose to undertake and marketing and commercialization of our product candidates. If we deplete our existing capital resources, we will be required to either obtain additional capital quickly, or significantly reduce our operating expenses and capital expenditures, either of which could have a material adverse effect on us.

Until we can generate significant cash through either (i) the entrance into various potential strategic partnerships targeted at advancing and maximizing the Company's full pipeline for mTNBC and beyond, or (ii) the sales and marketing of sacituzumab govitecan as a third-line therapy for mTNBC in the United States (pending FDA approval), we expect to continue to fund our operations with our current financial resources. These financial resources will not be adequate to sustain our operations beyond 2020. Consequently, if we cannot obtain sufficient funding through either (i) the entrance into various potential strategic partnerships targeted at advancing and maximizing the Company's full pipeline for mTNBC and beyond, or (ii) through the sales and marketing of sacituzumab govitecan as a third-line therapy for mTNBC in the United States (pending FDA approval), we could be required to finance future cash needs through the sale of additional equity and/or debt securities in capital markets. However, there can be no assurance that we will be able to raise the additional capital needed to complete our pipeline of research and development programs on commercially acceptable terms, if at all. The capital markets have experienced volatility in recent years, which has resulted in uncertainty with respect to availability of capital and hence the timing to meet an entity's liquidity needs. The Company's existing debt will also negatively impact the Company's ability to raise additional capital. If the Company is unable to raise capital on acceptable terms, its ability to continue its business would be materially and adversely affected. Having insufficient funds may require us to delay, scale-back, or eliminate some or all of our programs, or renegotiate less favorable terms than we would otherwise choose. Failure to obtain adequate financing also may adversely affect our ability to operate as a going concern.

Additionally, if we raise funds by issuing equity securities, dilution to existing stockholders would result; and if we raise funds by incurring additional debt financing, the terms of the debt may involve future cash payment obligations and/or conversion to equity as well as restrictions that may limit our ability to operate our business.

If we, or any of our collaboration partners, or our or their contract manufacturers, cannot successfully and efficiently manufacture the compounds that make up our products and product candidates, our ability, and the ability of our collaboration partners, to sell products and conduct clinical trials will be impaired.

Our ability to conduct our preclinical and clinical research and development programs depends, in large part, upon our ability to manufacture our proprietary compounds in accordance with the FDA and other regulatory requirements. We have limited historical experience in manufacturing these compounds in significant quantities, and we may not be able to do so in the quantities required to commercialize these products. Any interruption in manufacturing at this site, whether by natural acts or otherwise, could significantly and adversely affect our operations, and delay our research and development programs.

We and our collaboration partners also depend on third parties to provide certain raw materials, and contract manufacturing and processing services. All manufacturers of biopharmaceutical products must comply with current Good Manufacturing Practice regulations or cGMPs, required by the FDA and other regulatory agencies. Such regulations address, among other matters, controls in manufacturing processes, quality control and quality assurance requirements and the maintenance of proper records and documentation. The FDA and other regulatory agencies routinely inspect manufacturing facilities, including in connection with the review of a BLA. The FDA generally will issue a notice on Form 483 if it finds issues with respect to its inspections, to which the facility must adequately respond in order to avoid escalated regulatory concerns. If our manufacturing facility or those facilities of our collaboration partners and our respective contract manufacturers or processors do not comply with applicable cGMPs and other regulatory requirements, in addition to regulatory enforcement, we may be subject to product liability claims, we may be unable to meet clinical demand for our products, and we could suffer delays in the progress of clinical trials for products under development and of potential approval and commercialization.

Although historically we have been a research and development company, we plan to commercialize our lead product candidate internally rather than license such asset. There can be no assurance that we will be successful in developing and expanding commercial operations or balancing our research and development activities with our commercialization activities.

We have historically been engaged primarily in research and development activities, but plan to commercialize our lead product candidate, sacituzumab govitecan, ourselves. There can be no assurance that we will be able to successfully manage the balance of our research and development operations with our planned commercialization activities. Potential investors should be aware of the problems, delays, expenses and difficulties frequently encountered by companies balancing development of product candidates, which can include problems such as unanticipated issues relating to clinical trials and receipt of approvals from the FDA and foreign regulatory bodies, with commercialization efforts, which can include problems relating to managing manufacturing and supply, reimbursement, marketing problems and additional costs. Our product candidates will require significant additional research and clinical trials, and we will need to overcome significant regulatory burdens prior to commercialization in the United States and other countries. In addition, we may be required to spend significant funds on building out our commercial operations. If we are unable to develop commercially viable therapeutic products, certain obligations the Company has to third parties, including, without limitation, our obligation to pay RPI Finance Trust (RPI) royalties on certain sacituzumab govitecan revenues pursuant to the funding agreement may also erode profitability of this product. There can be no assurance that after the expenditure of substantial funds and efforts, we will successfully develop and commercialize any of our product candidates, generate any significant revenues or ever achieve and maintain a substantial level of sales of our products.

We may not successfully establish and maintain collaborative and licensing arrangements, which could adversely affect our ability to develop and commercialize certain of our product candidates. Any of our collaboration partners may not adequately perform their responsibilities under our agreements, which could adversely affect our development and commercialization program.

A key element of our business strategy has been to develop, market and commercialize our product candidates through collaborations with more established pharmaceutical companies. To the extent we continue to rely on this business strategy, we may not be able to maintain or expand these licenses and collaborations or establish additional licensing and collaboration arrangements necessary to develop and commercialize any of our product candidates. Even if we are able to maintain or establish licensing or collaboration arrangements, these arrangements may not be on favorable terms and may contain provisions that will restrict our ability to develop, test and market our product candidates. Any failure to maintain or establish licensing or collaboration arrangements on favorable terms could adversely affect our business prospects, financial condition or ability to develop and commercialize our product candidates.

We expect to rely at least in part on third party collaborators to perform a number of activities relating to the development and commercialization of certain of our product candidates, including the manufacturing of product materials, the design and conduct of clinical trials for certain of our product candidates, and potentially the obtaining of regulatory approvals and marketing and distribution of any successfully developed products. Our collaborative partners may also have or acquire rights to control aspects of our product development and clinical programs. As a result, we may not be able to conduct these programs in the manner or on the time schedule we currently contemplate. In addition, if any of these collaborative partners withdraw support for our programs or product candidates or otherwise impair their development, our business could be negatively affected. Our expenses may also increase as a result of our plan to undertake these activities internally to commercialize sacituzumab govitecan.

In addition, our success depends on the performance of our collaborators of their responsibilities under these arrangements. Some potential collaborators may not perform their obligations in a timely fashion or in a manner satisfactory to us. Because such agreements may be exclusive, we may not be able to enter into a collaboration agreement with any other company covering the same product field during the applicable collaborative period. In addition, our collaborators' competitors may not wish to do business with us at all due to our relationship with our collaborators. If we are unable to enter into additional product discovery and development collaborations, our ability to sustain or expand our business will be significantly diminished.

Our future success will depend upon our ability to first obtain and then adequately protect our patent and other intellectual property rights, as well as avoiding the infringement of the rights of others.

Our future success will be highly dependent upon our ability to first obtain and then defend the patent and other intellectual property rights necessary for the commercialization of our product candidates. We have filed numerous

patent applications on the technologies and processes that we use in the United States and certain foreign countries. Although we have obtained a number of issued United States patents to date, the patent applications owned or licensed by us may not result in additional patents being issued. Moreover, these patents may not afford us the protection we need against competitors with similar technologies or products. A number of jurisdictions where we have sought, or may in the future choose to seek, intellectual property protection, have intellectual property laws and patent offices which are still developing. Accordingly, we may have difficulty obtaining intellectual property protection in these markets, and any intellectual property protections which

we do obtain may be less protective than in the United States, which could have an adverse effect on our operations and financial prospects.

The successful development of therapeutic products frequently requires the application of multiple technologies that may be subject to the patent or other intellectual property rights of third parties. Although we believe it is likely we will need to license technologies and processes from third parties in the ordinary course of our business, we are not currently aware of any material conflict involving our technologies and processes with any valid patents or other intellectual property rights owned or licensed by others that would affect commercial sales of sacituzumab govitecan or other products starting in 2019. In the event that a third party was to claim such a conflict existed, they could sue us for damages as well as seek to prevent us from commercializing our product candidates. It is possible that a third party could successfully claim that our products infringe on their intellectual property rights. Uncertainties resulting from the litigation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace. Any patent litigation or other proceeding, even if resolved in our favor, would require significant financial resources and management time.

Some of our competitors may be able to sustain these costs more effectively than we can because of their substantially greater financial and managerial resources. If a patent litigation or other proceeding is resolved unfavorably to us, we may be enjoined from manufacturing or selling our products without a license from the other party, in addition to being held liable for significant damages. We may not be able to obtain any such license on commercially acceptable terms, if at all.

In addition to our reliance on patents, we attempt to protect our proprietary technologies and processes by relying on trade secret laws, nondisclosure and confidentiality agreements and licensing arrangements with our employees and other persons who have access to our proprietary information. These agreements and arrangements may not provide meaningful protection for our proprietary technologies and processes in the event of unauthorized use or disclosure of such information. In addition, our competitors may independently develop substantially equivalent technologies and processes or otherwise gain access to our trade secrets or technology, either of which could materially and adversely affect our competitive position.

Expiry of our intellectual property rights could lead to increased competition.

Even where we are able to obtain and then defend patent and other intellectual property rights necessary for research, development and commercialization of our product candidates, such intellectual property rights will be for a limited term. Where patents which we own or license expire, the technology the subject of the patent may be utilized by third parties in research and development or competing products (for example, biosimilars of a patented product may be manufactured by third parties once the patent expires). While we endeavor to maintain robust intellectual property protection, as our existing issued patents expire it may materially and adversely affect our competitive position.

We face substantial competition in the biotechnology industry and may not be able to compete successfully against one or more of our competitors.

The biotechnology industry is highly competitive, particularly in the area of diagnostic and therapeutic oncology products. In recent years, there have been extensive technological innovations achieved in short periods of time, and it is possible that future technological changes and discoveries by others could result in our products and product candidates quickly becoming uncompetitive or obsolete. A number of companies, including Amgen, AstraZeneca, Bayer Healthcare Pharmaceuticals, Biogen Idec, Bristol-Myers Squibb, Celgene, Eli Lilly, Genmab, GlaxoSmithKline, Immunogen, Johnson & Johnson, Merck, Merck Serono, Novartis, Pfizer, Roche, and Seattle Genetics, are engaged in the development of therapeutic oncology products. Many of these companies have significantly greater financial, technical and marketing resources than we do. In addition, many of these companies have more established positions in the pharmaceutical industry and are therefore better equipped to develop, commercialize and market oncology products. Even some smaller competitors may obtain a significant competitive advantage over us if they are able to discover or otherwise acquire patentable inventions, form collaborative arrangements or merge with larger pharmaceutical companies. Further, even if we are able to successfully develop and commercialize products, other manufacturers operating in emerging markets may also have a competitive advantage over us with respect to competing products due to their ability to manufacture with a lower cost base.

We expect to face increasing competition from universities and other non-profit research organizations. These institutions carry out a significant amount of research and development in the field of antibody-based technologies and they are increasingly aware of the commercial value of their findings. As a result, they are demanding greater patent and other proprietary rights, as well as licensing and future royalty revenues. It is possible that such competition could come from universities with which we have, or have previously had, collaborative research and development relationships, notwithstanding our efforts to protect our intellectual property in the course of such relationships.

We may be liable for contamination or other harm caused by hazardous materials that we use in the operations of our business.

In addition to laws and regulations enforced by the FDA, we are also subject to regulation under various other foreign, federal, state and local laws and regulations. Our manufacturing and research and development programs involve the controlled use of viruses, hazardous materials, chemicals and various radioactive compounds. The risk of accidental contamination or injury from these materials can never be completely eliminated, and if an accident occurs we could be held liable for any damages that result, which could exceed our available resources.

The nature of our business exposes us to significant liability claims, and our insurance coverage may not be adequate to cover any future claims.

The use of our compounds in clinical trials and any future sale exposes us to liability claims that could be substantial. These claims might be made directly by healthcare providers, medical personnel, patients, consumers, pharmaceutical companies, and others selling or distributing our compounds. While we currently have product liability insurance that we consider adequate for our current needs, we may not be able to continue to obtain comparable insurance in the future at an acceptable cost, if at all. If for any reason we cannot maintain our existing or comparable liability insurance, our ability to clinically test and market products could be significantly impaired. Moreover, the amount and scope of our insurance coverage, as well as the indemnification arrangements with third parties upon which we rely, may be inadequate to protect us in the event of a successful product liability claim. Any successful claim in excess of our insurance coverage could materially and adversely affect our financial condition and operating results.

Certain potential for conflicts of interest, both real and perceived, exist which could result in expensive and time-consuming litigation.

Certain of our former officers and directors have relationships and agreements, both with us as well as among themselves and their respective affiliates, which create the potential for both real, as well as perceived, conflicts of interest. These include Dr. David M. Goldenberg, our former Chairman of our Board of Directors, our former Chief Scientific Officer and our former Chief Patent Officer, and Ms. Cynthia L. Sullivan, a former director and our former President and Chief Executive Officer (who is also the wife of Dr. Goldenberg). Dr. Goldenberg is also a minority stockholder, of our majority-owned subsidiary, IBC. Dr. Goldenberg was the primary inventor of new intellectual property for Immunomedics and IBC and was largely responsible for allocating ownership between the two companies. Immunomedics has incurred expenses on behalf of the IBC operations, including interest, over the past thirteen years. As of June 30, 2018, IBC has a liability to Immunomedics Inc. which is eliminated in consolidation. On January 8, 2018, Morris Rosenberg joined the Company as Chief Technology Officer and became a full-time employee and was permitted to continue to provide certain limited outside consulting services through M Rosenberg BioPharma Consulting LLC.

As a result of these and other relationships, the potential for both real and perceived conflicts of interest exists and disputes could arise over the allocation of funds, research projects and ownership of intellectual property rights. In addition, in the event that we become involved in stockholder litigation regarding these potential conflicts, we might be required to devote significant resources and management time defending the company from these claims, which could adversely affect our results of operations.

The commercial success of our product candidates depends on the availability and sufficiency of third-party payor coverage and reimbursement. Given that recent cancer therapeutics for solid cancers such as the ones we are developing can cost approximately in excess of $12,500 a month, even if our product candidates become available for sale it is likely that federal and state governments, insurance companies and other payors of health care costs will try to first limit the use of these drugs to certain patients, and may be reluctant to provide a level of reimbursement that permits us to earn a significant profit on our investment, if any.

Our ability to successfully commercialize therapeutic products will depend, in significant part, on the extent to which hospitals and physicians can obtain appropriate reimbursement levels for the cost of our products and related treatment. Third-party payors are increasingly challenging the prices charged for diagnostic and therapeutic products and related services. In addition, legislative proposals to reform health care or reduce government insurance programs may result in lower prices or the actual inability of prospective customers to purchase our products. Furthermore, even if reimbursement is available, it may not be available at price levels sufficient for us to realize a positive return on our

investment.

The United States government, state legislatures and foreign governmental entities have shown significant interest in implementing cost containment programs to limit the growth of government-paid healthcare costs, including price controls, restrictions on reimbursement and coverage and requirements for substitution of generic products for branded prescription drugs. Adoption of government controls and measures, and tightening of restrictive policies in jurisdictions with existing controls and measures, could exclude or limit our product candidates from coverage and limit payments for pharmaceuticals.

In addition, we expect that increased emphasis on managed care and cost containment measures in the United States by third-party payors and government authorities to continue and will place pressure on pharmaceutical pricing and coverage. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more product candidates for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

If we are unable to obtain and maintain sufficient third-party coverage and adequate reimbursement for our product candidates, the commercial success of our product candidates may be greatly hindered and our financial condition and results of operations may be materially and adversely affected.

Our products may not achieve market acceptance.

If any of our product candidates fail to achieve sufficient market acceptance, we may not be able to generate sufficient revenue to become profitable. The degree of market acceptance of our product candidates, if and when they are approved for commercial sale, will depend on a number of factors, including but not limited to:

- the timing of our receipt of marketing approvals, the terms of such approvals and the countries in which such approvals are obtained;
- the safety, efficacy, reliability and ease of administration of our product candidates;
- the prevalence and severity of undesirable side effects and adverse events;
- the extent of the limitations or warnings required by the FDA or comparable regulatory authorities in other countries to be contained in the labeling of our product candidates;
- the clinical indications for which our product candidates are approved;
- the availability and perceived advantages of alternative therapies;
- any publicity related to our product candidates or those of our competitors;
- the quality and price of competing products;
- our ability to obtain third-party payor coverage and sufficient reimbursement;
- the willingness of patients to pay out of pocket in the absence of third-party payor coverage; and
- the selling efforts and commitment of our commercialization collaborators.

If our approved product candidates fail to receive a sufficient level of market acceptance, our ability to generate revenue from sales of our product candidates will be limited, and our business and results of operations may be

materially and adversely affected.

A portion of our funding has come from federal government grants and research contracts. Due to reductions in funding, we may not be able to rely on these grants or contracts as a continuing source of funds.

During the last few years, we have generated revenues from awards made to us by the National Institutes of Health and the Department of Defense to partially fund some of our programs. We cannot rely on grants or additional contracts as a continuing source of funds. Funds available under these grants and contracts must be applied by us toward the research and development programs specified by the government rather than for all our programs generally. The government's obligation to make payments under these grants and contracts is subject to appropriation by the United States Congress for funding in each year. It is possible that Congress or the government agencies that administer these government research programs will continue

to scale back these programs or terminate them due to their own budgetary constraints, as they have recently been doing. Additionally, these grants and research contracts are subject to adjustment based upon the results of periodic audits performed on behalf of the granting authority. Consequently, the government may not award grants or research contracts to us in the future, and any amounts that we derive from existing awards may be less than those received to date. In those circumstances, we would need to provide funding on our own, obtain other funding, or scale back or terminate the affected program. In particular, we cannot assure you that any currently-contemplated or future efforts to obtain funding for our product candidate programs through government grants or contracts will be successful, or that any such arrangements which we do conclude will supply us with sufficient funds to complete our development programs without providing additional funding on our own or obtaining other funding. Where funding is obtained from government agencies or research bodies, our intellectual property rights in the research or technology funded by the grant are typically subject to certain licenses to such agencies or bodies, which could have an impact on our utilization of such intellectual property in future.

We face a number of risks relating to the maintenance of our information systems and our use of information relating to clinical trials.

In managing our operations, we rely on computer systems and electronic communications, including systems relating to record keeping, financial information, sourcing, and back-up and the Internet ("Information Systems"). Our Information Systems include the electronic storage of financial, operational, research, patient and other data. Our Information Systems may be subject to interruption or damage from a variety of causes, including power outages, computer and communications failures, system capacity constraints, catastrophic events (such as fires, tornadoes and other natural disasters), cyber risks, computer viruses and security breaches. If our Information Systems cease to function properly, are damaged or are subject to unauthorized access, we may suffer interruptions in our operations, be required to make significant investments to fix or replace systems and/or be subject to fines, penalties, lawsuits, or government action. The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations. Our clinical trials information and patient data (which may include personally identifiable information) is part of our Information Systems and is therefore subject to all of the risks set forth above, notwithstanding our efforts to code and protect such information.

Risks Related to Government Regulation of our Industry

Legislative or regulatory reform of the healthcare system may affect our ability to sell our products profitably.

In recent years, there have been numerous initiatives on the federal and state levels in the United States for comprehensive reforms affecting the payment for, the availability of and reimbursement for healthcare services. There have been a number of federal and state proposals during the last few years regarding the pricing of pharmaceutical and biopharmaceutical products, limiting coverage and reimbursement for drugs and other medical products, government control and other changes to the healthcare system in the United States. For example, the Patient Protection and Affordable Care Act ("ACA") and the Health Care and Education Reconciliation Act of 2010, which amends the ACA, collectively, the United States Health Reform Laws, were signed into law in the United States in March 2010.

Among the provisions of the ACA of importance to the pharmaceutical industry are the following:

- the Medicaid Drug Rebate Program requires pharmaceutical manufacturers to enter into and have in effect a national rebate agreement with the Secretary of the Department of Health and Human Services as a condition of Medicare Part B and Medicaid coverage of the manufacturer's outpatient drugs furnished to Medicaid patients. Effective in 2010, the ACA made several changes to the Medicaid Drug Rebate Program, including increasing pharmaceutical manufacturers' rebate liability by raising the minimum basic Medicaid rebate on most branded prescription drugs from 15.1% of average manufacturer price, or AMP, to 23.1% of AMP, establishing new methodologies by which AMP is calculated and rebates owed by manufacturers under the Medicaid Drug Rebate Program are collected for drugs that are inhaled, infused, instilled, implanted or injected, adding a new rebate calculation for "line extensions" (i.e., new formulations, such as extended release formulations) of solid oral dosage forms of branded products, expanding the universe of Medicaid utilization subject to drug rebates to covered drugs dispensed to individuals who are enrolled in Medicaid managed care organizations, and expanding the population potentially eligible for Medicaid drug benefits;

the expansion of eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to additional individuals beginning in April 2010 and by adding new mandatory eligibility categories for certain individuals with income at or below 133.0% of the federal poverty level beginning in 2014, thereby potentially increasing both the volume of sales and manufacturers' Medicaid rebate liability;

- in order for a pharmaceutical product to receive federal reimbursement under the Medicare Part B and Medicaid programs or to be sold directly to United States government agencies, the manufacturer must extend discounts to

entities eligible to participate in the 340B drug pricing program. The required 340B discount on a given product is calculated based on the AMP and Medicaid rebate amounts reported by the manufacturer. Effective in 2010, the ACA expanded the types of entities eligible to receive discounted 340B pricing, although, under the current state of the law, with the exception of children's hospitals, these newly eligible entities will not be eligible to receive discounted 340B pricing on orphan drugs when used for the orphan indication. In addition, as 340B drug pricing is determined based on AMP and Medicaid rebate data, the revisions to the Medicaid rebate formula and AMP definition described above could cause the required 340B discount to increase. Recent proposed guidance from the United States Department of Health and Human Services Health Resources and Services Administration, if adopted in its current form, may affect manufacturers' rights and liabilities in conducting audits and resolving disputes under the 340B program;

- the ACA imposed a requirement on manufacturers of branded drugs to provide a 50% (and 70% commencing on January 1, 2019) discount off the negotiated price of branded drugs dispensed to Medicare Part D patients in the coverage gap (i.e., the donut hole);
- the ACA imposed an annual, nondeductible fee on any entity that manufactures or imports certain branded prescription drugs, apportioned among these entities according to their market share in certain government healthcare programs, although this fee would not apply to sales of certain products approved exclusively for orphan indications;
- the ACA implemented the Physician Payments Sunshine Act;
- the ACA requires annual reporting of drug samples that manufacturers and distributors provide to physicians;
- the ACA expanded healthcare fraud and abuse laws in the United States, including the False Claims Act and the federal Anti-Kickback Statute, new government investigative powers and enhanced penalties for non-compliance;
- the ACA established a licensing framework for follow-on biologics;
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in and conduct comparative clinical effectiveness research, along with the funding for such research. The research conducted by the Patient-Centered Outcomes Research Institute may affect the market for certain pharmaceutical products by influencing decisions relating to coverage and reimbursement rates; and
- the ACA established the Center for Medicare and Medicaid Innovation within the Centers for Medicare & Medicaid Center, or Innovation Center, to test innovative payment and service delivery models to lower Medicare and Medicaid spending, potentially including prescription drug spending. The Innovation Center has been funded through 2019, and funding will be automatically renewed for each 10-year budget window thereafter.

Some of the provisions of the ACA have yet to be implemented, and there have been judicial and Congressional challenges to certain aspects of the ACA, as well as recent efforts by the Trump administration to repeal or replace certain aspects of the ACA. Since January 2017, President Trump has signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the ACA have been signed into law. The Tax Cuts and Jobs Act of 2017, or the TCJA, includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate". Additionally, on January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain ACA-mandated fees, including the so-called "Cadillac" tax on certain high cost employer-sponsored insurance plans, the annual fee imposed on certain health insurance providers based on market share, and the medical device excise tax on non-exempt medical devices. Further, the Bipartisan Budget Act of 2018, or the BBA, among other things, amends the ACA, effective January 1, 2019, to close the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole".

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. In August 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions to Medicare payments to providers of

up to 2.0% per fiscal year, which went into effect in 2013, and due to subsequent legislative amendments to the statute, including the BBA, will remain in effect through 2027 unless additional Congressional action is taken. In January 2013, then-President Barack Obama signed into law the American Taxpayer Relief Act of 2012, or the ATRA, which, among others, delayed for another two months the budget cuts mandated by these sequestration provisions of the Budget Control Act of 2011. The ATRA also reduced Medicare

payments to several providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other healthcare funding, which could have a material and adverse effect on our customers and accordingly, our financial operations.

Further, there has been increasing legislative and enforcement interest in the United States with respect to specialty drug pricing practices. Specifically, there have been several recent United States Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs. At the federal level, the Trump administration's budget proposal for fiscal year 2019 contains further drug price control measures that could be enacted during the 2019 budget process or in other future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid, and to eliminate cost sharing for generic drugs for low-income patients. Additionally, on May 11, 2018, President Trump laid out his administration's "Blueprint" to lower drug prices and reduce out of pocket costs of drugs, as well as additional proposals to increase drug manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products, and reduce the out of pocket costs of product candidates paid by consumers. HHS has already started the process of soliciting feedback on some of these measures and, at the same, is immediately implementing others under its existing authority. Although most of these, and other, proposals will require authorization through additional legislation to become effective, the United States Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs, including by addressing the role of pharmacy benefit managers in the supply chain. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

More recently, on May 30, 2018, the Trickett Wendler, Frank Mongiello, Jordan McLinn, and Matthew Bellina Right to Try Act of 2017, or Right to Try Act, was signed into law. The law, among other things, provides a federal framework for patients to access certain investigational new product candidates that have completed a Phase I clinical trial. Under certain circumstances, eligible patients can seek treatment without enrolling in clinical trials and without obtaining FDA approval under the FDA expanded access program. The Right to Try Act did not establish any new entitlement or positive right to any party or individual, nor did it create any new mandates, directives, or additional regulations requiring a manufacturer or sponsor of an eligible investigational new product candidates to provide expanded access.

We are unable to predict the future course of federal or state healthcare legislation in the United States directed at broadening the availability of healthcare and containing or lowering the cost of healthcare. The United States Health Reform Laws and any further changes in the law or regulatory framework that reduce our revenue or increase our costs could also have a material and adverse effect on our business, financial condition and results of operations.

Healthcare laws and regulations may affect the pricing of our product candidates and may affect our profitability.

In certain countries, the government may provide healthcare at a subsidized cost to consumers and regulate prices, patient eligibility or third-party payor reimbursement policies to control the cost of product candidates. Such a system may lead to inconsistent pricing of our product candidates from one country to another. The availability of our product candidates at lower prices in certain countries may undermine our sales in other countries where our product candidates are more expensive. In addition, certain countries may set prices by reference to the prices of our product candidates in other countries. Our inability to secure adequate prices in a particular country may adversely affect our ability to obtain an acceptable price for our product candidates in existing and potential markets. If we are unable to obtain a price for our product candidates that provides an appropriate return on our investment, our profitability may be materially and adversely affected.

Our industry and we are subject to intense regulation from the United States Government and such other governments and quasi-official regulatory bodies where our products are and product candidates may be sold.

Both before and after regulatory approval to market a particular product candidate, including our biologic product candidates, the manufacturing, labeling, packaging, adverse event reporting, storage, advertising, promotion, distribution and record keeping related to the product are subject to extensive, ongoing regulatory requirements, including, without limitation, submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with cGMP requirements and good clinical practice requirements for any clinical trials that we conduct post-approval. As a result, we are subject to a number of governmental and other regulatory risks, which include:

- clinical development is a long, expensive and uncertain process; delay and failure can occur at any stage of our clinical trials;
- our clinical trials are dependent on patient enrollment and regulatory approvals; we do not know whether our planned trials will begin on time, or at all, or will be completed on schedule, or at all;
- the FDA or other regulatory authorities may not approve a clinical trial protocol or may place a clinical trial on hold;
- we rely on third parties, such as consultants, contract research organizations, medical institutions, and clinical investigators, to conduct clinical trials for our drug candidates and if we or any of our third-party contractors fail to comply with applicable regulatory requirements, such as cGCP requirements, the clinical data generated in our clinical trials may be deemed unreliable and the FDA, the EMA or comparable foreign regulatory authorities may require us to perform additional clinical trials;
- if the clinical development process is completed successfully, our ability to derive revenues from the sale of therapeutics will depend on our first obtaining FDA or other comparable foreign regulatory approvals, each of which are subject to unique risks and uncertainties;
- there is no assurance that we will receive FDA or corollary foreign approval for any of our product candidates for any indication; we are subject to government regulation for the commercialization of our product candidates;
- we have not received regulatory approval in the United States for the commercial sale of any of our biologic product candidates;
- even if one or more of our product candidates does obtain approval, regulatory authorities may approve such product candidate for fewer or more limited indications than we request, may not approve the price we intend to charge for our products, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate;
- undesirable side effects caused by our product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or other comparable foreign authorities;
- later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with the regulatory requirements of FDA and other applicable United States and foreign regulatory authorities could subject us to administrative or judicially imposed sanctions;
- although several of our product candidates have received orphan drug designation in the United States and the EU for particular indications, we may not receive orphan drug exclusivity for any or all of those product candidates or indications upon approval, and even if we do obtain orphan drug exclusivity, that exclusivity may not effectively protect the product from competition;
- even if one or more of our product candidates is approved in the United States, it may not obtain the 12 years of exclusivity from biosimilars for which innovator biologics are eligible, and even if it does obtain such exclusivity, that exclusivity may not effectively protect the product from competition;
- the FDA’s policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our drug candidates, and if we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained; and
- we may be liable for contamination or other harm caused by hazardous materials used in the operations of our business.

Healthcare providers, physicians and third-party payors often play a primary role in the recommendation and prescription of any currently marketed products and product candidates for which we may obtain marketing approval. Our current and future arrangements with healthcare providers, physicians, third-party payors and customers, and our sales, marketing and educational activities, may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations (at the federal and state level) that may constrain our business or financial arrangements and relationships through which we market, sell and distribute our products for which we obtain marketing approval. In addition, our operations are also

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subject to various federal and state fraud and abuse, physician payment transparency and privacy and security laws, including, without limitation:

- The federal Anti-Kickback Statute, which prohibits, among other things, persons and entities including pharmaceutical manufacturers from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, overtly or covertly, in case or in kind, to induce or reward, or in return for, or either the referral of an individual for, or the purchase, lease, order or recommendation of, an item or service reimbursable, in whole or in part, under a federal healthcare program, such as the Medicare or Medicaid programs. This statute has interpreted broadly to apply to, among other things, arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers and formulary managers on the other hand. The term "remuneration" expressly includes kickbacks, bribes or rebates and also has been broadly interpreted to include anything of value, including, for example, gifts, discounts, waivers of payment, ownership interest and providing anything at less than its fair market value. There are a number of statutory exceptions and regulatory safe harbors protecting certain common activities from prosecution or other regulatory sanctions, however, the exceptions and safe harbors are drawn narrowly, and practices that do not fit squarely within an exception or safe harbor may be subject to scrutiny. The failure to meet all of the requirements of a particular applicable statutory exception or regulatory safe harbor does not make the conduct per se illegal under the federal Anti-Kickback Statute. Instead, the legality of the arrangement will be evaluated on a case-by-case basis based on a cumulative review of all of its facts and circumstances. Our practices may not meet all of the criteria for safe harbor protection from federal Anti-Kickback Statute liability in all cases. A person or entity does not need to have actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act.
- The federal civil and criminal false claims laws and civil monetary penalty laws, including the False Claims Act, which prohibits individuals or entities from, among other things, knowingly presenting, or causing to be presented, claims for payment to, or approval by, the federal government that are false, fictitious or fraudulent or knowingly making, using or causing to be made or used, a false record or statement material to a false or fraudulent claim to avoid, decrease or conceal an obligation to pay money to the federal government. As a result of a modification made by the Fraud Enforcement and Recovery Act of 2009, a claim includes "any request or demand" for money or property presented to the federal government. Although we do not submit claims directly to payors, manufacturers can be held liable under these laws if they are deemed to "cause" the submission of false or fraudulent claims by, for example, providing inaccurate billing or coding information to customers, promoting a product off-label, marketing products of sub-standard quality, or, as noted above, paying a kickback that results in a claim for items or services. In addition, our activities relating to the reporting of wholesaler or estimated retail prices for our products, the reporting of prices used to calculate Medicaid rebate information and other information affecting federal, state and third-party reimbursement for our products, and the sale and marketing of our products, are subject to scrutiny under this law. For example, several pharmaceutical and other healthcare companies have faced enforcement actions under these laws for allegedly inflating drug prices they report to pricing services, which in turn were used by the government to set Medicare and Medicaid reimbursement rates, and for allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product. The False Claims Act also permits a private individual acting as a "whistleblower" to bring actions on behalf of the federal government alleging violations of the False Claims Act and to share in any monetary recovery. In addition, federal Anti-Kickback Statute violations and certain marketing practices, including off-label promotion, may also implicate the False Claims Act. Although the False Claims Act is a civil statute, conduct that results in a False Claims Act violation may also implicate various federal criminal statutes.
- The federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which imposes criminal and civil liability for knowingly and willfully executing, or attempting to execute, a scheme to defraud or to obtain, by means of false or fraudulent pretenses, representations or promises, any money or property owned by, or under the control or custody of, any healthcare benefit program, including private third-party payors and knowingly and willfully falsifying, concealing or covering up by trick, scheme or device, a material fact or making any materially false,

fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation.

HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH,and their respective implementing regulations, including the Final Omnibus Rule published on January 25, 2013, impose, among other things, obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information held by certain healthcare providers, health plans and healthcare clearinghouses, known as covered entities, and business associates. Among other things, HITECH made certain aspects of HIPAA's rules (notably the Security Rule) directly applicable to

business associates - independent contractors or agents of covered entities that receive or obtain individually identifiable health information in connection with providing a service on behalf of a covered entity. HITECH also created four new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal court to enforce the federal HIPAA laws and seek attorney's fees and costs associated with pursuing federal civil actions. The Department of Health and Human Services Office of Civil Rights, or the OCR, has increased its focus on compliance and continues to train state attorneys general for enforcement purposes. The OCR has recently increased both its efforts to audit HIPAA compliance and its level of enforcement, with one recent penalty exceeding $5 million.

- The federal physician payment transparency requirements, sometimes referred to as the "Physician Payments Sunshine Act," created under the United States Patient Protection and Affordable Care Act of 2010, as amended, or the ACA, and its implementing regulations, which requires applicable manufacturers of covered drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the State Children's Health Insurance Program (with certain exceptions) to annually report to the United States Department of Health and Human Services, or HHS, information related to certain payments or other transfers of value made or distributed to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, or to entities or individuals at the request of, or designated on behalf of, the physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members.

According to the United States Federal Trade Commission, or the FTC, failing to take appropriate steps to keep consumers' personal information secure constitutes unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, or the FTCA, 15 United StatesC § 45(a). The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Medical data is considered sensitive data that merits stronger safeguards. The FTC's guidance for appropriately securing consumers' personal information is similar to what is required by the HIPAA Security Rule.

- Analogous state laws and regulations, such as state anti-kickback and false claims laws, which may apply to items or services reimbursed by any third-party payor, including commercial insurers, some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring drug manufacturers to report pricing and marketing information, including, among other things, information related to payments to physicians and other healthcare providers or marketing expenditures, state and local laws that require the registration of pharmaceutical sales representatives, and state laws governing the privacy and security of health information and the use of prescriber-identifiable data in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available under such laws, it is possible that certain business activities could be subject to challenge under one or more of such laws. The scope and enforcement of each of these laws is uncertain and subject to rapid change in the current environment of healthcare reform, especially in light of the lack of applicable precedent and regulations. Federal and state enforcement bodies have recently increased their scrutiny of interactions between healthcare companies and healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. Ensuring that business arrangements with third parties comply with applicable healthcare laws, as well as responding to possible investigations by government authorities, can be time- and resource-consuming and can divert management's attention from the business.

If our operations are found to be in violation of any of the health regulatory laws described above or any other laws that apply to us, we may be subject to penalties, including, but not limited to, criminal, civil and administrative penalties, damages, fines, disgorgement, individual imprisonment, possible exclusion from participation in government healthcare programs, injunctions, private qui tam actions brought by individual whistleblowers in the name of the government and the curtailment or restructuring of our operations, as well as additional reporting obligations and oversight if we become subject to a corporate integrity agreement or other agreement to resolve

allegations of non-compliance with these laws, any of which could adversely affect our ability to operate our business and our results of operations.

Risks Related to Our Securities

Conversion of the Convertible Senior Notes will dilute the ownership interest of existing stockholders and could adversely affect the market price of our common stock.

The conversion of some or all of the Convertible Senior Notes will dilute the ownership interests of existing stockholders. Any sales in the public market of the common stock issuable upon such conversion and exercise could adversely affect prevailing market prices of our common stock. In addition, the existence of the Convertible Senior Notes may encourage short selling by market participants.

Our indebtedness and debt service obligations may adversely affect our cash flow.

We intend to fulfill our current debt service obligations, including repayment of the principal from our existing cash and investments, as well as the proceeds from potential licensing agreements and any additional financing from equity or debt transactions. However, our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow to meet these obligations, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive, or delaying or curtailing research and development programs. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

We may add lease lines to finance capital expenditures and may obtain additional long term debt and lines of credit. If we issue other debt securities in the future, our debt service obligations will increase further.

Our indebtedness could have significant additional negative consequences, including, but not limited to:

- requiring the dedication of a substantial portion of our existing cash and marketable securities balances and, if available, future cash flow from operations to service our indebtedness, thereby reducing the amount of our expected cash flow available for other purposes, including capital expenditures;
- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- limiting our ability to sell assets if deemed necessary;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete; and
- placing us at a possible competitive disadvantage to less leveraged competitors and competitors that have better access to capital resources.

We may not have the ability to raise funds necessary to purchase the Convertible Senior Notes upon a fundamental change and our future debt may contain limitations on our ability to repurchase the Convertible Senior Notes.

Following a fundamental change (which includes matters such as a change in control of the Company, approval by the Company’s stockholders of a plan of dissolution or liquidation of the Company, and the cessation of listing of the Company’s common stock on Nasdaq or The New York Stock Exchange, among others as further described in the indenture), holders of Convertible Senior Notes will have the right to require the Company to purchase their Convertible Senior Notes for cash. A fundamental change may also constitute an event of default or require prepayment under, and result in the acceleration of the maturity of, our other then-existing indebtedness. We cannot assure you that we will have sufficient financial resources, or will be able to arrange financing, to pay the fundamental

change purchase price in cash with respect to any Convertible Senior Notes surrendered by holders for purchase upon a fundamental change. In addition, restrictions in the agreements governing our then-outstanding indebtedness, if any, may not allow us to purchase the Convertible Senior Notes upon a fundamental change. Our failure to purchase the Convertible Senior Notes upon a fundamental change when required would result in an event of default with respect to the Convertible Senior Notes which could, in turn, constitute a default under the terms of our other indebtedness, if any. If the repayment of the related indebtedness were to be accelerated after any applicable notice or

grace periods, we may not have sufficient funds to repay the indebtedness and purchase the Convertible Senior Notes, which could have a material and adverse impact on our financial condition and results of operations.

Shares eligible for future sale may adversely affect our ability to sell equity securities.

Sales of our common stock (including the issuance of shares upon conversion of convertible debt) in the public market could materially and adversely affect the market price of shares. As of June 30, 2018 we had 186,801,159 shares of common stock issued, plus (1) options to purchase 3,548,571 shares of common stock with a weighted-average exercise price of $7.58 per share, (2) 1,535,366 restricted stock units to certain executive officers of the Company, (3) 537,501 performance stock units to certain executive officers of the Company, (4) 8,643,548 shares of common stock reserved for potential future grant under the Plan, (5) warrants to purchase 450,000 shares of common stock with an exercise price of $3.75 and (6) $20.0 million of principal amount of Convertible Senior Notes convertible into approximately 3,916,672 shares of common stock at the conversion rate of $5.11 subject to adjustment as described in the indenture. Of the 250,000,000 shares of common stock authorized under our Certificate of Incorporation, there are 44,567,183 shares of common stock that remain available for future issuance.

Our outstanding Convertible Senior Notes, options and warrants may adversely affect our ability to consummate future equity based financings due to the dilution potential to future investors.

Due to the number of shares of common stock we are obligated to issue pursuant to outstanding Convertible Senior Notes, options and warrants, potential investors may not purchase our future equity offerings at market price because of the potential dilution such investors may suffer as a result of the exercise of the outstanding options and warrants or conversion of the outstanding Convertible Senior Notes.

The market price of our common stock has fluctuated widely in the past, and is likely to continue to fluctuate widely based on a number of factors, many of which are beyond our control.

The market price of our common stock has been, and is likely to continue to be, highly volatile. Furthermore, the stock market and the market for stocks comparable biopharmaceutical companies like ours have from time to time experienced, and likely will again experience, significant price and volume fluctuations that are unrelated to actual operating performance.

From time to time, stock market analysts publish research reports or otherwise comment upon our business and future prospects. Due to a number of factors, we may fail to meet the expectations of securities analysts or investors and our stock price would likely decline as a result. These factors include:

- Announcements by us, any collaboration partners, any future alliance partners or our competitors of pre-clinical studies and clinical trial results, regulatory developments, technological innovations or new therapeutic products, product sales, new products or product candidates and product development timelines;
- The formation or termination of corporate alliances;
- Developments in patent or other proprietary rights by us or our respective competitors, including litigation;
- Developments or disputes concerning our patent or other proprietary rights, and the issuance of patents in our field of business to others;
- Government regulatory action;

- Period-to-period fluctuations in the results of our operations; and

- Developments and market conditions for emerging growth companies and biopharmaceutical companies, in general.

In addition, Internet “chat rooms” have provided forums where investors make predictions about our business and prospects, oftentimes without any real basis in fact, that readers may trade on.

In the past, following periods of volatility in the market prices of the securities of companies in our industry, securities class action litigation has often been instituted against those companies. Refer to “Legal Proceedings” for more information. If we face such litigation in the future, it would result in substantial costs and a diversion of management’s attention and resources, which could negatively impact our business.

Our principal stockholders can significantly influence all matters requiring the approval by our stockholders.

As of June 30, 2018 venBio Select Advisor LLC, ("venBio") is the beneficial owner of approximately 9.5% of our outstanding common stock. venBio is our largest stockholder, and Dr. Behzad Aghazadeh, the Managing Partner and portfolio manager of the venBio Select Fund, serves as Chairman of our Board of Directors.

As a result of this voting power, venBio has the ability to significantly influence the outcome of substantially all matters that may be put to a vote of our stockholders, including the election of our directors.

There are limitations on the liability of our directors, and we may have to indemnify our officers and directors in certain instances.

Our certificate of incorporation limits, to the maximum extent permitted under Delaware law, the personal liability of our directors for monetary damages for breach of their fiduciary duties as directors. Our bylaws provide that we will indemnify our officers and directors and may indemnify our employees and other agents to the fullest extent permitted by law. These provisions may be in some respects broader than the specific indemnification provisions under Delaware law. The indemnification provisions may require us, among other things, to indemnify such officers and directors against certain liabilities that may arise by reason of their status or service as directors or officers (other than liabilities arising from willful misconduct of a culpable nature), to advance their expenses incurred as a result of certain proceedings against them as to which they could be indemnified and to obtain directors' and officers' insurance. Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify a director, officer, employee or agent made or threatened to be made a party to an action by reason of the fact that he or she was a director, officer, employee or agent of the corporation or was serving at the request of the corporation, against expenses actually and reasonably incurred in connection with such action if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Delaware law does not permit a corporation to eliminate a director's duty of care and the provisions of our certificate of incorporation have no effect on the availability of equitable remedies, such as injunction or rescission, for a director's breach of the duty of care.

We believe that our limitation of officer and director liability assists us to attract and retain qualified employees and directors. However, in the event an officer, a director or the board of directors commits an act that may legally be indemnified under Delaware law, we will be responsible to pay for such officer(s) or director(s) legal defense and potentially any damages resulting there from. Furthermore, the limitation on director liability may reduce the likelihood of derivative litigation against directors and may discourage or deter stockholders from instituting litigation against directors for breach of their fiduciary duties, even though such an action, if successful, might benefit our stockholders and us. Given the difficult environment and potential for incurring liabilities currently facing directors of publicly-held corporations, we believe that director indemnification is in our and our stockholders' best interests because it enhances our ability to attract and retain highly qualified directors and reduce a possible deterrent to entrepreneurial decision-making.

Nevertheless, limitations of director liability may be viewed as limiting the rights of stockholders, and the broad scope of the indemnification provisions contained in our certificate of incorporation and bylaws could result in increased expenses. Our board of directors believes, however, that these provisions will provide a better balancing of the legal obligations of, and protections for, directors and will contribute positively to the quality and stability of our corporate governance. Our board of directors has concluded that the benefit to stockholders of improved corporate governance outweighs any possible adverse effects on stockholders of reducing the exposure of directors to liability and broadened indemnification rights.

We are exposed to potential risks from legislation requiring companies to evaluate controls under Section 404 of the Sarbanes-Oxley Act.

The Sarbanes-Oxley Act requires that we maintain effective internal controls over financial reporting and disclosure controls and procedures. Among other things, we must perform system and process evaluation and testing of our internal controls over financial reporting to allow management to report on, and our independent registered public accounting firm to attest to, our internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act ("Section 404"). Compliance with Section 404 requires substantial accounting expense and significant management efforts. Our testing, or the subsequent review by our independent registered public accounting firm, may reveal deficiencies in our internal controls that would require us to remediate in a timely manner so as to be able to comply with the requirements of Section 404 each year. If we are not able to comply with the requirements of Section 404 in a timely manner each year, we could be subject to sanctions or investigations by the SEC, the Nasdaq Stock Market or other regulatory authorities that would require additional financial and management resources and could adversely affect the market price of our common stock.

We do not intend to pay dividends on our common stock. Until such time as we pay cash dividends our stockholders, must rely on increases in our stock price for appreciation.

We have never declared or paid dividends on our common stock. We intend to retain future earnings to develop and commercialize our product candidates and therefore we do not intend to pay cash dividends in the foreseeable future. Until such time as we determine to pay cash dividends on our common stock, our stockholders must rely on increases in the market price of our common stock for appreciation of their investment.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our corporate headquarters are located in Morris Plains, New Jersey. Summarized below are the locations, primary usage and approximate square footage of the facilities we lease. Under these lease agreements, we may be required to reimburse the lessors for real estate taxes, insurance, utilities, maintenance and other operating costs. All leases are with unaffiliated parties.

Location	Primary Usage	Approximate Square Feet
300 The American Road, Morris Plains, New Jersey	Office space, Research and Clinical Trial Management	85,000
400 The American Road, Morris Plains, New Jersey	Office space, warehouse	45,700

The lease for the 410 The American Road, Morris Plains, New Jersey location will enable us to expand our Research and Clinical Trial operations at the 300 The American Road, Morris Plains, New Jersey location.

Item 3. Legal Proceedings

The following is a summary of legal matters that are outstanding.

Settlement Agreement

On November 2, 2017 (the “Settlement Date”), the Company, venBio, Dr. Goldenberg, Ms. Sullivan, Mr. Markison, and Greenhill (collectively the “Parties”), entered into the Settlement Agreement. The terms and conditions of the Settlement Agreement supersede the binding settlement term sheet entered into on May 3, 2017, by and among the Company, venBio, Dr. Goldenberg, Ms. Sullivan and Mr. Markison (the “Initial Term Sheet”), and the second term sheet entered into on June 8, 2017, by and among the Company, venBio and Greenhill (the “Greenhill Term Sheet”).

On February 9, 2018, the Court entered an Order approving the partial settlement memorialized in the Settlement Agreement and dismissing Dr. Goldenberg, Ms. Sullivan, Mr. Markison and Greenhill’s claims with prejudice. In the Order, the Court also granted venBio’s request for an award of attorney’s fees and expenses in the amount of $3.4 million. The Order became final on March 12, 2018 (the “Effective Date”).

Resolution of Litigation

The Settlement Agreement includes (i) a mutual release of all claims that were or could have been asserted in the Federal Action or in the 225 Action (each as defined herein) and (ii) a comprehensive release of all direct and derivative claims that have been or could be asserted by or on behalf of (a) venBio or the Company, whether known or unknown, against Greenhill, Dr. Goldenberg, Ms. Sullivan and Mr. Markison and their affiliates and related persons, (b) Dr. Goldenberg, Ms. Sullivan or Mr. Markison, whether known or unknown, against venBio or the Company and their affiliates and related persons, and (c) Greenhill, whether known or unknown, against venBio, the Company, Dr. Goldenberg, Ms. Sullivan and Mr. Markison and their affiliates and related persons, relating to the Company’s private placement of $125.0 million of Series A-1 Convertible Preferred Stock, the 2016 Annual Meeting (defined below), the proxy contest waged by venBio in advance of the 2016 Annual Meeting, the engagement of Greenhill, the settlement

of the venBio Action, the licensing transaction with Seattle Genetics, Inc. (“Seattle Genetics”), and the Termination Agreement, dated May 4, 2017, between the Company and Seattle Genetics (the “venBio Action Released Claims”). The release of the venBio Action Released Claims became effective upon the Effective

Date. On May 24, 2018, the remaining parties to the venBio Action participated in a mediation of the claims against Geoff Cox, Robert Forrester, Bob Oliver, and Jason Aryeh. The mediation was unsuccessful. Geoff Cox, Robert Forrester, Bob Oliver, and Jason Aryeh have submitted motions to dismiss the claims against them in the venBio Action, which remain pending in the Court of Chancery.

The Company agreed to reimburse venBio for reasonable fees and expenses it incurred in connection with the proxy contest between venBio and the Company, the venBio Action, the 225 Action, and the Federal Action, and had reimbursed venBio in fiscal 2017 approximately $4.9 million for fees and expenses incurred in connection with the Federal Action, the 225 Action, the venBio Action and the proxy contest.

Indemnification

The Settlement Agreement provides that the Company will, to the extent not covered by the Company's insurance policies, (i) indemnify Dr. Goldenberg, Ms. Sullivan and Mr. Markison from attorneys' fees and expenses or other losses in connection with the Actions, and (ii) reimburse and indemnify Dr. Goldenberg and Ms. Sullivan for legal fees for actions taken with respect to the Actions and negotiation of the Settlement Agreement. As of the Effective Date, the indemnification agreements entered into between the Company and each of Dr. Goldenberg, Ms. Sullivan and Mr. Markison on or about February 9, 2017 were terminated.

Intellectual Property Assignments

Pursuant to the Settlement Agreement, Dr. Goldenberg and Ms. Sullivan have assigned all global intellectual property rights, other than express rights to royalties pursuant to existing agreements with the Company and Dr. Goldenberg's patent and related intellectual property relating to cyber space medicine, to the Company, and have agreed to perform all acts reasonably requested by the Company to perfect title in and to all such assigned intellectual property.

Sullivan Resignation

Pursuant to the Settlement Agreement, on the Settlement Date, Ms. Sullivan resigned from all director, officer and other positions of the Company and any of its affiliates. The Settlement Agreement provides that Ms. Sullivan will abide by all post-termination covenants and obligations contemplated by her employment agreement with the Company (the "Sullivan Agreement"). In exchange for a release of claims as required by the Sullivan Agreement and subject to compliance with the terms of the Settlement Agreement, Ms. Sullivan is entitled to (i) termination payments in accordance with the Sullivan Agreement for a termination without Cause after a Change in Control, (ii) accelerated vesting or extension of the exercise period for equity awards already earned, pursuant to the Sullivan Agreement, and (iii) COBRA payments. The foregoing cash payments which the Company has paid accumulated to approximately $3.1 million. An additional cash payment of $0.9 million is in dispute and will be addressed in arbitration. The Company has agreed to pay in full the arbitrator in such arbitration as well as reasonable attorneys' fees and expenses incurred by Dr. Goldenberg and Ms. Sullivan in connection with any such arbitration, up to a maximum amount of $650,000 combined. As of June 30, 2018, $260,177 of expenses have been incurred regarding such arbitration.

Goldenberg Resignation

Pursuant to the Settlement Agreement, on the Settlement Date, Dr. Goldenberg resigned from all officer and other positions of the Company and all director, officer and other positions at any of the Company's affiliates (other than Dr. Goldenberg's position as a member of the board of directors of IBC Pharmaceuticals, the Company's majority owned United States subsidiary), but would remain a director of the Company until his successor is elected and qualified or until his earlier resignation or removal. Dr. Goldenberg did not stand for reelection as a director at the Company's Annual Meeting of Stockholders held on April 2, 2018. The Settlement Agreement provides that Dr. Goldenberg will

abide by all post-termination covenants and obligations contemplated by the Goldenberg Agreement. In exchange for a release of claims as required by the Goldenberg Agreement and subject to compliance with the terms of the Settlement Agreement, Dr. Goldenberg is entitled to (i) termination payments in accordance with the Goldenberg Agreement for a termination without Cause after a Change in Control, (ii) accelerated vesting or extension of exercise period for equity awards already earned, pursuant to the Goldenberg Agreement, (iii) COBRA and other welfare payments, and (iv) royalties or payments in accordance with existing agreements.The foregoing cash payments, which the Company has paid pursuant to the terms of the Settlement Agreement, accumulated to approximately $2.4 million. In addition to these amounts, an additional cash payment of approximately $1.8 million is in dispute. Additionally, the vesting of the grant of 1,500,000 Restricted Stock Units to Dr. Goldenberg under the terms of the Amended and Restated Goldenberg Agreement, is also in dispute.

Arbitration of Disputed Matters

The Company, Dr. Goldenberg and Ms. Sullivan have agreed to arbitrate disputes relating to Dr. Goldenberg's claimed entitlement to certain equity awards and severance payments, and Dr. Goldenberg's and Ms. Sullivan's claimed rights to certain bonus payments. The Company has agreed to pay in full the arbitrator in such arbitration as well as reasonable attorneys' fees and expenses incurred by Dr. Goldenberg and/or Ms. Sullivan in connection with any such arbitration, up to a cap of $650,000.

Termination of Greenhill Engagement

Upon the Effective Date, the two engagement letters between Greenhill and the Company (the "Greenhill Agreements") were terminated. The Settlement Agreement provides further that Greenhill has agreed to forgo and not seek any and all fees, expenses or indemnification from the Company, except that the Company shall reimburse Greenhill up to $200,000 for reasonable and documented expenses incurred in connection with Greenhill providing services to the Company pursuant to the Greenhill Agreements, including expenses incurred in connection with the venBio Action.

Patent litigation:

Immunomedics filed a first amended complaint on October 22, 2015 and a second amended complaint on January 14, 2016 in the United States District Court for the District of New Jersey, against Roger Williams Medical Center ("RWMC"), Richard P. Junghans, M.D., Ph.D. and Steven C. Katz, M.D. seeking lost profits, unjust enrichment damages and compensatory damages resulting from the infringement of its patents. The second amended complaint alleges that RWMC and Dr. Junghans breached a Material Transfer Agreement ("MTA") through which it provided to them a monoclonal antibody known as MN-14 and related materials. Defendants are alleged to have breached the MTA and to have been negligent by, among other things, using the materials beyond the agreed-upon Research Project, sharing confidential information, failing to provide Immunomedics with a right of first refusal, failing to notify Immunomedics of intended publications prior to publishing, and refusing to return the materials upon request. Immunomedics also asserts defendants: claims of conversion, tortious interference, unjust enrichment, and infringement of three patents owned by Immunomedics. On January 28, 2016, defendants filed an Answer to the Second Amended Complaint. On October 12, 2016, Immunomedics filed a Third Amended Complaint, and further added as defendants Sorrento Therapeutics, Inc. and its subsidiaries TNK Therapeutics, Inc., BDL Products, Inc., and CARgenix Holdings, LLC. Defendants Junghans, Katz, and RWMC subsequently moved to dismiss for failure to state a claim on November 14, 2016, but this motion was denied on January 4, 2017. On December 2, 2016, Sorrento, TNK, BDL, and CARgenix moved to dismiss for lack of personal jurisdiction over them in New Jersey. The court granted this motion on January 25, 2017. On January 20, 2017, the court held a Markman hearing to construe the claims in the patents in suit. On February 28, 2017, the court issued an opinion and order finding, inter alia, that the term "effective amount" in the patents in suit is not indefinite and should be given its plain and order meaning, as proposed by Immunomedics, of "an amount capable of producing the claim result." On May 11, 2017, the court entered an order referring the matter to mediation and designating Garrett E. Brown, Jr. (ret.) as the mediator. The mediation did not result in a settlement. Discovery in this case is ongoing and no trial date has been set.

Stockholder complaints:

Class Action Stockholder Federal Securities Cases

Two purported class action cases were filed in the United States District Court for the District of New Jersey; namely, Fergus v. Immunomedics, Inc., et al., No. 2:16-cv-03335, filed June 9, 2016; and Becker v. Immunomedics, Inc., et al., No. 2:16-cv-03374, filed June 10, 2016. These cases arise from the same alleged facts and circumstances, and seek class certification on behalf of purchasers of our common stock between April 20, 2016 and June 2, 2016 (with

respect to the Fergus matter) and between April 20, 2016 and June 3, 2016 (with respect to the Becker matter). These cases concern the Company's statements in press releases, investor conference calls, and SEC filings beginning in April 2016 that the Company would present updated information regarding its IMMU-132 breast cancer drug at the 2016 American Society of Clinical Oncology ("ASCO") conference in Chicago, Illinois. The complaints allege that these statements were false and misleading in light of June 2, 2016 reports that ASCO had canceled the presentation because it contained previously reported information. The complaints further allege that these statements resulted in artificially inflated prices for our common stock, and that the Company and certain of its officers are thus liable under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. An order of voluntary dismissal without prejudice was entered on November 10, 2016 in the Becker matter. An order granting motion to consolidate cases, appoint lead plaintiff, and approve lead and liaison counsel was entered on February 7, 2017 in the Fergus matter. A consolidated complaint was filed on October 4, 2017. The Company filed a motion to dismiss the consolidated complaint on January 26, 2018 and the motion was fully briefed as of April 4, 2018. Oral argument has not yet been scheduled.

Stockholder Derivative Action in the Superior Court of New Jersey

On October 3, 2016, plaintiff commenced an action captioned Rosenfeld v. Goldenberg, et al., No. L-2200-16, alleging the same underlying facts and circumstances as in the pending federal securities class action, the Fergus matter. Specifically, this action concerns the Company's statements in press releases, investor conference calls, and SEC filings beginning in April 2016 that the Company would present updated information regarding its IMMU-132 breast cancer drug at the 2016 ASCO conference in Chicago, Illinois. The complaint alleges that these statements were false and misleading in light of the June 2, 2016 reports that ASCO had canceled the presentation because it contained previously reported information. The complaint further alleges that these statements resulted in artificially inflated prices for our common stock, and that certain directors and officers of the Company breached their fiduciary duties to the Company. In addition to monetary damages, the complaint seeks to require the Company to reform its corporate governance and internal procedures. Service was effectuated on all defendants on April 7, 2017. Defendants moved to dismiss the complaint on June 19, 2017. In lieu of responding, an amended complaint was filed on October 13, 2017. John Neff was substituted for plaintiff Seymour Rosenfeld in the amended complaint. The Company filed a motion to dismiss the amended complaint on December 4, 2017 and the Court granted the motion to dismiss without prejudice by order dated March 29, 2018.

Stockholder Claim in the Court of Chancery of the State of Delaware

On February 13, 2017, venBio commenced an action captioned venBio Select Advisor LLC v. Goldenberg, et al., C.A. No. 2017-0108-VCL (Del. Ch.) (the "venBio Action"), alleging that Company's Board breached their fiduciary duties when the Board (i) amended the Company's Amended and Restated By-laws (the "By-Laws") to call for a plurality voting regime for the election of directors instead of majority voting, and providing for mandatory advancement of attorneys' fees and costs for the Company's directors and officers, (ii) rescheduled the Company's 2016 Annual Meeting of Stockholders (the "2016 Annual Meeting") from December 14, 2016 to February 16, 2017, and then again to March 3, 2017, and (iii) agreed to the proposed Licensing Transaction with Seattle Genetics. venBio also named Seattle Genetics as a defendant and sought an injunction preventing the Company from closing the licensing transaction with Seattle Genetics. On March 6, 2017, venBio amended its complaint, adding further allegations. The Court of Chancery entered a temporary restraining order on March 9, 2017, enjoining the closing of the Licensing Transaction. venBio amended its complaint a second time on April 19, 2017, this time adding Greenhill & Co. Inc. and Greenhill & Co. LLC (together "Greenhill"), the Company's financial advisor on the Licensing Transaction, as an additional defendant. On May 3, 2017, venBio and the Company and individual defendants Dr. Goldenberg, Ms. Sullivan and Mr. Brian A. Markison, a director of the Company (collectively, the "Individual Defendants") entered into the Initial Term Sheet. On June 8, 2017, venBio the Company and Greenhill entered into the Greenhill Term Sheet. Pursuant to the Settlement Agreement, if the Court of Chancery approves the settlement, all claims that were asserted by venBio against the Individual Defendants or Greenhill in the venBio Action will be released. On May 24, 2018 the remaining parties to the venBio Action participated in a mediation of the claims against Geoff Cox, Robert Forrester, Bob Oliver, and Jason Aryeh. The mediation was unsuccessful. Geoff Cox, Robert Forrester, Bob Oliver, and Jason Aryeh have submitted motions to dismiss the claims against them in the venBio Action, which remain pending in the Court of Chancery.

Other matters:

Immunomedics is also a party to various claims and litigation arising in the normal course of business, which includes some or all of certain of its patents. While it is not possible to determine the outcome of these matters, the Company believes that the resolution of all such matters will not have a material adverse effect on its consolidated financial position or liquidity, but could possibly be material to its consolidated results of operations in any one accounting period.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Price and Dividend Information

Our common stock is quoted on the Nasdaq Global Market under the symbol "IMMU." The following table sets forth the high and low sales prices for our common stock for each full quarterly period within the last two fiscal years, as reported by the Nasdaq Global Market:

Fiscal Quarter Ended	High	Low
September 30, 2016	$3.43	$2.09
December 31, 2016	4.10	2.02
March 31, 2017	7.15	3.30
June 30, 2017	9.04	5.00
September 30, 2017	$14.19	$7.17
December 31, 2017	17.05	8.68
March 31, 2018	18.93	14.06
June 30, 2018	26.48	13.82

As of August 20, 2018, the closing sales price of our common stock on the Nasdaq Global Market was $21.30 and there were approximately 359 stockholders of record of our common stock. We have not paid dividends on our common stock since inception and do not plan to pay cash dividends in the foreseeable future.

STOCK PERFORMANCE GRAPH

This graph is not "soliciting material," and is not deemed filed with the SEC and not to be incorporated by reference in any filing by our Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing. The total return values data is prepared by the Nasdaq OMX Global Index Group. Total Return Indexes are posted on Nasdaq Online on a monthly basis.

The following graph compares the yearly change in cumulative total stockholder return on the Company's common stock for the prior five fiscal years with the total cumulative return of the Nasdaq Composite Index and the Nasdaq Pharmaceutical Index. The returns are indexed to a value of $100 at June 30, 2013.

	Indexed Returns (years ending)					
Company/Index	6/30/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18
Immunomedics	100	67	75	43	162	435
Nasdaq Composite	100	125	134	137	163	187
Nasdaq Pharmaceutical	100	128	151	152	164	171

Item 6. Selected Financial Data

The following table sets forth our consolidated financial data as of and for each of the five fiscal years ended June 30, 2018 which has been derived from our audited consolidated financial statements. The audited consolidated financial statements as of June 30, 2018 and 2017 and for the three-year period ended June 30, 2018 are included elsewhere in this Annual Report on Form 10-K. The information below should be read in conjunction with the consolidated financial statements (and notes thereon) and Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

(In thousands, except per share amounts)	Fiscal Year Ended June 30,				
	2018	2017	2016	2015	2014
Total revenues	$2,156	$3,091	$3,233	$5,653	$9,042
Total costs and expenses	143,203	82,241	62,241	51,873	44,622
Changes in fair market value of warrant liabilities	(108,636)	(61,074)	—	—	—
Warrant related expenses	—	(7,649)	—	—	—
Interest expense [1]	(23,255)	(5,480)	(5,480)	(2,091)	—
Interest and other income	5,493	431	338	246	56
Other financing expenses	(13,005)	(347)	—	—	—
Insurance reimbursement	6,638	—	—	—	—
Foreign currency transaction gain (loss), net	81	23	(40)	(1)	1
Loss before income tax	(273,731)	(153,245)	(64,190)	(48,066)	(35,523)
Income tax (expense) benefit	(156)	(21)	5,054	(58)	(8)
Net loss	(273,887)	(153,266)	(59,136)	(48,124)	(35,531)
Net loss attributable to noncontrolling interest	(50)	(60)	(99)	(122)	(105)
Net loss attributable to Immunomedics, Inc. stockholders	$(273,837)	$(153,206)	$(59,037)	$(48,002)	$(35,426)
Loss per common share attributable to Immunomedics, Inc. stockholders (basic and diluted):	$(1.78)	$(1.47)	$(0.62)	$(0.51)	$(0.42)
Weighted average shares used to calculated loss per common share (basic and diluted)	153,475	104,536	94,770	93,315	84,632

	As of June 30,				
(In thousands)	2018	2017	2016	2015	2014
Cash, cash equivalents and marketable securities	$638,802	154,902	$50,628	$99,618	$41,833
Total Assets	664,173	162,573	56,950	105,780	47,486
Liability related to sale of future royalties	202,007	—	—	—	—
Convertible senior notes, net	19,763	98,084	97,354	96,625	—
Warrant liabilities	8,973	90,706	—	—	—
Stockholders' equity (deficit) [2]	399,686	(59,463)	(57,527)	(4,525)	38,859

(1) Interest expense represents interest on liability related to sale of future royalties of $19.8 million for 2018, the Convertible Senior Notes interest expense ($3.5 million, $4.8 million and $4.8 million for 2018, 2017 and 2016, respectively) and amortized debt issuance costs ($1.7 million, $0.7 million and $0.7 million for 2018, 2017 and 2016, respectively).

(2) We have never paid cash dividends on our common stock. Stockholders' equity (deficit) represents Immunomedics, Inc. stockholders equity and the non-controlling interest in subsidiary.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The SEC encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This Annual Report on Form 10-K contains such "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be made directly in this Annual Report, and they may also be made a part of this Annual Report on Form 10-K by reference to other documents filed with the SEC, which is known as "incorporation by reference". Words such as "may," "anticipate," "estimate," "expects," "projects," "intends," "plans," "believes" and words and terms of sim substance used in connection with any discussion of future operating or financial performance, are intended to identify forward-looking statements. All forward-looking statements are management's present expectations of future events and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These risks and uncertainties include, among other things: the risk that we may be unable to obtain additional capital through strategic collaborations, licensing, issuance of equity financing in order to continue our research and development activities and secure regulatory approval of and market our drug candidates; our inability to further identify, develop and achieve commercial success for new products and technologies; the possibility of delays in the research and development necessary to select drug development candidates and delays in clinical trials; the risk that clinical trials may not result in marketable products; the risk that we may be unable to secure regulatory approval of and market our drug candidates; our dependence upon pharmaceutical and biotechnology collaborations; uncertainties about our ability to obtain new corporate collaborations and acquire new technologies on satisfactory terms, if at all; the development of competing products; our ability to protect our proprietary technologies; patent-infringement claims and other stockholder litigation; and risks of new, changing and competitive technologies and regulations in the United States and internationally. Refer to Item 1A. Risk Factors "Factors That May Affect Our Business and Results of Operations" in this Annual Report on Form 10-K for more information.

In light of these assumptions, risks and uncertainties, the results and events discussed in the forward-looking statements contained in this Annual Report on Form 10-K or in any document incorporated by reference might not occur. Stockholders are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K or the date of the document incorporated by reference in this Annual Report on Form 10-K, as applicable. We are not under any obligation, and we expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise except as may be required by applicable law. All subsequent forward-looking statements attributable to the Company or to any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

Overview

We are a clinical-stage biopharmaceutical company that develops monoclonal antibody-based products for the targeted treatment of cancer. Our advanced proprietary technologies allow us to create humanized antibodies that can be used either alone in unlabeled or "naked" form, or conjugated with chemotherapeutics, cytokines or toxins. Using these technologies, we have built a pipeline of six clinical-stage product candidates.

We believe that our antibodies have therapeutic potential, in some cases as a naked antibody or when conjugated with chemotherapeutics, cytokines or other toxins to create unique and potentially more effective treatment options. The attachment of effective anti-tumor compounds to antibodies is intended to allow the delivery of these therapeutic agents to tumor sites with better specificity than conventional chemotherapy. This treatment method is designed to reduce the total exposure of the patient to the therapeutic agents, which ideally minimizes debilitating side effects.

Our portfolio of investigational products includes ADCs that are designed to deliver a specific payload of a chemotherapeutic directly to the tumor while reducing overall toxicities that are usually found with conventional administration of these chemotherapeutic agents. Our most advanced ADCs are sacituzumab govitecan ("IMMU-132") and labetuzumab govitecan ("IMMU-130"), which are in advanced trials for a number of solid tumors and metastatic colorectal cancer ("CRC"), respectively. Sacituzumab govitecan is our lead product candidate and has received BTD from the FDA for the treatment of patients with metastatic mTNBC who have received at least two prior therapies for

metastatic disease.

Our corporate strategy is to bring sacituzumab govitecan to the market on our own in the United States for the benefit of patients with mTNBC and the creation of value for our stockholders. On May 21, 2018 we submitted a Biologics License Application (“BLA”) to the FDA for sacituzumab govitecan for the treatment of patients with mTNBC who have received at least two prior therapies for metastatic disease. On July 18, 2018 we received notification from the Food and Drug

Administration ("FDA") that the BLA was accepted for filing and granted Priority Review with a PDUFA target action date of January 18, 2019. If approved, sacituzumab govitecan would be the first and only ADC approved for the treatment of mTNBC.

As of June 30, 2018, we had $638.8 million in cash, cash equivalents and marketable securities. On January 7, 2018, we announced that we sold tiered, sales-based royalty rights on global net sales of sacituzumab govitecan to RPI Finance Trust (“RPI”) for $175.0 million. RPI also purchased $75.0 million in our common stock at $17.15 per share, which represented a more than 15% premium over the stock’s 15-day trailing average closing price at that time. On June 15, 2018, we announced the closing of a public offering of 11,500,000 shares of our common stock at a price of $24.00 per share. On June 22, 2018, pursuant to the underwriter's full exercise of the over-allotment option, we closed the sale of an additional 1,725,000 shares of our common stock. The total net proceeds from the offering, including the exercise of the over-allotment option, were approximately $300 million, after deducting underwriting discounts and commissions and other offering expenses payable by us. We believe our projected financial resources are adequate to (i) support our next phase of growth as we focus on commercializing and developing sacituzumab govitecan in mTNBC, advanced urothelial cancer ("UC"), advanced ER+ BC and other indications of high medical need, (ii) further build our clinical, medical affairs, commercial and manufacturing infrastructure, (iii) begin to commercialize sacituzumab govitecan globally, and (iv) fund operations into 2021 or beyond assuming we meet our regulatory and commercial objectives. However, in case of regulatory delays, alterations to our commercial forecast, or other unforeseen events, we may require additional funding in 2021. Potential sources of funding in such a case could include (i) the entrance into potential development and commercial partnerships to advance and maximize our full pipeline for mTNBC and beyond in the United States and Globally, and (ii) potential private and capital markets financing.

To accelerate the clinical and preclinical development of sacituzumab govitecan, we have entered into a clinical collaboration with AstraZeneca and signed a letter of intent to enter into a clinical collaboration with Clovis to investigate the ADC in earlier lines of therapy for mTNBC and advanced UC in combination with checkpoint and PARP inhibitors, respectively. For other cancer indications, we are working with the University of Wisconsin and Fred Hutchison Cancer Center on prostate cancer, Yale University Cancer Center on endometrial and cervical cancers, and with Memorial Sloan Kettering Cancer Center on head and neck cancer.

We also have a number of other product candidates, which target solid tumors and hematologic malignancies in various stages of clinical and preclinical development. They include other ADCs such as labetuzumab govitecan, which binds the CEACAM5 antigen expressed on CRC and other solid cancers, and IMMU-140 that targets HLA-DR for the potential treatment of liquid cancers. We believe that our portfolio of intellectual property provides commercially reasonable protection for our product candidates and technologies.

The development and commercialization of successful therapeutic products is subject to numerous risks and uncertainties including, without limitation, the following:

- we may be unable to obtain additional capital through strategic collaborations, licensing, issuance of convertible debt securities or equity financing in order to continue our research and secure regulatory approval of and market our drug;
- the type of therapeutic compound under investigation and nature of the disease in connection with which the compound is being studied;
- our ability, as well as the ability of our partners, to conduct and complete clinical trials on a timely basis;
- the time required for us to comply with all applicable federal, state and foreign legal requirements, including, without limitation, our receipt of the necessary approvals of the FDA, if at all;
- the financial resources available to us during any particular period; and
- many other factors associated with the commercial development of therapeutic products outside of our control.

(Refer to "Risk Factors" under Item 1A in this Annual Report on Form 10-K for more information.)

Critical Accounting Policies and Accounting Estimates

A critical accounting policy is one that is both important to the portrayal of our financial condition and results of operation and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

For a description of our significant accounting policies, refer to "Note 2 - Summary of Significant Accounting Policies." Of these policies, the following are considered critical to an understanding of our Consolidated Financial Statements as they require the application of the most difficult, subjective and complex judgments; (i) Common stock warrants (ii) Interest expense on liability related to sale of future royalties, and (iii) Stock-based compensation.
Our critical accounting estimates and assumptions impacting the consolidated financial statements relate to stock compensation expenses, interest expense on liability related to sale of future royalties, and determination of fair value of warrants. Refer to "Note 2 - Summary of Significant Accounting Policies", "Note 5 - Debt", and "Note 7 - Estimated Fair Value of Financial Instruments", respectively, for more information.
Results of Operations
In this section, we discuss our overall results of operations.
Revenues

				($ in thousands) (Decrease)/Increase			
Years Ended June 30,	2018	2017	2016	2018 vs 2017		2017 vs 2016	
Product sales	$1,501	$2,443	$2,261	$(942)	(38.6)%	$182	8.0 %
License fee and other revenues	330	284	387	46	16.2 %	(103)	(26.6)%
Research and development	325	364	585	(39)	(10.7)%	(221)	(37.8)%
Total revenues	$2,156	$3,091	$3,233	$(935)	(30.2)%	$(142)	(4.4)%

Total revenue for the fiscal year ended June 30, 2018 decreased compared to fiscal June 30, 2017 primarily due to a decrease in product sales, and to a lesser extent a decrease in grant revenue offset partially by an increase in license fee and other revenues. Product sales for the fiscal year ended June 30, 2018 decreased compared to fiscal June 30, 2017 due to the discontinued sale of LeukoScan® during the third quarter of fiscal 2018 to focus on our ADC business. Refer to "Note 2 - Summary of Significant Accounting Policies" for more information.
Total revenue for the fiscal year ended June 30, 2017 decreased compared to fiscal June 30, 2016 primarily due to a $0.2 million decrease in grant revenue offset partially by a $0.1 million increase in LeukoScan® sales. Refer to "Note 2 - Summary of Significant Accounting Policies" for more information.
Costs and Expenses

				($ in thousands) (Decrease)/Increase			
Years Ended June 30,	2018	2017	2016	2018 vs 2017		2017 vs 2016	
Costs of goods sold	$613	$483	$1,159	$130	26.9%	$(676)	(58.3)%
Research and development	99,283	51,776	53,492	47,507	91.8%	(1,716)	(3.2)%
Sales and marketing	6,822	873	1,027	5,949	nm	(154)	(15.0)%
General and administrative	36,485	29,109	6,563	7,376	25.3%	22,546	nm
Total costs and expenses	$143,203	$82,241	$62,241	$60,962	74.1%	$20,000	32.1 %

nm - not meaningful

Total costs and expenses for the fiscal year ended June 30, 2018 increased compared to fiscal 2017 primarily due to an increase in research and development expenses of $47.5 million, an increase in general and administrative expenses of $7.4 million, and an increase in sales and marketing expenses of $5.9 million attributed primarily to preparations to launch sacituzumab govitecan for commercial sales in the United States for patients with at least two prior lines of treatment for metastatic TNBC, and to expand clinical development of sacituzumab govitecan into earlier lines of therapy and other indications.

Total costs and expenses for the fiscal year ended June 30, 2017 increased compared to fiscal 2016 primarily due to an increase in general and administrative costs during fiscal 2017 including a $9.0 million increase in legal and advisory fees associated with the proxy contest and professional services in connection with the Licensing Agreement with

Seattle Genetics

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(which was subsequently terminated), $6.9 million for executive severance, $4.5 million to reimburse venBio Select LLC for proxy related costs, $2.0 million for consulting services for strategic planning, and a $1.8 million increase in legal fees, partially offset by the elimination of $1.7 million deferred unearned executive bonuses from fiscal 2016 and 2015.

Cost of Goods Sold

The cost of goods sold for the fiscal year ended June 30, 2018 increased compared to fiscal June 30, 2017 primarily due to a $0.6 million write down relating to LeukoScan® inventories resulting from the discontinued sale of LeukoScan® during the third quarter of fiscal 2018 to focus on its ADC business. Refer to "Note 2 - Summary of Significant Accounting Policies" for more information.

Cost of goods sold for the LeukoScan® product was $0.5 million for the fiscal year ended June 30, 2017, a $0.7 million reduction, or approximately 58.3%, compared to fiscal 2016. The reduction was due primarily to a $0.6 million increase during fiscal 2016 as a result of the write-down of certain work-in-process inventory of LeukoScan® which was deemed to be unsaleable. Refer to "Note 2 - Summary of Significant Accounting Policies" for more information.

Research and Development
We do not track expenses on the basis of each individual compound under investigation and therefore we do not provide a breakdown of such historical information in that format. We evaluate projects under development from an operational perspective, including such factors as results of individual compounds from laboratory/animal testing, patient results and enrollment statistics in clinical trials. It is important to note that multiple product candidates are often tested simultaneously. It is not possible to calculate each antibody’s supply costs. There are many different development processes and test methods that examine multiple product candidates at the same time. We have, historically, tracked our costs in the categories discussed below, specifically “research costs” and “product development costs” and by the types of costs outlined below.

Our research costs consist of outside costs associated with animal studies and costs associated with research and testing of our product candidates prior to reaching the clinical stage. Such research costs primarily include personnel costs, facilities, including depreciation, lab supplies, funding of outside contracted research and license fees. Our product development costs consist of costs from preclinical development (including manufacturing), conducting and administering clinical trials and patent expenses.

Research and development costs increased for the fiscal years ended June 30, 2018 approximately $47.5 million to $99.3 million compared to fiscal 2017. Research and development costs decreased approximately $1.7 million to $51.8 million for the fiscal year ended June 30, 2017 compared to fiscal 2016. The increase in research and development costs for the fiscal year ended June 30, 2018 compared to fiscal 2017 relate primarily to increases in clinical trial costs as well as increases in lab supplies and chemical reagents and personnel costs in connection with preparations for the approval and launch of sacituzumab govitecan in the United States for patients with mTNBC. Additionally, there were increases in outside manufacturers' organizations services costs as we ramped-up manufacturing of sacituzumab govitecan for the Phase 3 clinical trial antibody-drug conjugates ("ADC") as well as an increase in outside consulting services to improve our manufacturing and regulatory functions associated with fulfilling the FDA requirements for the Phase 3 clinical trial of sacituzumab govitecan in patients with mTNBC.

The reduction in research and development costs for the fiscal year ended June 30, 2017 compared to fiscal 2016 relate primarily to a decrease in clinical trial expenses due to the closure of the Phase 3 PANCRIT-1 clinical trial in 2016 which resulted in the redeployment of employees from basic research to product development in fiscal 2017 and a reduction in lab supplies and chemical reagents in fiscal 2017 compared to the same period in fiscal 2016, offset

partly by an increase in product development costs due to an increase in outside manufacturers' organizations services costs as we ramped-up manufacturing of sacituzumab govitecan for the Phase 3 clinical trial ADC, and an increase in outside consulting services to improve our manufacturing and regulatory functions associated with fulfilling the FDA requirements for the Phase 3 clinical trial of sacituzumab govitecan in patients with mTNBC.

Completion of clinical trials may take several years or more. The length of time varies according to the type, complexity and the disease indication of the product candidate. We estimate that clinical trials of the type we generally conduct are typically completed over the following periods:

Clinical Phase	Estimated Completion Period (Years)
I	0-1
II	1-2
III	1-4

The duration and cost of clinical trials through each of the clinical phases may vary significantly over the life of a particular project as a result of, among other things, the following factors:

- the length of time required to recruit qualified patients for clinical trials;
- the duration of patient follow-up in light of trial results;
- the number of clinical sites required for trials; and
- the number of patients that ultimately participate.

Sales and Marketing

Sales and marketing expenses increased during the fiscal year ended June 30, 2018 compared to fiscal 2017 primarily due to commercial launch preparation activities. Sales and marketing expenses during the fiscal year ended June 30, 2017 decreased compared to fiscal 2016.

General and Administrative Expenses

				($ in thousands) (Decrease)/Increase			
Years Ended June 30,	2018	2017	2016	2018 vs 2017		2017 vs 2016	
Labor costs	$15,648	$8,665	$3,883	$6,983	80.6 %	$4,782	nm
Legal and advisory fees	13,204	17,594	1,045	(4,390)	(25.0)%	16,549	nm
Consulting services	2,635	1,029	68	1,606	nm	961	nm
Other	4,998	1,821	1,567	3,177	nm	254	16.2%
Total General and administrative	$36,485	$29,109	$6,563	$7,376	25.3 %	$22,546	nm

nm- not meaningful

General and administrative expenses for the fiscal year ended June 30, 2018 increased compared to fiscal 2017 primarily due to increased labor costs associated with the anticipated launch of sacituzumab govitecan in the United States for patients with mTNBC, offset partly by decreased legal and advisory expenses due to increased costs in the prior year related to the proxy contest.

General and administrative expenses for the fiscal year ended June 30, 2017 increased compared to fiscal 2016 primarily due to increased legal and advisory fees associated with the proxy contest as well as executive severance costs.

Changes in fair market value of warrant liabilities

We recognized $108.6 million in non-cash expense for the year ending June 30, 2018 as a result of the net appreciation in the fair value of the outstanding warrants throughout the year compared to non-cash expense of $61.1 million in fiscal 2017. During fiscal 2018 there were warrant exercises of approximately 18.2 million shares for which we received $78.2 million in cash. Refer to "Note 10 - Stockholders' Equity (Deficit)" for more information.

We recognized a $61.1 million non-cash expense for the year ending June 30, 2017 arising from the $47.6 increase in warrant liability from the increase in the fair value of the public offering warrants issued in October 11, 2016, and a $13.5 million increase in warrant liability from the increase in the fair market value of the warrant issued to Seattle Genetics on February 10, 2017 (the “SGEN Warrant”), resulting from the increase in the share price of our common stock from the date of inception of each warrant through June 30, 2017. There was no warrant liability in fiscal 2016.

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Warrant related expenses

We recognized a $7.6 million non-cash warrant-related expense during the year ended June 30, 2017 representing the excess of fair value of the SGEN Warrant issued on February 10, 2017 over proceeds received for the issuance of common stock and such Warrant. There was no warrant-related expense in fiscal 2016.

Other financing expenses

On September 21, 2017, we entered into separate, privately negotiated Exchange Agreements with certain holders of the Convertible Senior Notes. As a result of the Agreements, we recognized a non-cash loss on induced exchanges of debt of approximately $13.0 million, representing the fair value of the incremental consideration (1,133,173 common shares) paid to induce the holders to exchange their Convertible Senior Notes for equity, based on the closing market price of our Common Stock on the date of the Exchange Agreements. The remaining balance of the Convertible Senior Notes after the exchange is $19.8 million.

Other financing expense of $0.3 million for the fiscal year ended June 30, 2017 related to expenses incurred in connection with the public offering we consummated on October 11, 2016 that were attributable to the warrant liability.

Interest expense

Interest expense for the year ending June 30, 2018 was $23.3 million, compared to $5.5 million for fiscal 2017. The $17.8 million increase was due primarily to increased debt balances as a result of the RPI agreement. Refer to "Note 5 - Debt" for more information.

Interest expense related to the 4.75% Convertible Senior Notes due 2020 was $5.5 million for both fiscal years ended June 30, 2017 and 2016, including the amortization of $0.7 million debt issuance costs.

Insurance reimbursement

For the fiscal year ended June 30, 2018 we received $6.6 million in insurance reimbursements related to legal costs incurred during our proxy contest during fiscal 2017. Refer to "Note 15 - Commitments and Contingencies" for more information.

Income tax (expense) benefit

The income tax expense for the year ended June 30, 2018 was $156 thousand worldwide. In fiscal 2018, foreign operations had net income and associated income tax expense of $154 thousand. There was no federal income tax expense for domestic operations in either period due to losses. In fiscal 2016, we were able to participate in the New Jersey Business Tax Certificate Transfer Program and sell New Jersey State Tax NOLs and R&D tax credits. We did not receive an income tax benefit during the years ended June 30, 2018 or 2017, because we had reached the maximum amount permissible under the New Jersey Business Tax Certificate Transfer Program.

Net loss attributable to Immunomedics, Inc. stockholders

Net loss attributable to Immunomedics, Inc. common stockholders for the fiscal year ended June 30, 2018 was $273.8 million, or $1.78 per share, compared to a net loss of approximately $153.2 million, or $1.47 per share, for fiscal 2017, an increase in the loss of $120.6 million due primarily to a $61.0 million increase in costs and expenses related to preparations for the approval and launch of sacituzumab govitecan in the United States for patients with mTNBC, an increase in the expense from the change in fair value of warrant liabilities of $47.6 million, a $17.8 million increase in interest expense as a result of the RPI agreement, and a $12.7 million increase in other financing expenses, offset partially by the receipt of $6.6 million non-recurring insurance reimbursement related to the proxy contest in fiscal 2017.

Net loss attributable to Immunomedics, Inc., common stockholders for the fiscal year ended June 30, 2017 was $153.2 million, or approximately $1.47 per share, compared to a net loss of approximately $59.0 million, or $0.62 per share, for 2016, an increase of $94.2 million, or approximately 159.5%. The increase was due primarily to the $61.1 million increase in the expense from the increase in fair value of warrant liabilities, the $22.5 million increase in general and administrative expenses, the $7.6 million increase in non-cash expense in excess of fair value of the SGEN Warrant, and the receipt of $5.1 million proceeds from the sale of non-recurring tax credits in 2016, offset partially by the $1.7 million decrease in research and development expenses.

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Liquidity and Capital Resources

Since its inception in 1982, Immunomedics' principal sources of funds have been the private and public sale of equity and debt securities, and revenues from licensing agreements, including up-front and milestone payments, funding of development programs, and other forms of funding from collaborations.

As of June 30, 2018, we had $638.8 million in cash, cash equivalents and marketable securities. On January 7, 2018, we announced that we sold tiered, sales-based royalty rights on global net sales of sacituzumab govitecan to RPI Finance Trust ("RPI") for $175.0 million. RPI also purchased $75.0 million of our common stock at $17.15 per share, which represented a more than 15% premium over the stock's 15-day trailing average closing price at that time. On June 15, 2018, we announced the closing of a public offering of 11,500,000 shares of our common stock at a price of $24.00 per share. On June 22, 2018, pursuant to the underwriter's full exercise of the over-allotment option, we closed the sale of an additional 1,725,000 shares of our common stock. The total net proceeds from the offering, including the exercise of the over-allotment option, were approximately $300 million, after deducting underwriting discounts and commissions and other offering expenses payable by us. We believe our projected financial resources are adequate to (i) support our next phase of growth as we focus on commercializing and developing sacituzumab govitecan in mTNBC, advanced UC, advanced ER+ BC and other indications of high medical need, (ii) further build our clinical, medical affairs, commercial and manufacturing infrastructure, (iii) begin to commercialize sacituzumab govitecan globally, and (iv) fund operations into 2021 or beyond assuming we meet our regulatory and commercial objectives. However, in case of regulatory delays, alterations to our commercial forecast, or other unforeseen events, we may require additional funding in 2021. Potential sources of funding in such a case could include (i) the entrance into potential development and commercial partnerships to advance and maximize our full pipeline for mTNBC and beyond in the United States and globally, and (ii) potential private and capital markets financing.

Actual results could differ materially from our expectations as a result of a number of risks and uncertainties, including the risks described in Item 1A Risk Factors, "Factors That May Affect Our Business and Results of Operations," and elsewhere in this Annual Report on Form 10-K. Our working capital and working capital requirements are affected by numerous factors and such factors may have a negative impact on our liquidity. Principal among these are the success of product commercialization and marketing products, the technological advantages and pricing of our products, the impact of the regulatory requirements applicable to us, and access to capital markets that can provide us with the resources, when necessary, to fund our strategic priorities.

Discussion of Cash Flows

	($ in thousands)		
	Years Ended June 30,		
	2018	2017	2016
Net cash used in operating activities	$(133,951)	$(62,250)	$(48,462)
Net cash provided by (used in) investing activities	74,757	(76,264)	45,875
Net cash provided by financing activities	627,903	168,803	2,364

Cash flows used in operating activities. Net cash used in operating activities during the fiscal year ended June 30, 2018 was approximately $134.0 million, compared to $62.3 million during the fiscal year ended June 30, 2017, an increase in cash used in operating activities of $71.7 million. The increase in cash used in operating for the period was primarily due to increased research and development expenses in clinical trial costs as well as increases in labor related costs in connection with preparations for the approval and launch of sacituzumab govitecan in the United States for patients with mTNBC.

Cash flows provided by (used in) investing activities. Net cash provided by investing activities during the fiscal year ended June 30, 2018 was $74.8 million, compared to cash used in investing activities of $76.3 million during the fiscal year ended June 30, 2017; an increase of approximately $151.0 million, due primarily to an increase of $37.9 million in proceeds from sales or maturities of marketable securities as well as an $121.2 million decrease in purchases of marketable securities.

Cash flows provided by financing activities. Net cash provided by financing activities during the fiscal year ended June 30, 2018 was $627.9 million , compared to $168.8 million of cash provided by financing activities during the

fiscal year ended June 30, 2017. The increase of $459.1 million was due primarily due to our receipt of approximately $300 million in net proceeds from the issuance and sale of our common stock and the $250.0 million in funding received from RPI. Refer to "Note 5 - Debt, 'Liability related to sale of future royalties'" for additional information.

Working Capital and Cash Requirements

Working capital was $604.6 million as of June 30, 2018, compared to $35.1 million as of June 30, 2017, a $569.5 million increase. The increase in cash was primarily due to our receipt of approximately $300 million in proceeds from the issuance and sale of our common stock and the $250.0 million in funding received from RPI (see Notes to Consolidated Financial Statements). The $300 million cash proceeds received from the sale of common shares were offset by $134.0 million cash used in operations.

We expect to continue to fund our operations with our current financial resources. Potential sources of funding include (i) the entrance into various potential strategic partnerships targeted at advancing and maximizing our full pipeline for mTNBC and beyond, (ii) the sales and marketing of sacituzumab govitecan as a third-line therapy for mTNBC in the United States (pending FDA approval), and (iii) potential equity and debt financing transactions.

Until we can generate significant cash through (i) the entrance into various potential strategic partnerships towards advancing and maximizing our full pipeline for mTNBC and beyond, or (ii) the sales and marketing of sacituzumab govitecan as a third-line therapy for mTNBC in the United States (pending FDA approval), we expect to continue to fund our operations with our current financial resources. In the future, if we cannot obtain sufficient funding through the above methods, we could be required to finance future cash needs through the sale of additional equity and/or debt securities in capital markets. However, there can be no assurance that we will be able to raise the additional capital needed to complete our pipeline of research and development programs on commercially acceptable terms, if at all. The capital markets have experienced volatility in recent years, which has resulted in uncertainty with respect to availability of capital and hence the timing to meet an entity's liquidity needs. Our existing debt may also negatively impact our ability to raise additional capital. If we are unable to raise capital on acceptable terms, our ability to continue our business would be materially and adversely affected. Actual results could differ materially from our expectations as a result of a number of risks and uncertainties, including the risks described in Item 1A Risk Factors, "Factors That May Affect Our Business and Results of Operations," and elsewhere in our Annual Report on Form 10-K. Our working capital and working capital requirements are affected by numerous factors and such factors may have a negative impact on our liquidity. Principal among these are the success of product commercialization and marketing products, the technological advantages and pricing of our products, the impact of the regulatory requirements applicable to us, and access to capital markets that can provide us with the resources, when necessary, to fund our strategic priorities.

Contractual Commitments

Our major contractual obligations relate to an operating lease for our facility and our convertible senior notes. We have quantified the significant commitments in the following table for the fiscal years ended June 30:

	Payments Due by Period (in thousands)						
Contractual Obligations	2019	2020	2021	2022	2023	Thereafter	Total
Convertible Senior Notes	$—	$20,000	$—	$—	$—	$ —	$20,000
Interest on long-term debt	950	594	—	—	—	—	1,544
Total long-term debt	950	20,594	—	—	—	—	21,544
Purchase Obligations [1]	10,718	—	—	—	—	—	10,718
Operating Lease [2]	2,447	1,477	1,523	1,547	1,575	12,062	20,631
TOTAL	$14,115	$22,071	$1,523	$1,547	$1,575	$ 12,062	$52,893

(1) Purchase Obligations are primarily commitments to purchase consulting services and manufacturing.

(2) Operating leases primarily relate to the 300 The American Road, Morris Plains, NJ 07950 building, the 400 The American Road, Morris Plains, NJ 07950 building and vehicles.

The above amounts exclude potential payments related to the sale of future royalties pursuant to our agreement with RPI, under which we are required to make certain royalty payments based on estimated future sales of sacituzumab

govitecan.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The following discussion about our exposure to market risk of financial instruments contains forward-looking statements under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those described due to a number of factors, including uncertainties associated with general economic conditions and conditions impacting our industry.

As of June 30, 2018 we had $638.8 million in cash, cash equivalents and marketable securities. Such interest-earning instruments carry a degree of interest rate risk. We do not invest for trading or speculative purposes. We do not have any derivative financial instruments to manage our interest rate risk exposure. A hypothetical 10% change in interest rates at June 30, 2018 would not result in a significant change in the fair market value of our portfolio.

We may be exposed to fluctuations in foreign currencies with regard to certain agreements with service providers relating to certain clinical trials that are in process. Depending on the strengthening or weakening of the United States dollar, realized and unrealized currency fluctuations could be significant.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Immunomedics, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Immunomedics, Inc. and subsidiaries (the Company) as of June 30, 2018 and 2017, the related consolidated statements of comprehensive loss, changes in stockholders' equity (deficit), and cash flows for each of the years in the three-year period ended June 30, 2018, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended June 30, 2018, in conformity with U.S. generally accepted accounting principles.
We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated August 23, 2018 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/KPMG LLP

We have served as the Company's auditor since 2013.
New York, NY
August 23, 2018

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Immunomedics, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Immunomedics, Inc.'s and subsidiaries (the Company) internal control over financial reporting as of June 30, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company and subsidiaries as of June 30, 2018 and 2017, and the related consolidated statements of comprehensive loss, changes in stockholders' equity (deficit), and cash flows for each of the years in the three-year period ended June 30, 2018, and the related notes (collectively, the consolidated financial statements), and our report dated August 23, 2018 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

New York, NY
August 23, 2018

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IMMUNOMEDICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30, 2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	$612,056,502	$43,393,570
Marketable securities	26,745,252	111,508,225
Accounts receivable, net of allowances of $0 and $9,371 at June 30, 2018, and 2017, respectively	45,773	488,723
Inventory	—	580,016
Prepaid expenses	3,802,583	891,284
Other current assets	5,729,710	436,344
Total current assets	648,379,820	157,298,162
Property and equipment, net of accumulated depreciation of $30,858,228 and $29,560,955 at June 30, 2018 and 2017, respectively	15,733,429	5,245,230
Other long-term assets	60,000	30,000
Total Assets	$664,173,249	$162,573,392
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accounts payable and accrued expenses	$31,663,648	$31,366,976
Liability related to sale of future royalties - current	3,009,000	—
Warrant liabilities	8,973,214	90,706,206
Deferred revenues	93,669	170,967
Total current liabilities	43,739,531	122,244,149
Convertible senior notes, net	19,762,808	98,084,219
Liability related to sale of future royalties - non-current	198,997,995	—
Other long-term liabilities	1,987,249	1,708,272
Total Liabilities	264,487,583	222,036,640
Commitments and Contingencies (Note 15)	—	—
Stockholders' Equity (Deficit):	—	—
Convertible preferred stock, $0.1 par value; authorized 10,000,000 shares; no shares issued and outstanding at June 30, 2018 and 1,000,000 shares issued and outstanding at June 30, 2017	—	10,000
Common stock, $0.1 par value; authorized 250,000,000 shares issued 186,801,159 shares and outstanding 186,766,434 shares at June 30, 2018; shares issued 110,344,643 shares and outstanding 110,309,918 shares at June 30, 2017	1,868,011	1,103,446
Capital contributed in excess of par	1,194,997,773	462,666,366
Treasury stock, at cost: 34,725 shares at June 30, 2018 and 2017	(458,370)	(458,370)
Accumulated deficit	(795,547,786)	(521,710,899)
Accumulated other comprehensive loss	(352,798)	(302,710)
Total Immunomedics, Inc. stockholders' equity (deficit)	400,506,830	(58,692,167)
Noncontrolling interest in subsidiary	(821,164)	(771,081)
Total stockholder's equity (deficit)	399,685,666	(59,463,248)
Total Liabilities and Stockholders' Equity	$664,173,249	$162,573,392

See accompanying notes to consolidated financial statements.

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IMMUNOMEDICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
COMPREHENSIVE LOSS

	Year Ended June 30,		
	2018	2017	2016
Revenues:			
Product sales	$1,500,625	$2,443,388	$2,260,994
License fee and other revenues	329,956	284,290	386,941
Research and development	325,415	363,572	585,312
Total revenues	2,155,996	3,091,250	3,233,247
Costs and Expenses:			
Costs of goods sold	613,591	482,657	1,159,173
Research and development	99,282,874	51,776,395	53,492,471
Sales and marketing	6,822,174	873,154	1,027,139
General and administrative	36,484,641	29,108,777	6,562,555
Total costs and expenses	143,203,280	82,240,983	62,241,338
Operating loss	141,047,284	(79,149,733)	(59,008,091)
Changes in fair market value of warrant liabilities	(108,635,809)	(61,073,808)	—
Warrant related expenses	—	(7,649,395)	—
Interest expense	(23,254,787)	(5,479,821)	(5,479,821)
Interest and other income	5,492,632	430,595	337,901
Other financing expenses	(13,005,329)	(346,568)	—
Insurance reimbursement	6,637,992	—	—
Foreign currency transaction gain (loss), net	81,423	23,311	(39,538)
Loss before income tax	(273,731,162)	(153,245,419)	(64,189,549)
Income tax (expense) benefit	(155,808)	(20,867)	5,053,833
Net loss	(273,886,970)	(153,266,286)	(59,135,716)
Net loss attributable to noncontrolling interest	(50,083)	(60,341)	(98,766)
Net loss attributable to Immunomedics, Inc. stockholders	$(273,836,887)	$(153,205,945)	$(59,036,950)
Loss per common share attributable to Immunomedics, Inc. stockholders (basic and diluted):	$(1.78)	$(1.47)	$(0.62)
Weighted average shares used to calculated loss per common share (basic and diluted)	153,474,943	104,535,577	94,770,172
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments	(105,285)	(62,085)	1,192
Unrealized gain (loss) on securities available for sale	55,197	(108,399)	27,674
Other comprehensive income (loss), net of tax:	(50,088)	(170,484)	28,866
Comprehensive loss	(273,937,058)	(153,436,770)	(59,106,850)
Comprehensive loss attributable to noncontrolling interest	(50,083)	(60,341)	(98,766)
Comprehensive loss attributable to Immunomedics, Inc. stockholders	$(273,886,975)	$(153,376,429)	$(59,008,084)

See accompanying notes to consolidated financial statements.

IMMUNOMEDICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

	Immunomedics, Inc. Stockholders							
	Convertible Preferred Stock		Common Stock		Capital Contributed in Excess of Par	Treasury Stock	Accumulated Deficit	Accumulate Other Comprehen Income (Loss)
	Shares	Amount	Shares	Amount				
Balance at June 30, 2015	—	$—	94,546,578	$945,465	$305,229,354	$(458,370)	$(309,468,004)	$(161,092)
Exercise of stock options, net			1,097,500	10,975	2,721,987			
Stock based compensation			223,220	2,232	3,369,310			
Other comprehensive income								28,866
Net loss							(59,036,950)	
Balance at June 30, 2016	—	$—	95,867,298	$958,672	$311,320,651	$(458,370)	$(368,504,954)	$(132,226)
Issuance of preferred stock, net	1,000,000	10,000			121,771,941			
Issuance of common stock in public offering, net			10,000,000	100,000	28,478,473			
Proceeds of public offering allocated to warrant liability					(6,966,435)			
Issuance of common stock to Seattle Genetics, Inc.			3,000,000	30,000	14,670,000			
Proceeds of share issuance to Seattle Genetics, Inc. allocated to warrant liability					(14,670,000)			
Exercise of stock options, net			1,279,354	12,794	4,277,309			
Stock based compensation			197,991	1,980	3,784,427			

Other comprehensive (loss)								(170,484)
Net loss							(153,205,945)	
Balance at June 30, 2017	1,000,000	$10,000	110,344,643	$1,103,446	$462,666,366	$(458,370)	$(521,710,899)	$(302,710)
Reclassification of warrant liability to equity			—	—	190,368,801			
Exercise of common stock warrants			18,205,804	182,058	78,043,882			
Exercise of stock options, net			585,915	5,859	2,255,381			
Issuance of common stock to RPI Finance Trust			4,373,178	43,732	67,740,268			
Issuance of common stock in public offering, net			13,225,000	132,250	299,334,650			
Conversion of Preferred Shares	(1,000,000)	(10,000)	23,105,360	231,054	(221,054)			
Issuance of common stock due to debt conversion			16,799,861	167,999	92,307,266			
Stock based compensation			331,329	3,312	4,023,697			
Conversion of RSU's for tax withholding payments			(169,931)	(1,699)	(1,521,484)			
Other comprehensive income (loss)								(50,088)
Net loss							(273,836,887)	
Balance at June 30, 2018	—	$—	186,801,159	$1,868,011	$1,194,997,773	$(458,370)	$(795,547,786)	$(352,798)

See accompanying notes to consolidated financial statements.

IMMUNOMEDICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended June 30,		
	2018	2017	2016
Cash flows from operating activities:			
Net loss	$(273,886,970)	$(153,266,286)	$(59,135,716)
Adjustments to reconcile net loss to net cash used in operating activities:			
Changes in fair value of warrant liabilities	108,635,809	61,073,808	—
Warrant related expense	—	7,649,395	—
Depreciation and amortization	1,297,273	923,348	737,661
Interest on non-recourse debt	19,789,995	—	—
Loss on induced exchanges of debt	13,005,329	—	—
Deferred revenue, net of amortization	(77,298)	(64,405)	(36,295)
Amortization of bond premiums	30,795	218,426	669,858
Amortization of debt issuance costs	1,678,589	729,821	729,821
Amortization of deferred rent	278,977	8,996	99,516
Loss (gain) on sale of marketable securities	434	15,682	(1,844)
(Decrease) increase in allowance for doubtful accounts	(9,371)	(61,932)	20,369
Non-cash expense related to stock compensation	4,023,697	4,333,430	3,740,526
Non-cash decrease in value of life insurance policy	—	—	20,566
Non-cash financing expenses	—	346,568	—
Changes in operating assets and liabilities			
Accounts receivable - net of reserve	452,321	102,640	(190,300)
Inventories - net of reserve	580,016	(195,958)	256,381
Other receivables	(30,000)	223,340	620,300
Prepaid expenses	(2,911,299)	146,871	97,948
Other current assets	(5,293,365)	(241,775)	761,803
Accounts payable and accrued expenses	(1,515,818)	15,807,887	3,147,606
Net cash used in operating activities	(133,950,886)	(62,250,144)	(48,461,800)
Cash flows from investing activities			
Purchases of marketable securities	(10,380,182)	(131,610,011)	(2,749,117)
Purchases from sales/maturities of marketable securities	95,111,926	57,183,499	50,850,088
Purchases of property and equipment	(9,974,683)	(1,837,167)	(2,226,256)
Net cash provided by (used in) investing activities	74,757,061	(76,263,679)	45,874,715
Cash flows from financing activities:			
Exercise of stock options	2,261,240	4,290,103	2,732,962
Exercise of warrants	78,225,940	—	—
Sale of preferred stock, net of related expenses	—	121,781,941	—
Proceeds from public offering of common stock	299,466,900	28,578,473	—
Proceeds from private offering of common stock	67,784,000	14,700,000	—
Proceeds from the issuance of non-recourse debt	182,216,000	—	—
Debt conversion fees	(530,064)	—	—
Tax withholding payments for stock compensation	(1,521,484)	(547,021)	(368,984)
Net cash provided by financing activities	627,902,532	168,803,496	2,363,978
Effect of changes in exchange rates on cash and cash equivalents	(45,775)	(99,728)	(26,043)
Net increase (decrease) in cash and cash equivalents	568,662,932	30,189,945	(249,150)
Cash and cash equivalents beginning of period	43,393,570	13,203,625	13,452,775
Cash and cash equivalents end of period	$612,056,502	$43,393,570	$13,203,625

Supplemental disclosure of cash flow information:			
Interest paid	$2,850,000	$4,750,000	$4,802,778
Income taxes paid	$—	$23,636	$28,679
Schedule for non-cash investing and financing activities:			
Issuance of Common Shares for Debt Conversion	$92,307,266	$—	$—
Accrued capital expenditures	$2,173,038	$—	$—

See accompanying notes to consolidated financial statements.

IMMUNOMEDICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

1. Business Overview

Immunomedics, Inc., a Delaware corporation (“Immunomedics” or the “Company”), is a clinical-stage biopharmaceutical company that develops monoclonal antibody-based products for the targeted treatment of cancer. Our corporate objective is to become a fully-integrated biopharmaceutical company and a leader in the field of antibody-drug conjugates (“ADCs”). To that end, our immediate priority is to commercialize our most advanced ADC product candidate, sacituzumab govitecan (“IMMU-132”), beginning in the United States ("United States"), with metastatic triple-negative breast cancer (“mTNBC”) as the first indication. On May 21, 2018 we submitted a Biologics License Application (“BLA”) to the FDA for sacituzumab govitecan for the treatment of patients with mTNBC who have received at least two prior therapies for metastatic disease. On July 18, 2018 we received notification from the Food and Drug Administration ("FDA") that the BLA was accepted for filing and granted Priority Review with a PDUFA target action date of January 18, 2019. If approved, sacituzumab govitecan would be the first and only ADC approved for the treatment of mTNBC.

The Company has two foreign subsidiaries, Immunomedics B.V. in the Netherlands and Immunomedics GmbH in Rodermark, Germany, that assists the Company in clinical trials in Europe. The accompanying financial statements include results for its two foreign subsidiaries and its majority-owned United States subsidiary, IBC Pharmaceuticals, Inc. ("IBC").

Immunomedics is subject to significant risks and uncertainties, including, without limitation, the Company's inability to further identify, develop and achieve commercial success for new products and technologies; the possibility of delays in the research and development necessary to select drug development candidates and delays in clinical trials; the risk that clinical trials may not result in marketable products; the risk that the Company may be unable to secure regulatory approval of and market its drug candidates; the development or regulatory approval of competing products; the Company's ability to protect its proprietary technologies; patent infringement claims; and risks of new, changing and competitive technologies and regulations in the United States and internationally.

Since its inception in 1982, Immunomedics’ principal sources of funds have been the private and public sale of equity and debt securities, and revenues from licensing agreements, including up-front and milestone payments, funding of development programs, and other forms of funding from collaborations. Historically, sources of revenue have included sales of LeukoScan®, grants, and license fees and other revenue, however, in order to focus on its ADC business, the Company discontinued the sale of LeukoScan® during February 2018.

As of June 30, 2018 we had $638.8 million in cash, cash equivalents and marketable securities. On June 15, 2018, we announced the closing of our public offering of 11,500,000 shares of our common stock at a price of $24.00 per share. Pursuant to the underwriter's full exercise of the over-allotment option granted by us, on June 22, 2018, we closed the sale of an additional 1,725,000 shares of our common stock. The total net proceeds from the offering, including the exercise of the over-allotment option, were $299.5 million, after deducting $17.4 million in underwriting discounts and commissions and other offering expenses payable by the Company. This funding will be used primarily to accelerate the clinical development program of sacituzumab govitecan, manufacturing process improvements as well as for working capital and general corporate purposes.

On January 7, 2018, we announced that we sold tiered, sales-based royalty rights on global net sales of sacituzumab govitecan to RPI Finance Trust (“RPI”) for $175.0 million. RPI also purchased $75.0 million in our common stock at $17.15 per share, which represented a more than 15% premium over the stock’s 15-day trailing average closing price at that time. The total $250.0 million funding provided us with the resources required to support our next phase of growth as we focus on developing sacituzumab govitecan in mTNBC, advanced UC and other indications of high medical need and on further building its clinical, medical affairs, commercial and manufacturing infrastructure and to fund operations.

The Company expects to continue to fund its operations with its current financial resources.

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2. Summary of Significant Accounting Policies

Principles of Consolidation and Presentation

The consolidated financial statements include the accounts of Immunomedics and its subsidiaries. Noncontrolling interests in consolidated subsidiaries in the Consolidated Balance Sheets represent minority stockholders' proportionate share of the equity (deficit) in such subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. The Company’s significant estimates and assumptions relate to stock compensation expenses, interest expense on liability related to sale of future royalties, and determination of fair value of warrants.

Interest Expense on Liability Related to Sale of Future Royalties

The Company accounts for the liability related to sale of future royalties as a debt financing. The Company has a significant continuing involvement in the generation of related royalty streams. The Company accretes this liability and recognizes expected interest expense using the effective interest rate method over the life of the related royalty stream, based on our current estimates of future royalty payments. These estimates include projections the Company makes and projections from outside the Company, and involves significant judgment and inherent uncertainties. The Company periodically re-assesses the projections and, to the extent our future projections are greater or less than its previous estimates or the estimated timing of such payments is materially different than its previous estimates, the Company will adjust the effective interest calculation.

Foreign Currencies

For subsidiaries outside of the United States that operate in a local currency environment, income and expense items are translated to United States dollars at the monthly average rates of exchange prevailing during the year, assets and liabilities are translated at year-end exchange rates and equity accounts are translated at historical exchange rates. Translation adjustments are accumulated in a separate component of stockholders' equity in the Consolidated Balance Sheets and the Consolidated Statements of Changes in Stockholders’ Equity (Deficit) and are included in the determination of comprehensive (loss) income in the Consolidated Statements of Comprehensive Loss. Transaction gains and losses are included in the determination of net loss in the Consolidated Statements of Comprehensive Loss.

Financial Instruments

The carrying amount of cash and cash equivalents, other current assets and current liabilities approximate fair value due to the short-term maturity of these instruments. The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Marketable Securities

Marketable securities, all of which are available-for-sale, consist of corporate debt securities, United States bonds, United States sponsored agencies and municipal bonds. Corporate debt securities include Eurodollar issues of United States corporations, and United States dollar denominated issues of foreign corporations. Marketable securities are carried at fair value, with unrealized gains and losses, net of related income taxes, reported as accumulated other comprehensive loss, except for losses from impairments which are determined to be other-than-temporary. Realized gains and losses, and declines in value judged to be other-than-temporary on available-for-sale securities are included in the determination of net loss and are included in interest and other income (net), at which time the average cost basis of these securities are adjusted to fair value. Fair values are based on quoted market prices at the reporting date. Interest and dividends on available-for-sale securities are included in interest and other income (net).

Concentration of Credit Risk

Cash and marketable securities are financial instruments that potentially subject the Company to concentration of credit risk. Our investment policy is to invest only in institutions that meet high credit quality standards and

establishes limits

on the amount and time to maturity of investments with any individual counterparty. The policy also requires that investments are only entered into with corporate and financial institutions that meet high credit quality standards.

Revenue Recognition

The Company has accounted for revenue arrangements that include multiple deliverables as a separate unit of accounting if both of the following criteria are met: a) the delivered item has value to the customer on a standalone basis, and b) if the right of return exists, delivery of the undelivered items is considered probable and substantially in the control of the vendor. If these criteria are not met, the revenue elements must be considered a single unit of accounting for purposes of revenue recognition. The Company allocates revenue consideration, excluding contingent consideration, based on the relative selling prices of the separate units of accounting contained within an arrangement containing multiple deliverables. Relative selling prices are determined using vendor specific objective evidence, if it exists; otherwise third-party evidence or the Company's best estimate of selling price is used for each deliverable.

Payments received under contracts to fund certain research activities are recognized as revenue in the period in which the research activities are performed. Payments received in advance that are related to future performance are deferred and recognized as revenue when the research projects are performed. Upfront nonrefundable fees associated with license and development agreements where the Company has continuing involvement in the agreement are recorded as deferred revenue and recognized over the estimated service period. The Company estimates the period of continuing involvement based on the best evidential matter available at each reporting period. If the estimated service period is subsequently modified, the period over which the upfront fee is recognized is modified accordingly on a prospective basis.

In order to determine the revenue recognition for contingent milestones, the Company evaluates the contingent milestones using the criteria as provided by the Financial Accounting Standards Boards ("FASB") guidance on the milestone method of revenue recognition, as explained in ASU 2010-17, "Milestone Method of Revenue Recognition," at the inception of a collaboration agreement. The criteria requires that (i) the Company determines if the milestone is commensurate with either its performance to achieve the milestone or the enhancement of value resulting from the Company's activities to achieve the milestone, (ii) the milestone be related to past performance, and (iii) the milestone be reasonable relative to all deliverable and payment terms of the collaboration arrangement. If these criteria are met then the contingent milestones can be considered as substantive milestones and will be recognized as revenue in the period that the milestone is achieved. Royalties are recognized as earned in accordance with the terms of various research and collaboration agreements.

Revenue from the sale of diagnostic products was recorded when there was persuasive evidence that an arrangement exists, delivery had occurred, the price was fixed and determinable or collectability was reasonably assured. Allowances, if any, were established for uncollectible amounts, estimated product returns and discounts. Since allowances were recorded based on management's estimates, actual amounts may be different in the future.

Research and Development Costs

Research and development costs are expensed as incurred. Costs incurred for clinical trials for patients and investigators are expensed as services are performed in accordance with the agreements in place with the institutions. Research and development costs include salaries and benefits, costs associated with producing biopharmaceutical compounds, laboratory supplies, the costs of conducting clinical trials, and facilities costs. In addition, the Company uses clinical research organizations (CRO) and contract manufacturing operations (CMO) to outsource portions of our research and development activities.

Common Stock Warrants

In connection with certain financing transactions in October 2016 and February 2017, the Company issued warrants and recorded them as liabilities due to certain net cash settlement provisions. The warrants were recorded at fair value using the Black-Scholes valuation model. The Black-Scholes valuation model takes into account, as of the valuation date, factors including the current exercise price, the term of the warrant, the current price of the underlying stock and its expected volatility, expected dividends on the stock, and the risk-free interest rate for the term of the warrant. These warrants are subject to re-measurement at each balance sheet date until the warrants are exercised or expired, and any change in fair value is recognized as “change in the fair value of warrant liability” in the consolidated statements of operations.

Fair Value Measurements

The Company categorizes its financial instruments measured at fair value into a three-level fair value hierarchy that prioritizes the inputs used in determining the fair value of the asset or liability. The three levels of the fair value hierarchy are as follows:

- Level 1 - Financial instruments whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market which the company has the ability to access at the measurement date (examples include active exchange-traded securities and most United States Government and agency securities).

- Level 2 - Financial instruments whose value are based on quoted market prices in markets where trading occurs infrequently or whose values are based on quoted prices of instruments with similar attributes in active markets.

- Level 3 - Financial instruments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset.

The Company’s financial instruments consist of cash and cash equivalents, marketable securities, accounts receivable, accounts payable and accrued expenses, warrant liability, liabilities related to the sale of future royalties and Convertible Senior Notes. The carrying amount of accounts receivable, accounts payable and accrued expenses are generally considered to be representative of their respective fair values because of the short-term nature of those instruments as of June 30, 2018 and 2017.

Income Taxes

The Company uses the asset and liability method to account for income taxes, including the recognition of deferred tax assets and deferred tax liabilities for the anticipated future tax consequences attributable to differences between financial statements amounts and their respective tax bases. The Company reviews its deferred tax assets for recovery. A valuation allowance is established when the Company believes that it is more likely than not that its deferred tax assets will not be realized. Changes in valuation allowances from period to period are included in the Company’s tax provision in the period of change. The Company has recorded a full valuation allowance against its net deferred tax assets as of June 30, 2018 .

The Tax Cuts and Jobs Act (the "Act") was signed into law on December 22, 2017. Among its numerous changes to the Internal Revenue Code, the Act reduces United States corporate rates from 35% to 21%. Additionally, the Act limits the use of net operating loss carry backs, however any future net operating losses will instead be carried forward indefinitely. Only 80% of current income will be able to be offset with a net operating loss carryforward, with the remainder of the net operating loss continuing to carry forward. Based on an initial assessment of the Act, the Company believes that the most significant impact on the Company's consolidated financial statements will be reduction of deferred tax assets related to net operating losses and research and development tax credits. Such reduction is expected to be largely offset by changes to the Company's valuation allowance.

Net Loss Per Share Allocable to Common Stockholders

Net loss per basic and diluted common share allocable to common stockholders is based on the net loss for the relevant period, divided by the weighted-average number of common shares outstanding during the period. For purposes of the diluted net loss per common share calculations, the exercise or exchange of all potential common shares is not included because their effect would have been anti-dilutive, due to the net loss recorded for fiscal years ended June 2018, 2017, and 2016, respectively. The common stock equivalents excluded from the earnings per share calculation are 9,988,110, 66,069,081 and 26,665,296 for the fiscal years ended June 2018, 2017, and 2016, respectively.

Net Comprehensive Loss

Net comprehensive loss consists of net loss, unrealized loss on available for sale securities and foreign exchange translation adjustments and is presented in the condensed consolidated statements of comprehensive loss.

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Stock-Based Compensation

The Company utilizes stock-based compensation in the form of stock options, stock appreciation rights, stock awards, stock unit awards, performance shares, cash-based performance units and other stock-based awards, each of which may be granted separately or in tandem with other awards.

The grant-date fair value of stock awards is based upon the underlying price of the stock on the date of grant. The grant-date fair value of stock option awards must be determined using an option pricing model. Option pricing models require the use of estimates and assumptions as to (a) the expected term of the option, (b) the expected volatility of the price of the underlying stock and (c) the risk-free interest rate for the expected term of the option. The Company uses the Black-Scholes option pricing formula for determining the grant-date fair value of such awards. The fair value of option awards that vest based on achievement of certain market conditions are determined using a Monte Carlo simulation technique.

The expected term of the option is based upon the contractual term and expected employee exercise and expected post-vesting employment termination behavior. The expected volatility of the price of the underlying stock is based upon the historical volatility of the Company’s stock computed over a period of time equal to the expected term of the option. The risk free interest rate is based upon the implied yields currently available from the United States Treasury yield curve in effect at the time of the grant. Pre-vesting forfeiture rates are estimated based upon past voluntary termination behavior and past option forfeitures.

Recently Issued Accounting Pronouncements

Accounting Standard adopted during the year:

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-09, "Improvements to Employee Share-Based Payment Accounting," which simplified several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Public companies are required to adopt this standard in annual reporting periods beginning after December 15, 2016, and interim periods within those annual periods. We implemented ASU 2016-09 effective July 1, 2017, which did not have a material impact on the consolidated financial statement presentation.

Accounting Standards yet to be adopted:

In June 2018, the FASB issued ASU 2018-07, "Compensation-Stock Compensation," to improve the usefulness of information provided to users of financial statements while reducing cost and complexity in financial reporting and provide guidance aligning the measurement and classification for share-based payments to nonemployees with the guidance for share-based payments to employees. Under the guidance, the measurement of equity-classified nonemployee awards will be fixed at the grant date. This standard is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal those annual periods. Early adoption is permitted, but no earlier than an entity's adoption date of Topic 606. We are currently assessing the impact of ASU 2018-07.

In November 2016, the FASB issued Accounting Standards Update ("ASU") 2016-18 "Statement of Cash Flows (Topic 230): Restricted Cash.” The amendments in this update require that cash and cash equivalent balances in a statement of cash flows include those amounts deemed to be restricted cash and restricted cash equivalents. ASU 2016-18 is effective for annual reporting periods beginning after December 15, 2017 and early adoption is permitted. We do not anticipate a material impact on our financial statements and disclosures upon adoption of ASU 2016-18.

In August 2016, the FASB issued ASU 2016-15, “Statement of Cash Flows: Clarification of Certain Cash Receipts and Cash Payments”, which eliminates the diversity in practice related to the classification of certain cash receipts and payments in the statement of cash flows, by adding or clarifying guidance on eight specific cash flow issues. ASU 2016-15 is effective for annual and interim reporting periods beginning after December 15, 2017 and early adoption is permitted. ASU 2016-15 provides for retrospective application for all periods presented. We are assessing the impact of ASU 2016-15 and will adopt it when effective.

In February 2016, the FASB issued ASU 2016-02, “Leases” and issued subsequent amendments to the initial guidance contained within ASU 2017-13. This standard requires a lessee to record on the balance sheet the assets and liabilities for the rights and obligations (see Note 15) created by lease terms of more than 12 months. The amendments in this

update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and early application is permitted. We are currently assessing the impact of ASU 2016-02.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, “Revenue from Contracts with Customers” (ASU 2014-09) and has subsequently issued a number of amendments to ASU 2014-09. The new standard, as amended, provides a single comprehensive model to be used in the accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance, including industry-specific guidance. The standard’s stated core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, ASU 2014-09 includes provisions within a five step model that includes identifying the contract with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations, and recognizing revenue when, or as, an entity satisfies a performance obligation. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The new standard will be effective for us beginning July 1, 2018 and permits two methods of adoption: the full retrospective method, which requires the standard to be applied to each prior period presented, or the modified retrospective method, which requires the cumulative effect of adoption to be recognized as an adjustment to opening retained earnings in the period of adoption. We will adopt the standard using the modified retrospective method.

We don't anticipate adoption to have a material impact on our financial statements given our historical immaterial revenue. Adoption of this standard will require changes to our business processes, systems and controls to support the additional required disclosures. We are in the process of identifying and designing such changes to ensure our readiness as we plan to commercialize our product candidates in 2019.

3. Marketable Securities

Immunomedics considers all of its current investments to be available-for-sale. Marketable securities at June 30, 2018 consist of the following (in thousands):

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized (Loss)	Fair Value
U.S. Treasury Bonds	$ 9,641	$ —	$ (9)	$ 9,632
Certificate of Deposits	5,610	—	—	5,610
U.S. Government Sponsored Agencies	6,751	—	(2)	6,749
Corporate Debt Securities	4,510	—	(5)	4,505
Commercial Paper	249	—	—	249
	$ 26,761	$ —	$ (16)	$ 26,745

Maturities of debt securities classified as available-for-sale were as follows at June 30, 2018 (in thousands):

	Fair Value	Net Carrying Amount
Due within one year	$ 21,745	$ 21,860
Due after one year through five years	5,000	5,009
	$ 26,745	$ 26,869

Marketable securities at June 30, 2017 consist of the following (in thousands):

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized (Loss)	Fair Value
U.S. Treasury Bonds	$ 35,086	$ —	$ (24)	$ 35,062
Certificate of Deposits	15,298	—	—	15,298
U.S. Government Sponsored Agencies	18,357	—	(13)	18,344
Corporate Debt Securities	32,692	—	(33)	32,659
Commercial Paper	10,144	1	—	10,145
	$ 111,577	$ 1	$ (70)	$ 111,508

4. Inventory

There were zero and $0.6 million of inventory at June 30, 2018 and 2017, respectively. Inventory was related to Leukoscan, for which the Company discontinued sales as of February 2018.

5. Debt

Liability related to sale of future royalties:

On January 7, 2018, the Company entered into a funding agreement (the "Funding Agreement") with RPI Finance Trust, a Delaware statutory trust ("RPI"). Pursuant to the Funding Agreement, the Company issued to RPI the right to receive certain royalty amounts, subject to certain reductions, based on the net sales of the ADC sacituzumab govitecan (the "Product"), for each calendar quarter during the term of the Funding Agreement ("Revenue Participation Right"), in exchange for $175.0 million in cash (the "Purchase Price"). Specifically, the royalty rate commences at 4.15 percent on net annual sales of up to $2.0 billion, declining step-wise based on sales tiers to 1.75 percent on net global annual sales exceeding $6.0 billion.

On January 7, 2018, in connection with the Funding Agreement, the Company entered into a common stock purchase agreement (the "Purchase Agreement") with RPI, pursuant to which the Company, in a private placement, issued and sold to RPI 4,373,178 unregistered shares (the "Shares") of the Company's Common Stock, at a price of $17.15 per share for gross proceeds to the Company of $75.0 million before deducting fees and expenses (the "Financing").

The Company concluded that there were two units of accounting in the transaction. The Company allocated the transaction consideration on a relative fair value to the liability and common stock in accordance with ASC 470-10 as follows (in thousands):

Units of Accounting:	Allocated Consideration
Liability related to sale of future royalties	$ 182,216
Common stock	67,784
	$ 250,000

Interest will be recognized using the effective interest method over a period of 20 years. The effective interest rate under the Funding Agreement, including issuance costs, is approximately 19.0%. During 2018, the Company accreted $19.8 million in interest expense.

The following table shows the activity within liability related to sale of future royalties during the year ended June 30, 2018 (in thousands):

Liability related to sale of future royalties at January 7, 2018	$182,216
Interest expense recognized	19,791
Carrying value of liability related to sale of future royalties at June 30, 2018	$202,007

Convertible Senior Notes:

In February 2015, the Company issued $100.0 million of Convertible Senior Notes (the "Convertible Senior Notes") (net proceeds of approximately $96.3 million after deducting the initial purchasers' fees and offering expenses) in a private offering exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon Rule 144A under the Securities Act (the "Convertible Senior Notes"). The Convertible Senior Notes will mature on February 15, 2020, unless earlier purchased or converted. The debt issuance costs of approximately $3.7 million, primarily consisting of underwriting, legal and other professional fees, are amortized over the term of the Convertible Senior Notes. The Convertible Senior Notes are senior unsecured obligations of the Company. Interest at 4.75% is payable semiannually on February 15 and August 15 of each year. The effective interest rate on the Convertible Senior Notes was 5.48% for the period from the date of issuance through June 30, 2018.

The Convertible Senior Notes are convertible at the option of holders into approximately 19.6 million shares of common stock at any time prior to the close of business on the day immediately preceding the maturity date. The exchange rate will initially be 195.8336 shares of common stock per $1,000 principal amount of Convertible Senior Notes (equivalent to an initial conversion price of approximately $5.11 per share of common stock).

If the Company undergoes a fundamental change (as defined in the indenture governing the Convertible Senior Notes), holders may require Immunomedics to purchase for cash all or part of the Convertible Senior Notes at a purchase price equal to 100% of the principal amount of the Convertible Senior Notes to be purchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change purchase date, subject to certain exceptions. In addition, if certain make-whole fundamental changes (as defined in the indenture governing the Convertible Senior Notes) occur, Immunomedics will, in certain circumstances, increase the conversion rate for any Convertible Note converted in connection with such make-whole fundamental change.

The indenture does not limit the amount of debt which may be issued by the Company under the indenture or otherwise, does not contain any financial covenants or restrict the Company from paying dividends, selling or disposing of assets, or issuing or repurchasing its other securities, provided that such event is not deemed to be a fundamental change (as defined in the indenture governing the Convertible Senior Notes). The indenture contains customary terms and covenants and events of default.

If an event of default with respect to the Convertible Senior Notes occurs, holders may, upon satisfaction of certain conditions, accelerate the principal amount of the Convertible Senior Notes plus premium, if any, and accrued and unpaid interest, if any. In addition, the principal amount of the Convertible Senior Notes plus premium, if any, and accrued and unpaid interest, if any, will automatically become due and payable in the case of certain types of bankruptcy or insolvency events of default involving the Company.

On September 21, 2017, the Company entered into separate, privately negotiated exchange agreements, (the "Exchange Agreements") with certain holders of the Convertible Senior Notes. Under the Exchange Agreements, such holders agreed to convert an aggregate $80.0 million of Convertible Senior Notes held by them. The Company initially settled each $1,000 principal amount of Convertible Senior Notes surrendered for exchange by delivering 176.2502 shares of common stock in three tranches occurring on September 19, 2017 through September 21, 2017. In total, the Company issued an aggregate 16,799,861 in the Exchange Agreements. The shares represent an aggregate of 1,133,173 shares more than the number of shares into which the exchanged Convertible Senior Notes were convertible under their original terms. As a result of the Exchange Agreements, the Company recognized a loss on induced

exchanges of debt of $13.0 million representing the fair value of the incremental consideration paid to induce the holders to exchange their Convertible Senior Notes for equity (i.e., 1,133,173 Common Shares), based on the closing market price of the Company's Common Stock on the date of the Exchange Agreements.

As a result of the Exchange Agreements, the outstanding aggregate principal amount of the Convertible Senior notes was reduced to $20.0 million.

Total interest expense for the Convertible Senior Notes for the fiscal years ended June 30, 2018, 2017, and 2016 were $3.5 million, $5.5 million and $5.5 million, respectively. Included in interest expense is the amortization of debt issuance costs of $1.7 million ($1.4 million of which related to the accelerated amortization of debt issuance costs associated with the $80.0 million exchange of Convertible Senior Notes in September 2017), $0.7 million and $0.7 million for the fiscal years ended June 30, 2018, 2017, and 2016, respectively.

6. Share-Based Compensation

Stock Incentive Plan

The Company has a stock incentive plan, the Immunomedics, Inc. 2014 Long-Term Incentive Plan (the “Plan”). The Plan was established to promote the long-term financial interests and growth of the Company, by attracting and retaining management and other personnel and key service providers with the training, experience and ability to enable them to make a substantial contribution to the success of the Company's business. The Plan is designed to motivate management personnel by means of growth-related incentives to achieve long-range goals and further the alignment of interests with those of the stockholders of the Company through opportunities for increased stock or stock-based ownership in the Company. Toward these objectives, the Company may grant stock options, stock appreciation rights, stock awards, stock units, performance shares, performance units, and other stock-based awards to eligible individuals on the terms and subject to the conditions set forth in the Plan. There have been no significant modifications to the Plan during the fiscal years ended 2018, 2017 or 2016.

The following table summarizes the components of share-based compensation expense in the consolidated statements of comprehensive loss for the fiscal years ended June 30, 2018, 2017 and 2016 (in thousands):

	Fiscal Year Ended June 30,		
	2018	2017	2016
Research and development	$2,414	$2,600	$2,245
General and administrative	1,610	1,733	1,496
Total share-based compensation expense	$4,024	$4,333	$3,741

Stock Options

Stock option grants provide the right to purchase a specified number of shares of Common Stock from the Company at a specified price during a specified period of time. The stock option exercise price per share is the fair market value of one share of Common Stock on the date of the grant of the stock option and generally have a vesting period of four years.

As of June 30, 2018 there was $10.5 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the plan. That cost is being recognized over a weighted-average period of 3.5 years.

The weighted average grant date fair value of the stock options granted during the years ended June 30, 2018, 2017 and 2016 was $8.76 per share, $2.21 per share and $1.08 per share, respectively. We estimated the fair value of options granted using a Black-Scholes option pricing model with the following assumptions:

	Years Ended June 30,		
	2018	2017	2016
Expected dividend yield	—%	—%	—%
Expected option term (years)	4.84	5.04	5.03
Expected stock price volatility	70%	63%	58%
Risk-free interest rate	1.72% - 2.89%	1.16% - 2.15%	1.00% - 1.64%

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The following table summarizes all stock option activity for the year ended June 30, 2018:

	Options (in thousands)	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Options outstanding, beginning of year	2,893	$ 3.48	3.96	$ 15,490
Changes during the year:				
Granted	1,370	$ 14.90		
Exercised	(586)	$ 3.86		
Expired or forfeited	(128)	$ 10.19		
Options outstanding, end of year	3,549	$ 7.58	4.43	$ 57,123
Vested as of June 30, 2018	1,852	$ 3.47	2.90	$ 37,420

The total fair value of shares vested during the years ended June 30, 2018, 2017 and 2016 was $43.8 million, $17.0 million and $6.3 million, respectively. The total intrinsic value of stock options exercised during the years ended June 30, 2018, 2017 and 2016 was $7.8 million, $2.6 million and $1.2 million, respectively.

Restricted stock units ("RSU's")

The Company may grant awards of RSU's to eligible individuals. An RSU represents a contractual obligation by the Company to deliver a number of shares of Common Stock equal to the fair market value of the specified number of shares subject to the award, or a combination of shares of Common Stock and cash. Vesting requirements may include performance goals, the attainment of performance goals with continued service, or both. Information regarding the Company's RSU's for the year ended June 30, 2018 is as follows:

Non-Vested Restricted Stock Units	Share Equivalent (in thousands)	Weighted Average Grant Date Fair Value
Non-vested at June 30, 2017	1,500	$ 2.28
Changes during the period:		
Restricted Units Granted	35	8.46
Vested/Exercised	—	—
Non-vested at June 30, 2018	1,535	$ 2.83

As of June 30, 2018, there was $0.4 million of total unrecognized compensation costs related to the awards. The cost is being recognized over a weighted-average period of 1.57 years. The RSU's vested during fiscal 2018 are currently under litigation and pertain to a former officer of the company. Refer to "Note 15 - Commitments and Contingencies" for more information.

Performance Stock Units ("PSU's")

The Company may grant awards of PSU's to eligible individuals. PSU's are shares of Common Stock that vest based on performance measured against predetermined objectives that could include performance goals, continued employment, or a combination of both over a specified performance period. PSU's may be settled in shares of Common Stock, cash, or both as determined on the settlement date. The following table summarizes the Company's performance-based restricted stock unit activity for the year ended June 30, 2018 is presented below:

Non-Vested Performance Stock Units	Share Equivalent (in thousands)	Weighted Average Grant Date Fair Value
Non-vested at June 30, 2017	—	$ —
Changes during the period:		
Performance Units Granted	538	7.29
Canceled	—	—
Vested/Exercised	—	—
Non-vested at June 30, 2018	538	$ 7.29

During Fiscal 2018, performance units were granted to certain key senior officers that are subject to vesting only upon the market price of our underlying public stock closing above a certain price target within four years of the date of grant. The target price must be maintained for a 15-day consecutive trading period. These non-qualified stock options with market related vesting conditions were valued using a Monte Carlo simulation model. Share-based compensation expense for each grant is recognized regardless of the number of awards that are earned based on the market condition and is recognized on a straight-line basis over the service period of four years.

As of June 30, 2018, there was $3.5 million of total unrecognized compensation costs related to the awards. The cost is being recognized over a remaining weighted-average period of 3.6 years.

7. Estimated Fair Value of Financial Instruments

Cash equivalents and marketable securities:

	($ in thousands)			
June 30, 2018	Level 1	Level 2	Level 3	Total
Money Market Funds Note (a)	$300,865	$ —	$ —	$300,865
Marketable Securities:				
U.S. Treasury Bonds	9,632	—	—	9,632
Certificate of Deposits	5,610	—	—	5,610
U.S. Government Sponsored Agencies	6,749	—	—	6,749
Corporate Debt Securities	4,505	—	—	4,505
Commercial Paper	249	—	—	249
Total	$327,610	$ —	$ —	$327,610

	($ in thousands)			
June 30, 2017	Level 1	Level 2	Level 3	Total
Money Market Funds Note (a)	$36,776	$ —	$ —	$36,776
Marketable Securities:				
U.S. Treasury Bonds	35,062	—	—	35,062
Certificate of Deposits	15,298	—	—	15,298
U.S. Government Sponsored Agencies	18,344	—	—	18,344
Corporate Debt Securities	32,659	—	—	32,659
Commercial Paper	10,145	—	—	10,145
Total	$148,284	$ —	$ —	$148,284

(a)The money market funds noted above are included in cash and cash equivalents.

Convertible Senior Notes

The carrying amounts and estimated fair values (Level 2) of debt instruments are as follows (in thousands):

	As of June 30, 2018		As of June 30, 2017	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Convertible Senior Notes	$19,763	$ 89,436	$98,084	$ 180,950

The fair value of the Convertible Senior Notes, which differs from their carrying values, is influenced by interest rates, the Company's stock price and stock price volatility and is determined by prices for the Convertible Senior Notes observed in market trading which are Level 2 inputs.

Warrant Liabilities

The Company has determined its warrant liabilities to be a Level 2 fair value measurement and used the Black Scholes valuation model to calculate the fair value. At the measurement dates, the Company estimated the fair value for the warrants based on Black-Scholes valuation model and using the following assumptions:

	June 30, 2018 (2)	June 30, 2017 (1)	June 30, 2017 (2)	February 10, 2017	October 11, 2016
Risk-free interest rate	1.95%	1.14%	1.38%	1.47%	0.87%
Expected remaining term	0.28 years	0.5 years	1.3 years	3.0 years	2.0 years
Expected volatility	60.00%	69.34%	73.85%	71.42%	75.00%
Dividend yield	—%	—%	—%	—%	—%

(1) Represents the fair value assumptions for the warrants issued in connection with February 10, 2017 stock purchase agreement.

(2) Represents the fair value assumptions for the warrants issued in connection with October 11, 2016 public offering.

The following table sets forth the warrant activity for the year ended June 30, 2018 ($ in thousands):

(in thousands)	Number of Warrants	Estimated Fair Value Level 2
Fair value - 6/30/2017	18,656	$90,706
Reclassification of warrant liability to equity	(18,206)	(190,369)
Changes in fair market value of warrant liabilities	—	108,636
Fair value - 6/30/2018	450	$8,973

8. Property and Equipment

Property and equipment consisted of the following at June 30, in thousands:

	Lives (Years)	2018	2017
Machinery and equipment	5-10	$11,216	$9,353
Leasehold improvements	7-10	30,657	21,602
Furniture and fixtures	10	1,070	976
Computer equipment	5	3,648	2,875
		46,591	34,806
Accumulated depreciation and amortization		(30,858)	(29,561)
		$15,733	$5,245

Depreciation and amortization expense for the years ended June 30, 2018, 2017, and 2016 was $1.3 million, $0.9 million, and $0.7 million, respectively.

9. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following at June 30 (in thousands):

	2018	2017
Trade accounts payable	$24,818	$5,222
Clinical trial accruals	2,110	2,865
Executive severance liabilities	2,388	5,542
Reimbursement for proxy expenses	484	4,505
Contract manufacture organization expenses	—	3,769
Proxy defense-related expenses	—	6,967
Miscellaneous other current liabilities	1,864	2,497
	$31,664	$31,367

10. Stockholders’ Equity (Deficit)

At the June 29, 2017 Special Meeting, the Company’s stockholders approved the amendment and restatement of the Company’s Certificate of Incorporation to increase the maximum number of shares of the Company’s stock authorized up to 260,000,000 shares of stock consisting of 250,000,000 shares of common stock and 10,000,000 shares of preferred stock. Previously the Company’s Certificate of Incorporation authorized up to 165,000,000 shares of capital stock, consisting of 155,000,000 shares of common stock and 10,000,000 shares of preferred stock.

Preferred Stock

The Certificate of Incorporation of the Company authorizes 10,000,000 shares of preferred stock, $.01 par value per share. The preferred stock may be issued from time to time in one or more series, with such distinctive serial designations, rights and preferences as shall be determined by the Board of Directors.

On May 10, 2017, the Company issued in a private placement 1,000,000 shares (the “Preferred Shares”) of the Company’s Series A-1 Convertible Preferred Stock at a price of $125 per share for gross proceeds to the Company of $125.0 million, before deducting fees and expenses (the “Financing”). Each Preferred Share will be convertible into 23.10536 shares of common stock (or an aggregate of 23,105,348 shares of common stock). The conversion price per share of common stock is $5.41. For fiscal year ended June 30, 2018 the Company had no preferred stock outstanding. Following the June 29, 2017 Special Meeting and filing the Charter Amendment with the State of Delaware, the Company had authorized a sufficient number of unreserved shares of common stock to permit the exchange of the Preferred Shares. On July 31, 2017, the Company filed a registration statement on Form S-3 to register for resale the 23,105,348 shares of the Company's common stock issuable upon the exchange of the Series A-1 Convertible Preferred Stock. The Preferred

Shares converted to shares of common stock on August 24, 2017. The registration statement was declared effective on September 19, 2017.

Common Stock

During June 2018, the Company announced that it had closed on a public offering of 13,225,000 shares of the Company's common stock. Refer to "Note 1 - Business Overview" for additional information.

On February 10, 2017, in connection with the execution of a License Agreement, the Company entered into the Securities Purchase Agreement (“SPA”) with Seattle Genetics. Under the SPA, Seattle Genetics purchased 3,000,000 shares (the “Common Shares”) of the Company’s common stock at a price of $4.90 per share, for aggregate proceeds of $14.7 million. Concurrently with the sale of the Common Shares, pursuant to the SPA, the Company also agreed to issue the three-year warrant to purchase an aggregate of 8,655,804 shares of common stock. On July 31, 2017, the Company filed a registration statement on Form S-3 to register the 3,000,000 shares of Company’s common stock and 8,655,804 shares of common stock issuable upon the exercise of the warrants (in addition to the shares issuable upon the conversion of our Series A-1 Convertible Preferred Stock, as discussed above). The warrant became exercisable for cash on February 16, 2017 and expired on January 31, 2018. The warrant was issued on February 16, 2017 and was originally exercisable until February 10, 2020. On the date of issuance, the fair value of these warrants was determined to be $22.3 million. The difference between such fair value and the proceeds of $14.7 million has been recognized as an expense and presented in the consolidated statement operations as a “warrant related expense.” On May 4, 2017, the Company and Seattle Genetics entered into the Termination Agreement, pursuant to which the Company and Seattle Genetics relinquished their respective rights under the License Agreement and agreed to amend the terms of the warrant to amend the expiration date from February 10, 2020 to December 31, 2017. On December 5, 2017, Seattle Genetics exercised the Warrants they held in full to acquire 8,655,804 shares of Common Stock for an aggregate purchase price of $42.4 million.

On October 11, 2016, the Company completed an underwritten public offering of 10 million shares of its common stock and accompanying warrants to purchase 10 million shares of common stock at a purchase price of $3.00 per unit, comprising of one share of common stock and one warrant. The Company received gross and net proceeds of $30.0 million and approximately $28.6 million, respectively after deducting the underwriting discounts and commissions and estimated expenses related to the offering payable. The warrants became exercisable nine months following the date of issuance and will expire on the second anniversary of the date of issuance and have an exercise price of $3.75. On the date of issuance, the fair value of these warrants was determined to be $7.3 million and recognized as a liability. The warrants under certain situations require cash settlement by the Company. During fiscal 2018 there were 9,550,000 warrants were exercised. The fair value of the 9,550,000 exercised warrants increased $102.1 million from June 30, 2017 to the dates of exercise which has been recognized in the accompanying consolidated statements of comprehensive loss. As of June 30, 2018 there were 450,000 warrants outstanding.

11. Accumulated Other Comprehensive (Loss) Income

The components of accumulated other comprehensive (loss) income were as follows (in thousands):

	Currency Translation Adjustments	Net Unrealized Gains (Losses) on Available-for-Sale Securities	Accumulated Other Comprehensive (Loss) Income
Balance at June 30, 2015	$ (173)	$ 12	$ (161)
Other comprehensive income before reclassifications	1	30	31
Amounts reclassified from accumulated other comprehensive (loss)[(a)]	—	(2)	(2)
Net other comprehensive income for the year	1	28	29
Balance at June 30, 2016	(172)	40	(132)
Other comprehensive loss before reclassifications	(62)	(125)	(187)
Amounts reclassified from accumulated other comprehensive income[(a)]	—	16	16
Net other comprehensive loss for the year	(62)	(109)	(171)
Balance at June 30, 2017	(234)	(69)	(303)
Other comprehensive income before reclassifications	(105)	55	(50)
Amounts reclassified from accumulated other comprehensive income (loss)[(a)]	—	—	—
Net other comprehensive (loss) income for the year	(105)	55	(50)
Balance at June 30, 2018	$ (339)	$ (14)	$ (353)

(a) For the fiscal years ended June 30, 2018, 2017 and 2016, zero, $16 thousand and $2 thousand, respectively, were reclassified from accumulated other comprehensive (loss) income to interest and other income, respectively.

All components of accumulated other comprehensive (loss) income are net of tax, except currency translation adjustments, which exclude income taxes related to indefinite investments in foreign subsidiaries.

12. Income Taxes

The expense (benefit) for income taxes is as follows (in thousands):

	Year Ended June 30,		
	2018	2017	2016
Federal			
Current	$—	$—	$—
Deferred	—	—	—
Total Federal	—	—	—
State			
Current	2	2	(5,054)
Deferred	—	—	—
Total State	2	2	(5,054)
Foreign			
Current	154	19	—
Deferred	—	—	—
Total Foreign	154	19	—
Total Expense (Benefit)	$156	$ 21	$(5,054)

A reconciliation of the statutory tax rates and the effective tax rates for each of the years ended June 30 is as follows:

	2018	2017	2016
Statutory rate	(28.0)%	(34.0)%	(34.0)%
Foreign income tax	— %	— %	— %
Change in valuation allowance	21.1 %	21.9 %	30.4 %
State income taxes, (net of federal tax benefit)	(4.3)%	(4.8)%	(2.8)%
Permanent differences, (primarily warrant-related expenses)	11.3 %	15.3 %	— %
Other	— %	1.6 %	(1.6)%
Effective rate	0.1 %	— %	(8.0)%

The tax effects of temporary differences that give rise to significant portions of the Company's deferred tax assets as of June 30, 2018 and 2017 are presented below (in thousands):

	2018	2017
Deferred tax assets:		
NOL carry forwards	$90,931	$134,476
Research and development credits	17,730	14,357
Property and equipment	—	3,406
Liability related to sale of future royalties	49,235	—
Other	3,489	7,335
Total	161,385	159,574
Valuation allowance	(160,540)	(159,574)
Net deferred assets	$845	$—
Deferred tax liabilities:		
Property and equipment	$(845)	$—
Net deferred assets and liabilities	$—	$—

A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The valuation allowances for fiscal years 2018 and 2017 have been applied to offset the deferred tax assets in recognition of the uncertainty that such tax benefits will be realized as the Company continues to incur losses. The differences between book income and tax income primarily relate to the temporary differences from depreciation and stock compensation expenses, and deferred book income that is realized for tax.

At June 30, 2018, the Company has available net operating loss carry forwards for federal income tax reporting purposes of approximately $370.4 million and for state income tax reporting purposes of approximately $184.9 million, which expire at various dates between fiscal 2019 and 2037.

At June 30, 2018, the Company did not have any material unrecognized tax benefits and the Company does not anticipate that its unrecognized tax benefits will significantly change in the next twelve months. The Company will recognize potential interest and penalties related to income tax positions as a component of the provision for income taxes on the Consolidated Statements of Comprehensive Loss in any future periods in which the Company must record a liability. The Company is subject to examination for United States Federal and Foreign tax purposes for 2013 and forward and for New Jersey 2014 and forward. The Company conducts business and files tax returns in New Jersey.

For fiscal year 2016, the Company sold certain State of New Jersey State Net Operating Losses ("NOL") and Research and Development ("R&D") tax credits through the New Jersey Economic Development Authority Technology Business Tax Certificate Transfer Program. Pursuant to such sale, for the year ended June 30, 2016, the Company recorded a tax benefit of $5.1 million, as a result of its sale of approximately $66.2 million, of New Jersey State NOL and $1.5

million of New Jersey R&D tax credits. There were no sales of NOL or R&D for the 2018 or 2017 fiscal years.

On December 22, 2017, the United States government enacted the 2017 Tax Cuts and Jobs Act (the 2017 Tax Act), The Act reduces the United States federal corporate income tax rate from 35% to 21%. In accordance with ASC 740, companies are required to re-measure deferred tax balances using the new enacted tax rates. The rate change is administratively effective at the beginning of the Company's fiscal year, resulting in a blended corporate statutory tax rate for fiscal 2018 of 28.0%. As a result of the reduction in the United States corporate income tax rate, the Company revalued its net deferred tax assets resulting in a provisional tax expense of $59.5 million. However, this adjustment was offset by a related change in the valuation allowance. The 2017 Tax Act also imposed a tax for a one-time deemed repatriation of post-1986 unremitted foreign E&P through the year ended December 31, 2017. The Company did not record any provisional tax expense related to the deemed repatriation as it does not expect to have any undistributed foreign earnings. The Global Intangible Low-tax Income (GILTI) provisions of the 2017 Tax Act require the Company to include in its United States income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets. The Company expects that it may be subject to incremental United States tax on GILTI income beginning in 2018. The Company has elected to account for GILTI tax in the period in which it is incurred, and therefore has not provided any deferred tax impacts of GILTI in its consolidated financial statements for the period ended June 30, 2018

In response to the Tax Act, the Securities and Exchange Commission ("SEC") staff issued a Staff Accounting Bulletin No. 118 ("SAB 118") that provides guidance on accounting for the impact of the Tax Act. SAB 118 allows companies to record provisional amounts while the accounting impact of the Tax Act is still under analysis, not to extend beyond the measurement period of one year from the enactment of the Tax Act. The provisional amounts disclosed in the Company's footnotes were based on the its present interpretations of the 2017 Tax Act and current available information, including assumptions and expectations about future events, such as its projected financial performance, and are subject to further refinement as additional information becomes available (including the Company's actual full fiscal 2018 results of operations, as well as potential new or interpretative guidance issued by the FASB or the Internal Revenue Service and other tax agencies) and further analyses are completed. The Company continues to analyze the changes in certain income tax deductions, assess calculations of earnings and profits in certain foreign subsidiaries, including if those earnings which are held in cash or other assets and gather additional data to compute the full impacts on the Company's deferred and current tax assets and liabilities. Our calculation of the transition tax may be subject to further refinement as more information is gathered from our foreign subsidiaries and estimates used in the calculation are resolved.

13. Related Party Transactions

On January 8, 2018 Morris Rosenberg joined the Company as Chief Technology Officer and became a full-time employee. Between May 5, 2017 and January 7, 2018 Mr. Rosenberg was engaged by the Company as an independent consultant pursuant to a consulting agreement between the Company and Mr. Rosenberg's consulting company, M Rosenberg BioPharma Consulting LLC. The Company paid M Rosenberg BioPharma Consulting LLC $555,099 during this time and Morris Rosenberg was also granted stock options to purchase 45,000 shares of the Company's common stock pursuant to the Immunomedics, Inc. 2014 Long-Term Incentive Plan. From January 8, 2018 through June 30, 2018, the Company paid M Rosenberg BioPharma $839,631 for services agreed upon prior to Mr. Rosenberg becoming a full-time employee. As part of his employment contract, 50% of the 45,000 shares granted to Mr. Rosenberg as a consultant were forfeited, the remaining 50% continue to vest. Mr. Rosenberg received 27,027 stock options and 77,362 PSUs and was permitted to continue to provide certain limited outside consulting services through M Rosenberg BioPharma Consulting LLC based on certain restrictions outlined in the contract. Additionally, during his employment period, except with the prior written consent of the Board, Mr. Rosenberg is not permitted to enter into any contract, agreement or other transaction arrangement to provide goods and or services to the Company through M Rosenberg BioPharma Consulting LLC.

14. Collaboration Agreements

AstraZeneca/MedImmune

In June 2018, the Company entered into a clinical collaboration with AstraZeneca and its global biologics research and development arm, MedImmune, to evaluate in Phase 1/2 studies the safety and efficacy of combining AstraZeneca's Imfinzi® (durvalumab), a human monoclonal antibody directed against PD-L1, with sacituzumab govitecan as a frontline treatment of patients with triple-negative breast cancer ("TNBC") and UC.

Part one of the two-part Phase 1/2 studies will be co-funded by the two companies. Immunomedics will supply the study drug and AstraZeneca will utilize its existing clinical trial infrastructure to accelerate the enrollment of the sacituzumab govitecan and durvalumab combination. The trial design allows for rapid transition into randomized Phase 2 studies should the first part of these studies show promising data and the companies agree to proceed based on efficacy and safety results obtained.

The collaboration terminates thirty days following the expiration of the study periods end-date. Either party may early terminate the collaboration by providing thirty days written notice.

The Bayer Group (formerly Algeta ASA)

In fiscal 2013 the Company entered into a collaboration agreement, referred to herein as the Collaboration Agreement, with Algeta ASA (subsequently acquired by The Bayer Group "Bayer"), for the development of epratuzumab to be conjugated with Algeta's proprietary thorium-227 alpha-pharmaceutical payload. Under the terms of the Collaboration Agreement, the Company manufactured and supplied clinical-grade epratuzumab to Bayer, which has rights to evaluate the potential of a Targeted Thorium Conjugate (TTC), linking thorium-227 to epratuzumab, for the treatment of patients with cancer. Bayer has the right to terminate the Collaboration Agreement with three months prior written notice, subject to certain provisions. Bayer will fund all non-clinical and clinical development costs up to the end of Phase 1 clinical testing. Upon successful completion of Phase 1 testing, the parties shall negotiate terms for a license agreement at Bayer's request. The Company and Bayer have agreed to certain parameters in the Collaboration Agreement. Under the terms of the Collaboration Agreement, as amended, Immunomedics received an upfront cash payment and other payments aggregating $6.0 million, which have been recognized in prior periods upon the Company fulfilling its obligations under the Collaboration Agreement.

In January 2017, the Company recorded revenue of $0.3 million representing an anniversary payment under the agreement. This agreement has been extended to December 30, 2018 and, as amended, provides for the Company to receive a similar anniversary payment of $0.3 million, which was received in April 2018.

15. Commitments and Contingencies

a. Employment Agreements

Dr. David M. Goldenberg

Effective July 1, 2015, the Company entered into the Amended and Restated Employment Agreement with Dr. Goldenberg pertaining to Dr. Goldenberg's service to the Company as the Company's Chairman of the Board, Chief Scientific Officer and Chief Patent Officer (the "Amended and Restated Goldenberg Agreement"). The Amended and Restated Goldenberg Agreement was to continue until July 1, 2020.

On November 2, 2017, a stipulation and agreement of settlement, compromise, and release (the "Settlement Agreement") (see below) was entered into between Dr. Goldenberg and other parties as described below. Effective immediately upon execution of the Settlement Agreement, Dr. Goldenberg resigned from all officer and other positions of the Company and all director, officer and other positions at any of the Company's affiliates (other than Dr. Goldenberg's position as a member of the board of directors of IBC Pharmaceuticals, the Company's majority owned

United States subsidiary). The Settlement Agreement provides that Dr. Goldenberg will abide by all post-termination covenants and obligations contemplated by the Amended and Restated Goldenberg Agreement. In exchange for a release of claims as required by the Amended and Restated Goldenberg Agreement and subject to compliance with the terms of the Settlement Agreement, Dr. Goldenberg is entitled to (i) termination payments in accordance with the Amended and Restated Goldenberg Agreement for a termination without Good Cause after a Change in Control, (ii) accelerated vesting or extension of exercise period for equity awards already earned, pursuant to the Amended and Restated Goldenberg Agreement, (iii) COBRA payments, and (iv) royalties or payment in accordance with existing agreements. The foregoing cash payments, which the Company has paid pursuant to the terms of the

Settlement Agreement, accumulated to approximately $2.4 million. Additionally, certain restricted stock units and performance stock units that accelerated or otherwise became vested as set forth in the Settlement Agreement were settled in accordance with the terms of applicable award agreements. An additional cash payment of approximately $1.8 million is in dispute and the vesting of a grant of 1,500,000 Restricted Stock Units to Dr. Goldenberg under the terms of the Amended and Restated Goldenberg Agreement, is also in dispute.

Under the Settlement Agreement Dr. Goldenberg is eligible to receive royalty payments on royalties received by the Company. For each fiscal year the Company shall pay Dr. Goldenberg a sum equal to a percentage of the annual royalties the Company receives on each of the products for which Dr. Goldenberg is an Inventor, and all products using, related to or derived from products for which Dr. Goldenberg is an Inventor. The percentage of royalties that the Company will pay to Dr. Goldenberg on each patented product will be determined based on the percentage of royalties that the Company must pay to external third parties, and payments are to continue for the life of the patent, as defined in the Amended and Restated Goldenberg Agreement.

In the event the Company completes a disposition of the Company's undeveloped assets for which Dr. Goldenberg was an Inventor, the Company will pay Dr. Goldenberg a sum equal to at least twenty percent or more of the consideration the Company receives from each disposition. The Company's obligation to compensate Dr. Goldenberg upon dispositions of undeveloped assets applies to all dispositions of such assets completed within the contract term or within three years thereafter, even if the Company actually receives the consideration at some time after the three (3) year period elapses.

For the 2017 and 2016 fiscal years, Dr. Goldenberg received the minimum payment under the Amended and Restated Goldenberg Agreement. Dr. Goldenberg also is compensated by IBC Pharmaceuticals as discussed in greater detail below.

Cynthia L. Sullivan

Effective July 1, 2014, the Company entered into the Fifth Amended and Restated Employment Agreement with Cynthia L. Sullivan pertaining to Ms. Sullivan's service to the Company as the Company's President and Chief Executive Officer (the "Amended Sullivan Agreement"). The Amended Sullivan Agreement expired in accordance with its terms on July 1, 2017.

On November 2, 2017, the Settlement Agreement was entered into (see below) by Ms. Sullivan and other parties. Immediately upon the execution of the Settlement Agreement, Ms. Sullivan resigned from her position as a director of the Company and to resign from all office and director positions with any of the Company's affiliates, effective as of the date of the Settlement Agreement. The Settlement Agreement provides that Ms. Sullivan will abide by all post-termination covenants and obligations contemplated by the Amended Sullivan Agreement. In exchange for a release of claims as required by the Amended Sullivan Agreement and subject to compliance with the terms of the Settlement Agreement, Ms. Sullivan will be entitled to (i) termination payments in accordance with the Amended Sullivan Agreement for a termination without Good Cause after a Change in Control, (ii) accelerated vesting or extension of the exercise period for equity awards already earned, pursuant to the Amended Sullivan Agreement, and (iii) COBRA payments. The foregoing cash payments, which the Company has paid pursuant to the terms of the Settlement Agreement, accumulated to approximately $3.1 million. Additionally, certain restricted stock units and performance stock units that accelerated or otherwise became vested as set forth in the Settlement Agreement were settled in accordance with the terms of applicable award agreements. In addition to this amount, an additional cash payment of $0.9 million is in dispute.

The Parties to the Settlement Agreement have agreed to arbitrate this dispute. The Company has agreed to pay in full the arbitrator in such arbitration as well as reasonable attorneys' fees and expenses incurred by Dr. Goldenberg and Ms.

Sullivan in connection with any such arbitration, up to a maximum amount of $650,000 combined. As of June 30, 2018, $260,177 of expenses have been incurred regarding such arbitration.

b. Legal Matters
Patent litigation:
Immunomedics filed a first amended complaint on October 22, 2015 and a second amended complaint on January 14, 2016 in the United States District Court for the District of New Jersey, against Roger Williams Medical Center ("RWMC"), Richard P. Junghans, M.D., Ph.D. and Steven C. Katz, M.D. seeking lost profits, unjust enrichment damages and compensatory damages resulting from the infringement of its patents. The second amended complaint alleges that RWMC and Dr. Junghans breached a Material Transfer Agreement ("MTA") through which it provided to them a monoclonal antibody known as MN-14 and related materials. Defendants are alleged to have breached the MTA and to have been negligent by, among other things,

using the materials beyond the agreed-upon Research Project, sharing confidential information, failing to provide Immunomedics with a right of first refusal, failing to notify Immunomedics of intended publications prior to publishing, and refusing to return the materials upon request. Immunomedics also asserts defendants: claims of conversion, tortious interference, unjust enrichment, and infringement of three patents owned by Immunomedics. On January 28, 2016, defendants filed an Answer to the Second Amended Complaint. On October 12, 2016, Immunomedics filed a Third Amended Complaint, and further added as defendants Sorrento Therapeutics, Inc. and its subsidiaries TNK Therapeutics, Inc., BDL Products, Inc., and CARgenix Holdings, LLC. Defendants Junghans, Katz, and RWMC subsequently moved to dismiss for failure to state a claim on November 14, 2016, but this motion was denied on January 4, 2017. On December 2, 2016, Sorrento, TNK, BDL, and CARgenix moved to dismiss for lack of personal jurisdiction over them in New Jersey. The court granted this motion on January 25, 2017. On January 20, 2017, the court held a Markman hearing to construe the claims in the patents in suit. On February 28, 2017, the court issued an opinion and order finding, inter alia, that the term “effective amount” in the patents in suit is not indefinite and should be given its plain and order meaning, as proposed by Immunomedics, of “an amount capable of producing the claim result.” On May 11, 2017, the court entered an order referring the matter to mediation and designating Garrett E. Brown, Jr. (ret.) as the mediator. The mediation did not result in a settlement. Discovery in this case is ongoing and no trial date has been set.

Stockholder complaints:

Class Action Stockholder Federal Securities Cases

Two purported class action cases were filed in the United States District Court for the District of New Jersey; namely, Fergus v. Immunomedics, Inc., et al., No. 2:16-cv-03335, filed June 9, 2016; and Becker v. Immunomedics, Inc., et al., No. 2:16-cv-03374, filed June 10, 2016. These cases arise from the same alleged facts and circumstances, and seek class certification on behalf of purchasers of our common stock between April 20, 2016 and June 2, 2016 (with respect to the Fergus matter) and between April 20, 2016 and June 3, 2016 (with respect to the Becker matter). These cases concern the Company’s statements in press releases, investor conference calls, and SEC filings beginning in April 2016 that the Company would present updated information regarding its IMMU-132 breast cancer drug at the 2016 American Society of Clinical Oncology (“ASCO”) conference in Chicago, Illinois. The complaints allege that these statements were false and misleading in light of June 2, 2016 reports that ASCO had canceled the presentation because it contained previously reported information. The complaints further allege that these statements resulted in artificially inflated prices for our common stock, and that the Company and certain of its officers are thus liable under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. An order of voluntary dismissal without prejudice was entered on November 10, 2016 in the Becker matter. An order granting motion to consolidate cases, appoint lead plaintiff, and approve lead and liaison counsel was entered on February 7, 2017 in the Fergus matter. A consolidated complaint was filed on October 4, 2017. The Company filed a motion to dismiss the consolidated complaint on January 26, 2018 and the motion was fully briefed as of April 4, 2018. Oral argument has not yet been scheduled.

Stockholder Derivative Action in the Superior Court of New Jersey

On October 3, 2016, plaintiff commenced an action captioned Rosenfeld v. Goldenberg, et al., No. L-2200-16, alleging the same underlying facts and circumstances as in the pending federal securities class action, the Fergus matter. Specifically, this action concerns the Company’s statements in press releases, investor conference calls, and SEC filings beginning in April 2016 that the Company would present updated information regarding its IMMU-132 breast cancer drug at the 2016 ASCO conference in Chicago, Illinois. The complaint alleges that these statements were false and misleading in light of the June 2, 2016 reports that ASCO had canceled the presentation because it contained previously reported information. The complaint further alleges that these statements resulted in artificially inflated prices for our common stock, and that certain directors and officers of the Company breached their fiduciary duties to the Company. In addition to monetary damages, the complaint seeks to require the Company to reform its

corporate governance and internal procedures. Service was effectuated on all defendants on April 7, 2017. Defendants moved to dismiss the complaint on June 19, 2017. In lieu of responding, an amended complaint was filed on October 13, 2017. John Neff was substituted for plaintiff Seymour Rosenfeld in the amended complaint. The Company filed a motion to dismiss the amended complaint on December 4, 2017 and the Court granted the motion to dismiss without prejudice by order dated March 29, 2018.

Stockholder Claim in the Court of Chancery of the State of Delaware

On February 13, 2017, venBio commenced an action captioned venBio Select Advisor LLC v. Goldenberg, et al., C.A. No. 2017-0108-VCL (Del. Ch.) (the "venBio Action"), alleging that Company's Board breached their fiduciary duties when the Board (i) amended the Company's Amended and Restated By-laws (the "By-Laws") to call for a plurality voting regime for the election of directors instead of majority voting, and providing for mandatory advancement of attorneys' fees and costs for the Company's directors and officers, (ii) rescheduled the Company's 2016 Annual Meeting of Stockholders (the "2016 Annual

Meeting") from December 14, 2016 to February 16, 2017, and then again to March 3, 2017, and (iii) agreed to the proposed Licensing Transaction with Seattle Genetics. venBio also named Seattle Genetics as a defendant and sought an injunction preventing the Company from closing the licensing transaction with Seattle Genetics. On March 6, 2017, venBio amended its complaint, adding further allegations. The Court of Chancery entered a temporary restraining order on March 9, 2017, enjoining the closing of the Licensing Transaction. venBio amended its complaint a second time on April 19, 2017, this time adding Greenhill & Co. Inc. and Greenhill & Co. LLC (together "Greenhill"), the Company's financial advisor on the Licensing Transaction, as an additional defendant. On May 3, 2017, venBio and the Company and individual defendants Dr. Goldenberg, Ms. Sullivan and Mr. Brian A. Markison, a director of the Company (collectively, the "Individual Defendants") entered into the Initial Term Sheet. On June 8, 2017, venBio the Company and Greenhill entered into the Greenhill Term Sheet. Pursuant to the Settlement Agreement, if the Court of Chancery approves the settlement, all claims that were asserted by venBio against the Individual Defendants or Greenhill in the venBio Action will be released. On May 24, 2018 the remaining parties to the venBio Action participated in a mediation of the claims against Geoff Cox, Robert Forrester, Bob Oliver, and Jason Aryeh. The mediation was unsuccessful. Geoff Cox, Robert Forrester, Bob Oliver, and Jason Aryeh have submitted motions to dismiss the claims against them in the venBio Action, which remain pending in the Court of Chancery.

c. Directors and Officers Liability Insurance

The Company has filed claims with its insurance providers for various expenses incurred through June 30, 2017 for proxy defense-related expenses and reimbursement amounts payable to venBio for fees and expenses incurred by venBio in connection with the proxy contest between venBio and the Company.

d. Other matters:

Immunomedics is also a party to various claims and litigation arising in the normal course of business, which includes some or all of certain of its patents. While it is not possible to determine the outcome of these matters, the Company believes that the resolution of all such matters will not have a material adverse effect on its consolidated financial position or liquidity, but could possibly be material to its consolidated results of operations in any one accounting period.

e. Operating Leases

As of June 30, 2018, future minimum lease commitments under noncancelable operating leases were as follows (in thousands):

2019	$2,447
2020	$1,477
2021	$1,523
2022	$1,547
2023	$1,575
Thereafter	$12,062

Rental expense was approximately $1.3 million, $0.9 million and $0.8 million for fiscal years ended June 30, 2018, 2017, and 2016, respectively.

f. Purchase Obligations

We have several commitments primarily to purchase consulting services and manufacturing services totaling $10.7 million in 2019.

16. Geographic Segments

Immunomedics manages its operations as one line of business of researching, developing, manufacturing and marketing biopharmaceutical products, particularly antibody-based products for cancer and other serious diseases, and it currently reports as a single industry segment. Immunomedics conducts its research and development activities primarily in the United States Immunomedics marketed and sold LeukoScan® throughout Europe and in certain other countries outside the United States The Company discontinued the sale of LeukoScan® during the third quarter of 2018 to focus on its ADC business.

The following table presents financial information based on the geographic location of the facilities of Immunomedics as of and for the years ended (in thousands):

	June 30, 2018	2017
Total assets:		
United States	$662,519	$161,484
Europe	1,654	1,089
Total	$664,173	$162,573

	June 30, 2018	2017
Property and equipment, net:		
United States	$15,649	$5,166
Europe	84	79
Total	$15,733	$5,245

	June 30, 2018	2017	2016
Revenues:			
United States	$655	$648	$972
Europe	1,501	2,443	2,261
Total	2,156	3,091	3,233
(Loss) income before taxes:			
United States	(274,260)	(153,348)	(63,688)
Europe	529	103	(502)
Total	$(273,731)	$(153,245)	$(64,190)

17. Defined Contribution Plans

United States employees are eligible to participate in the Company’s 401(k) plan, while employees in international locations are eligible to participate in other defined contribution plans. Aggregate Company contributions to its benefit plans totaled approximately $120 thousand, $104 thousand and $99 thousand for the years ended June 30, 2018, 2017 and 2016, respectively.

18. Quarterly Results of Operations (Unaudited)

The following table present summarized unaudited quarterly financial data:

(In thousands, except for per share amounts)	Three Months Ended June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Consolidated Statements of Comprehensive Loss Data:				
Revenues	$387	$482	$ 597	$ 690
Net loss attributable to Immunomedics, Inc. stockholders	$(117,032)	$(35,546)	$ (2,514)	$ (118,745)
Loss per common share attributable to Immunomedics Inc. stockholders – (basic and diluted)	$(0.68)	$(0.21)	$ (0.02)	$ (0.97)
Weighted average shares used to calculate loss per common share – (basic and diluted)	171,124	166,054	154,487	122,550

(In thousands, except for per share amounts)	Three Months Ended June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Consolidated Statements of Comprehensive Loss Data:				
Revenues	$642	$1,323	$ 384	$ 742
Net loss attributable to Immunomedics, Inc. stockholders	$(53,255)	$(59,306)	$ (24,447)	$ (16,198)
Loss per common share attributable to Immunomedics Inc. stockholders – (basic and diluted)	$(0.48)	$(0.56)	$ (0.25)	$ (0.18)
Weighted average shares used to calculate loss per common share – (basic and diluted)	109,891	107,840	104,657	95,884

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures:

Disclosure Controls and Procedures: We maintain controls and procedures designed to ensure that we are able to collect the information we are required to disclose in the reports we file with the SEC, and to record, process, summarize and disclose this information within the time periods specified in the rules promulgated by the SEC. Our Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining these disclosure controls and procedures and as required by the rules of the SEC, to evaluate their effectiveness. Based on their evaluation of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K, our Chief Executive Officer and Chief Financial Officer believe that these procedures are functioning effectively to provide reasonable assurance that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosures.

Management's Report on Internal Control Over Financial Reporting: Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Immunomedics; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and our directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the

financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of June 30, 2018. In making this assessment, management used the criteria in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on its assessment and those criteria, our management has concluded we maintained effective internal control over financial reporting as of June 30, 2018.

Our independent registered public accounting firm has issued an attestation report on the effectiveness of Immunomedics' internal control over financial reporting.

Changes in internal controls over financial reporting: There were no significant changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act), identified in connection with the evaluation of such internal control that occurred during our last fiscal quarter, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

Information required by this item is incorporated in this Annual Report on Form 10-K by reference from the sections entitled "Nominees for Directors," "Executive Officers," "Director Experience, Qualifications, Attributes and Skills," "Section 16(a) Beneficial Ownership Reporting Compliance," "Business Ethics and Compliance," and "Committees of the Board," contained in our definitive proxy statement for our 2018 annual meeting of stockholders, or an amendment to this Annual Report on Form 10-K, to be filed within 120 days of the end of the fiscal year covered by this Annual Report on Form 10-K.

The text of our Code of Business Conduct, which applies to our directors and employees (including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) is posted in the "Corporate Governance" section of our website, www.immunomedics.com. A copy of the Code of Business Conduct can be obtained free of charge on our website. We intend to disclose on our website any amendments to, or waivers from, our Code of Business Conduct that are required to be disclosed pursuant to the rules of the SEC and Nasdaq.

Item 11. Executive Compensation

Information required to be disclosed by this Item is incorporated in this Annual Report on Form 10-K by reference from the sections entitled "Compensation Discussion and Analysis," "Compensation Committee Report," "Summary Compensation Table," "Grants of Plan Based Awards in Fiscal Year 2018," "Outstanding Equity Awards at Fiscal Year-End 2018 Table," "Fiscal Year 2018 Option Exercises and Stock Vested Table," "Employment Contracts, Termination of Employment and Change in Control Agreements" contained in our definitive proxy statement for our 2018 annual meeting of stockholders, or an amendment to this Annual Report on Form 10-K, to be filed within 120 days of the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information with respect to our compensation plans under which equity compensation is authorized as of June 30, 2018.

Plan Category	Number of securities to be issued upon vesting of restricted shares and exercise of outstanding options and rights	Weighted-average exercise price of outstanding options and rights	Number of securities remaining available for future grant under equity compensation plans
Equity compensation plans approved by security holders[1]	5,621,438	$ 7.15	8,643,548
Equity compensation plans not approved by security holders	—	—	—
Total	5,621,438	$ 7.15	8,643,548

(1) Refers to Immunomedics, Inc. 2014 Long-Term Incentive Plan.

Other information required by this item is incorporated in this Annual Report on Form 10-K by reference contained in our definitive proxy statement for our 2018 annual meeting of stockholders, or an amendment to this Annual Report on Form 10-K, to be filed within 120 days of the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required to be disclosed by this Item is incorporated in this Annual Report on Form 10-K by reference from the section(s) entitled “Certain Relationships and Related Transactions,” “Our Corporate Governance,” “Compensation for Executive Officers,” “Director Compensation,” “Compensation Committee Interlocks and Insider Participation,” and “Compensation Committee Report” contained in our definitive proxy statement for our 2018 annual meeting of stockholders, or an amendment to this Annual Report on Form 10-K, which we intend to be filed within 120 days of the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 14. Principal Accounting Fees and Services.

This information required to be disclosed by this Item is incorporated in this Annual Report on Form 10-K by reference from the section entitled “Independent Registered Public Accounting Firm” contained in our definitive proxy statement for our 2018 annual meeting of stockholders, or an amendment to this Annual Report on Form 10-K, to be filed within 120 days of the end of the fiscal year covered by this Annual Report on Form 10-K.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this Report:

1. Consolidated Financial Statements:
   Consolidated Balance Sheets – June 30, 2018 and 2017
   Consolidated Statements of Comprehensive Loss for the years ended June 30, 2018, 2017 and 2016
   Consolidated Statements of Changes in Stockholders’ Equity (Deficit) for the years ended June 30, 2018, 2017 and 2016
   Consolidated Statements of Cash Flows for the years ended June 30, 2018, 2017 and 2016
   Notes to Consolidated Financial Statements
   Reports of Independent Registered Public Accounting Firm – KPMG LLP
2. Financial Statement Schedule:
   none.
3. List of Exhibits

Exhibit No.	Description
3.(i).1	Amended and Restated Certificate of Incorporation, incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K as filed with the Commission on June 29, 2017.
3.(i).2	Form of Certificate of Designation of Series A-1 Convertible Preferred Stock, incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K, as filed with the Commission on May 5, 2017.
3.(iii).1	Second Amended and Restated By-Laws of the Company, incorporated by reference from the Exhibits to the Company's Current Report on Form 8-K as filed with the Commission on August 27, 2007.
3.(iii).2	Amendment to Second Amended and Restated By-Laws of Immunomedics, Inc., incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K, as filed with the Commission on November 28, 2016.

3.(iii).3	Second Amendment to Second Amended and Restated By-Laws of Immunomedics, Inc., incorporated by reference from Exhibit 3.3 to the Company's Current Report on Form 8-K, as filed with the Commission on February 16, 2017.
4.1	Indenture, dated as of February 11, 2015, by and between the Company and Wells Fargo Bank, National Association, incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K as filed with the Commission on February 12, 2015.
4.2	Form of 4.75% Convertible Senior Note due 2020 incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K as filed with the Commission on February 12, 2015.
4.3	Warrant Agreement, dated as of October 11, 2016, between the Company and Broadridge Financial Solutions, Inc., as warrant agent , incorporated by reference to exhibit 4.1 to the Company's current report on Form 8-K, as filed with the Commission on October 12, 2016.
4.4	Warrant Agreement, dated as of February 16, 2017, between the Company and Broadridge Financial Solutions, Inc., as warrant agent, incorporated by reference to exhibit 4.1 to the Company's Current Report on Form 8-K, as filed with the Commission on February 16, 2017.
4.5	Registration Rights Agreement, dated as of February 10, 2017, between the Company and Seattle Genetics, Inc., incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-3, as filed with the Commission on July 31, 2017 (Commission File No. 333-219594).
10.1	Amended and Restated License Agreement among the Company, David M. Goldenberg and the Center for Molecular Medicine and Immunology, Inc., dated December 11, 1990, incorporated by reference from the Exhibits to the Company's Registration Statement on Form S-2 effective July 24, 1991 (Commission File No. 33-41053). (P)
10.2	Amendment, dated March 13, 1995, to the Amended and Restated License Agreement among the Company, David M. Goldenberg and the Center for Molecular Medicine and Immunology, Inc., dated December 11, 1990, incorporated by reference from the Exhibits to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1995.
10.3	License Agreement, dated as of January 21, 1997, between the Company and the Center for Molecular Medicine and Immunology, Inc., incorporated by reference from Exhibit 10.25 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 1996.
10.4	License Agreement, dated March 5, 1999, between the Company and IBC Pharmaceuticals, incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K as filed with the Commission on March 24, 1999.
10.5	Contract for Services effective as of January 1, 2002 between the Company and Logosys Logistik GmbH, incorporated by reference from Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2001.
10.6	Lease Agreement with Baker Properties Limited Partnership, dated January 16, 1992, incorporated by reference from the Exhibits to the Company's Registration Statement on Form S-2 (Commission File No. 33-44750), effective January 30, 1992. (P)
10.7	First Addendum, dated May 5, 1993, of the Lease Agreement with Baker Properties Limited Partnership, dated January 16, 1992, incorporated by reference from Exhibit 10.31 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2007.
10.8	Second Addendum, dated March 29, 1995, of the Lease Agreement with Baker Properties Limited Partnership, dated January 16, 1992, incorporated by reference from Exhibit 10.32 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2007.
10.9	Letter Amendment, dated October 5, 1998, of the Lease Agreement with Baker Properties Limited Partnership, dated January 16, 1992, incorporated by reference from Exhibit 10.33 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2007.
10.10	Fourth Amendment Expansion/Extension Agreement dated August 15, 2001, of the Lease Agreement with Baker Properties Limited Partnership, dated January 16, 1992, incorporated by reference from Exhibit 10.34 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2007.

10.11	Fifth Amendment Expansion Agreement dated June 18, 2009 of the Lease with WU/LH 300 American L.L.C. a successor-in-interest to Baker Properties Limited Partnership, incorporated by reference from Exhibit 10.36 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2009.

10.12	Sixth Amendment Extension Agreement dated February 11, 2011 of the Lease with WU/LH 300 American L.L.C. a successor-in-interest to Baker Properties Limited Partnership, incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2011.
10.13#	Immunomedics, Inc. 2006 Stock Incentive Plan, incorporated by reference from Exhibit 99.1 to the Company's Registration Statement on Form S-8 (Commission File Number 333-143420), as filed with the Commission on May 31, 2007.
10.14#	Amendment 2007-1 to the Immunomedics, Inc. 2006 Stock Incentive Plan, incorporated by reference from Exhibit 99.2 to the Company's Registration Statement on Form S-8 (Commission File Number 333-143420), as filed with the Commission on May 31, 2007.
10.15#	Form of Stock Option Agreement under the Immunomedics, Inc. 2006 Stock Incentive Plan, as amended, incorporated by reference from Exhibit 10.24 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2007.
10.16#	Form of Change of Control Addendum to the Stock Option Agreement under the Immunomedics, Inc. 2006 Stock Incentive Plan, as amended, incorporated by reference from Exhibit 10.25 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2007.
10.17#	Form of Notice of Grant of Stock Option under the Immunomedics, Inc. 2006 Stock Incentive Plan, as amended, incorporated by reference from Exhibit 10.26 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2007.
10.18#	Form of RSU Issuance Agreement under the Immunomedics, Inc. 2006 Stock Incentive Plan, as amended, incorporated by reference from Exhibit 10.27 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2007.
10.19#	Form of Change of Control Addendum to RSU Agreement under the Immunomedics, Inc. 2006 Stock Incentive Plan, as amended, incorporated by reference from Exhibit 10.28 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2007.
10.20#	Form of Initial Director RSU Issuance Agreement under the Immunomedics, Inc. 2006 Stock Incentive Plan, as amended, incorporated by reference from Exhibit 10.29 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2007.
10.21#	Form of Annual Director RSU Issuance Agreement under the Immunomedics, Inc. 2006 Stock Incentive Plan, as amended, incorporated by reference from Exhibit 10.30 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2007.
10.22#	Form of Restricted Stock Unit Issuance Agreement under the Immunomedics, Inc. 2006 Stock Incentive Plan, as amended, incorporated by reference from Exhibit 10.1 to the Company's current report on Form 8-K, as filed with the Commission on August 22, 2013.
10.23#	Form of Performance-Based Restricted Stock Unit Issuance Agreement under the Immunomedics, Inc. 2006 Stock Incentive Plan, as amended, incorporated by reference from Exhibit 10.2 to the Company's current report on Form 8-K, as filed with the Commission on August 22, 2013.
10.24#	Immunomedics, Inc. 2014 Long-Term Incentive Plan, incorporated by reference from Exhibit 99.1 to the Company's Registration Statement on Form S-8 (Commission File Number 333-201470), as filed with the Commission on January 13, 2015.
10.25#	Forms of Incentive Stock Option Notice and Incentive Stock Option Agreement under the Immunomedics, Inc. 2014 Long-Term Incentive Plan, incorporated by reference from Exhibit 99.2 to the Company's Registration Statement on Form S-8 (Commission File Number 333-201470), as filed with the Commission on January 13, 2015.
10.26#	Forms of Nonqualified Stock Option Notice and Nonqualified Stock Option Agreement under the Immunomedics, Inc. 2014 Long-Term Incentive Plan, incorporated by reference from Exhibit 99.3 to the Company's Registration Statement on Form S-8 as filed with the Commission on January 13, 2015.
10.27#	Forms of Restricted Stock Units Notice and Restricted Stock Units Agreement (for Officers/Employees) under the Immunomedics, Inc. 2014 Long-Term Incentive Plan, incorporated by reference from Exhibit 99.4 to the Company's Registration Statement on Form S-8 as filed with the Commission on January 13, 2015.

10.28#	Forms of Restricted Stock Units Notice and Restricted Stock Units Agreement (for Directors) under the Immunomedics, Inc. 2014 Long-Term Incentive Plan, incorporated by reference from Exhibit 99.5 to the Company's Registration Statement on Form S-8 as filed with the Commission on January 13, 2015.
10.29#	Amended and Restated Employment Agreement, entered into on July 14, 2015 and effective as of July 1, 2015, between the Company and Dr. David M. Goldenberg, incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the Commission on July 16, 2015.

10.30#	Restricted Stock Units Notice, entered into on July 14, 2015, between the Company and Dr. David M. Goldenberg., incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K, as filed with the Commission on July 16, 2015.
10.31#	Amendment No. 1 to Amended and Restated Employment Agreement, effective as of November 30, 2015, between the Company and Dr. David M. Goldenberg, incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2015.
10.32#	Fifth Amended and Restated Employment Agreement, dated July 1, 2011, between the Company and Cynthia L. Sullivan, incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the Commission on June 25, 2014.
10.33†	Development and License Agreement, dated as of February 10, 2017, by and between the Company and Seattle Genetics, Inc., incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2017.
10.34	Stock Purchase Agreement, dated as of February 10, 2017, by and between the Company and Seattle Genetics, Inc., incorporated by reference from Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2017.
10.35	Form of Indemnification Agreement by and between the Company and each of its directors, executive officers, and certain of its former directors and executive officers, incorporated by reference to exhibit 10.1 to the Company's current report on Form 8-K, as filed with the Commission on February 16, 2017.
10.36	Securities Purchase Agreement between the Company and the Purchasers, dated as of May 4, 2017, incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-3, as filed with the Commission on July 31, 2017 (Commission File No. 333-219594).
10.37	†Termination Agreement, dated May 4, 2017, between the Company and Seattle Genetics, Inc.
10.38	Form of Exchange Agreement, incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K, as filed with the Commission on September 15, 2017.
10.39 †	Development and License Agreement, dated as of February 10, 2017, by and between the Company and Seattle Genetics, Inc., incorporated by reference to Exhibit 10.1 to the Company's quarterly report on Form 10-Q/A, as filed with the Commission on September 18, 2017.
10.40 †	Master Services Agreement, dated as of July 3, 2017, by and between the Company and Covance, Inc., incorporated by reference to Exhibit 10.2 to the Company's quarterly report on Form 10-Q, as filed with the Commission on November 9, 2017.
10.41 †	Work Order, dated as of July 3, 2017, by and between the Company and Covance, Inc., incorporated by reference to Exhibit 10.3 to the Company's quarterly report on Form 10-Q, as filed with the Commission on November 9, 2017.
10.42	Stipulation and Agreement of Settlement, Compromise, and Release, dated November 2, 2017, by and among the Company, venBio Select Advisor LLC, Dr. David M. Goldenberg, Cynthia L. Sullivan, Brian A. Markison, Greenhill & Co., Inc., and Greenhill & Co., LLC., incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K, as filed with the Commission on November 8, 2017.
10.43	Form of Indemnification Agreement, incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K, as filed with the Commission on December 6, 2017.
10.44 #	Executive Employment Agreement, dated as of November 8, 2017, between the Company and Michael Pehl, incorporated by reference to Exhibit 10.2 to the Company's quarterly report on Form 10-Q, as filed with the Commission on February 8, 2018.
10.45 #	Incentive Stock Option Grant, dated as of December 7, 2017, between the Company and Michael Pehl, incorporated by reference to Exhibit 10.3 to the Company's quarterly report on Form 10-Q, as filed with the Commission on February 8, 2018.

10.46 #	Nonqualified Stock Option Grant, dated as of December 7, 2017, between the Company and Michael Pehl, incorporated by reference to Exhibit 10.4 to the Company's quarterly report on Form 10-Q, as filed with the Commission on February 8, 2018.
10.47 #	Executive Employment Agreement, dated as of November 8, 2017, between the Company and Brendan Delaney, incorporated by reference to Exhibit 10.5 to the Company's quarterly report on Form 10-Q, as filed with the Commission on February 8, 2018.
10.48 #	Incentive Stock Option Grant, dated as of November 10, 2017, between the Company and Brendan Delaney, incorporated by reference to Exhibit 10.6 to the Company's quarterly report on Form 10-Q, as filed with the Commission on February 8, 2018.

10.49 †	Funding Agreement, dated as of January 7, 2018, between the Company and RPI Finance Trust, incorporated by reference to Exhibit 10.1 to the Company's quarterly report on Form 10-Q, as filed with the Commission on May 9, 2018.
10.50	Common Stock Purchase Agreement, dated as of January 7, 2018, between the Company and RPI Finance Trust, incorporated by reference to Exhibit 10.2 to the Company's quarterly report on Form 10-Q, as filed with the Commission on May 9, 2018.
10.51 #	Executive Employment Agreement, dated as of March 27, 2018, between the Company and Robert Iannone, incorporated by reference to Exhibit 10.3 to the Company's quarterly report on Form 10-Q, as filed with the Commission on May 9, 2018.
10.52 #	Incentive Stock Option Grant, dated as of April 9, 2018, between the Company and Robert Iannone, incorporated by reference to Exhibit 10.4 to the Company's quarterly report on Form 10-Q, as filed with the Commission on May 9, 2018.
10.53 #	Nonqualified Stock Option Grant, dated as of April 9, 2018, between the Company and Robert Iannone, incorporated by reference to Exhibit 10.5 to the Company's quarterly report on Form 10-Q, as filed with the Commission on May 9, 2018.
10.54 #	Nonqualified Stock Option Grant, dated as of April 9, 2018, between the Company and Robert Iannone, incorporated by reference to Exhibit 10.6 to the Company's quarterly report on Form 10-Q, as filed with the Commission on May 9, 2018.
10.55 ±*	Letter Agreement, dated as of July 6, 2018, by and between the Company and BSP Pharmaceuticals S.p.A.
10.56 ±*	License Agreement, dated as of April 4, 2018, by and between the Company and The Scripps Research Institute
21.1*	Subsidiaries of the Company.
23.1*	Consent of Independent Registered Public Accounting Firm – KPMG LLP.
31.1*	Certification of the Principal Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following financial information from the Annual report on Form 10-K for the fiscal year ended June 30, 2018, formatted in XBRL (eXtensible Business Reporting Language) and furnished electronically herewith: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Comprehensive Loss; (iii) the Consolidated Statements of Changes in Stockholders' Equity (Deficit); (iv) the Consolidated Statements of Cash Flows; and (v) the Notes to Consolidated Financial Statements.

* Filed herewith.

\# Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K pursuant to Item 15(a)(3) of Form 10-K.

† Confidential treatment has been granted for certain portions of this exhibit.

± Confidential treatment has been requested for certain portions of this exhibit. The confidential portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission.

P Paper copy only.

(Exhibits available upon request)

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

IMMUNOMEDICS, INC.

Date: August 23, 2018 By: /s/Michael Garone
Michael Garone
Chief Financial Officer (Principal Financial Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/Dr. Behzad Aghazadeh Dr. Behzad Aghazadeh	Chairman of the Board, Director	August 23, 2018
/s/Dr. Khalid Islam Dr. Khalid Islam	Director	August 23, 2018
/s/Scott Canute Scott Canute	Director	August 23, 2018
/s/Peter Barton Hutt Peter Barton Hutt	Director	August 23, 2018
/s/Michael Pehl Michael Pehl	Chief Executive Officer, Director (Principal Executive Officer)	August 23, 2018
/s/Michael Garone Michael Garone	Chief Financial Officer (Principal Financial and Accounting Officer)	August 23, 2018