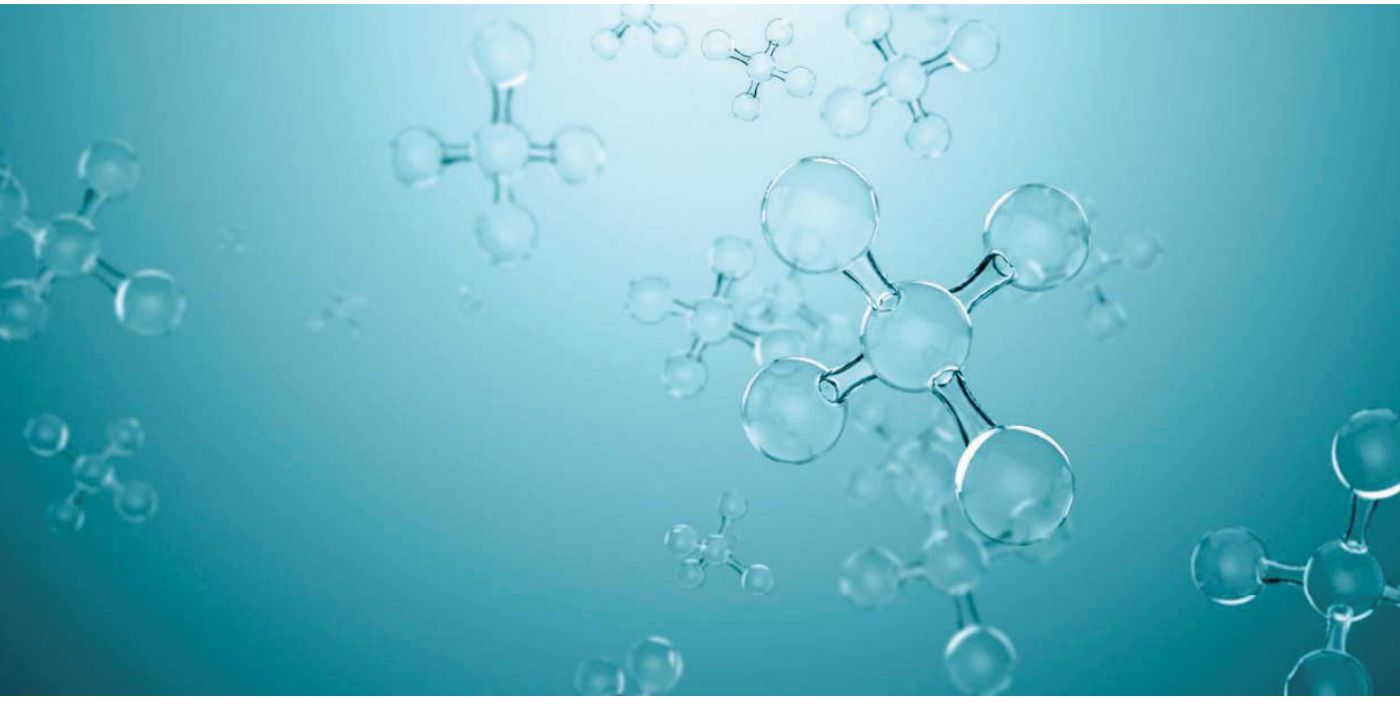
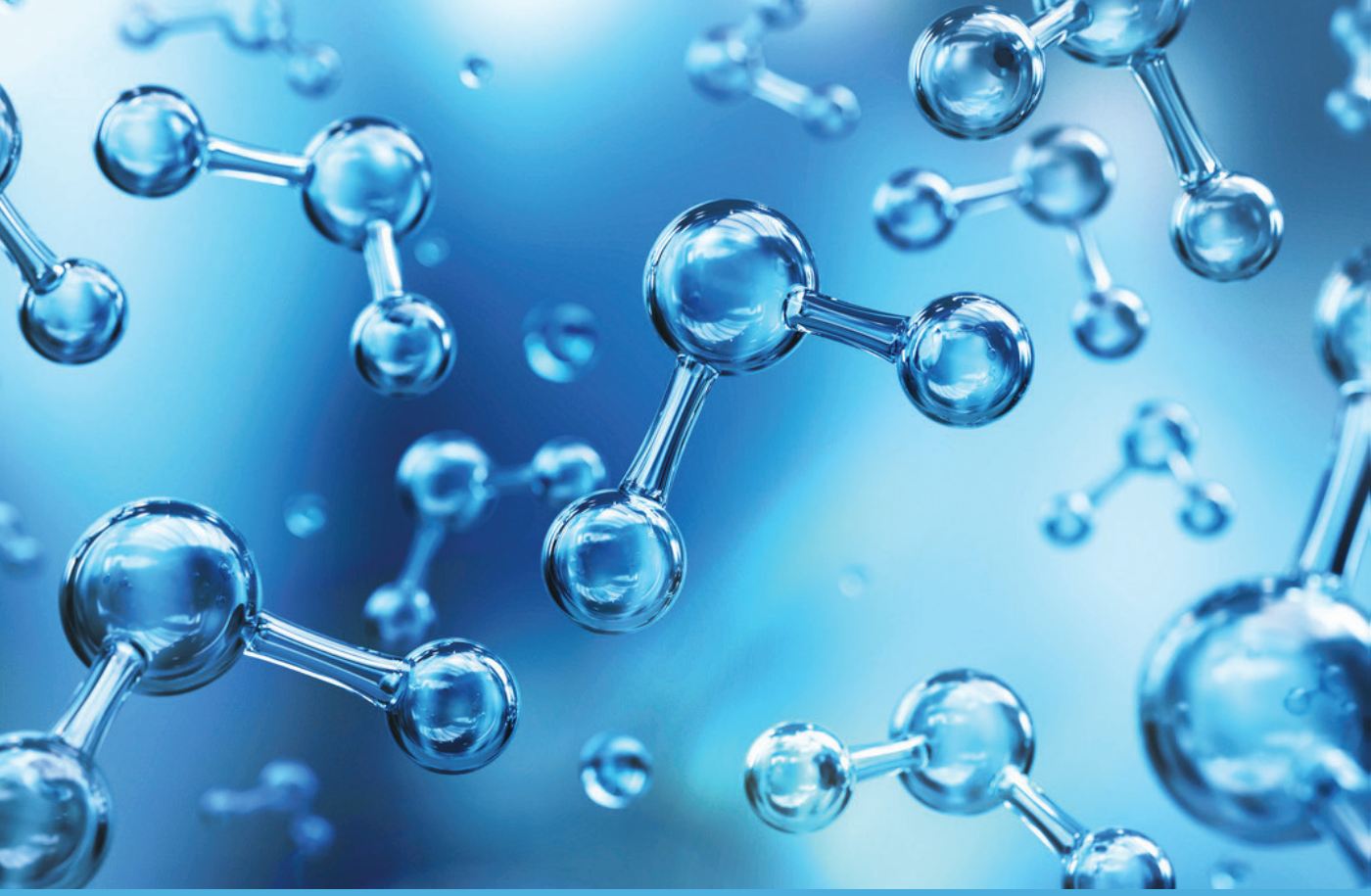
ImmuPharma



ImmuPharma plc
Report and Consolidated Financial Statements
For the Year Ended 31 December 2022

Contents

	Page
Chairman's Report	2 – 7
Financial Review	8 – 9
Strategic Report	10 – 26
Business Overview and Prospects	11
Business Strategy and Objectives	13
Product Pipeline	15 – 20
Key objectives and performance	21
Principal Risks and Uncertainties	22 – 25
Forward-Looking Statements	26
Board of Directors	27 – 30
Scientific Collaborators	31 – 32
Officers and Professional Advisers	34
Corporate Governance Report	35 – 38
Directors' Report	39 – 42
Statement of Directors' Responsibilities	43
Independent Auditor's Report	44 – 49
Consolidated Income Statement	50
Consolidated Statement of Comprehensive Income	51
Consolidated Statement of Financial Position	52
Consolidated Statement of Changes in Equity	53
Consolidated Statement of Cash Flows	54
Company Statement of Financial Position	55
Company Statement of Changes in Equity	56
Company Statement of Cash Flows	57
Notes to the Consolidated Financial Statements	58 – 86
Glossary of Technical Terms	87



Chairman's Report

Chairman's Report

2022 was a year of further transition for ImmuPharma as we continued to focus on progressing our late-stage pipeline assets as well as dealing with some complex regulatory processes, in conjunction with our partner Avion Pharmaceuticals ("Avion") and in discussions with the US Food and Drug Administration ("FDA").

In 2022, ImmuPharma continued its primary focus on progressing our late-stage program, Lupuzor™ (P140), in conjunction with our US partner, Avion. During the second half of 2021, ImmuPharma started preparations for the commencement of a clinical pharmacokinetic ("PK") study, as guided by the US Food and Drug Administration ("FDA"). The PK study was successfully completed in April 2022 with guidance from the FDA in respect to progressing Lupuzor's clinical program, announced in early 2023. This confirmed that in conjunction with Avion, we have agreed that the optimum route forward for Lupuzor™ is for a dose ranging Phase 2/3 adaptive study. Our current target is to commence this trial in H2 2023.

The PK study findings also contributed to progressing an additional autoimmune clinical program for a new disease indication, CIDP (Chronic Idiopathic Demyelinating Polyneuropathy).

In June 2022, our share capital structure was reorganised and in August 2022, we concluded a successful fundraising of £2.04m (gross). ImmuPharma continued to explore opportunities with other potential commercial partners ex-US for P140 in lupus. Global partnerships are also being sought for P140 in CIDP and anti-infective assets from the Company's R&D pipeline.

Lupuzor™/P140 – opportunity and next steps

There are an estimated five million people suffering from lupus in the US, Europe and Japan (Source: Lupus Foundation of America). The prevalence in China may be 3-4 times that seen in the US. Current 'standard of care' treatments, including steroids and immunosuppressants, can potentially have either serious side effects for patients or limited efficacy, with over 60 per cent of patients not adequately treated.

ImmuPharma believes Lupuzor™/P140 has the potential to be a novel specific drug therapy for the treatment of Lupus by specifically modulating the immune system and halting disease progression in most lupus patients. It has a unique mechanism of action and is not an immunosuppressant like other drugs. Lupuzor™/P140 normalises the over-activity of T-cells which are involved in the immune response leading to lupus disease. Lupuzor™ taken over the long term may have the potential to prevent the progression of lupus rather than just treating its symptoms, with the rest of the immune system retaining the ability to work normally.

A new major opportunity for P140 is CIDP, a rare acquired autoimmune disorder of peripheral nerves. It is a neurological disorder characterized by progressive weakness and impaired sensory function in the legs and arms. CIDP is a potential orphan drug indication which would provide patent life extension of 7 years post-approval.

The Board is confident that there is a route to market for P140 in lupus and CIDP including further corporate collaborations.

Lupuzor™ and Avion Pharmaceuticals | Background

On 28 November 2019, ImmuPharma and Avion signed an exclusive Trademark, License and Development Agreement for Lupuzor™/P140, with Avion agreeing to fund a new international Phase 3 trial and commercialising Lupuzor™/P140 in the US. The agreement also provides Avion an option on any other P140 indications. Since then, there have been two guidance meetings with the FDA on the lupus program. At the first meeting the FDA requested ImmuPharma complete a clinical PK study of P140. Following successful completion of the PK study in 2022 the FDA guided on a new dosing regimen which has been built into a new Phase 2/3 adaptive clinical trial design.

ImmuPharma and its US partner Avion co-developed and successfully completed a clinical PK study of P140 which was announced on 13 April 2022. The study was a Phase 1, open-label, single dose pharmacokinetic study of P140 after subcutaneous and intravenous administration in healthy male volunteers. Patients received a single subcutaneous injection of 200µg or 800µg P140 or a single intravenous injection of 800µg P140. There was a clear time and dose-related PK profile, which is detectable in the blood of human volunteers and applicable for all potential clinical dosing regimens of P140. In-line with all human dosing to date, P140 was safe and well tolerated across all doses and in all subjects.

In the first half of 2022 ImmuPharma provided progress updates to the market in respect to guidance meetings between the FDA and Avion. This concluded with the FDA providing a detailed response in September 2022 to Avion with significant guidance on next steps for the clinical programme. This included advice on the dosing regime. In addition, the FDA also provided further significant improvement guidance on the study protocol.

In February 2023, ImmuPharma confirmed that, with its partner Avion, they had agreed on an adaptive Phase 2/3 study for Lupuzor™ in Systemic Lupus Erythematosus ("SLE") patients. This is a one-protocol pivotal study which allows exploration of a dose-range in the Phase 2

Chairman's Report (continued)

part of the study, followed by seamless progression into the Phase 3 part of the study at the chosen dose. The overall timelines for the Lupus clinical program are shorter as one avoids the need for stopping and starting two independent trials, regulatory checks, ethics approvals and site set-ups. It is also expected to be less costly overall. There is also an opportunity, through an interim analysis in the Phase 3 part of the study, to stop the study earlier if an efficacy signal is reached after a certain percentage of patients have been treated.

This new study design incorporates guidance from the FDA which advised exploration of higher dose levels than have been used in the clinical program to date. A clean safety profile has already been established at higher doses.

In April 2023, ImmuPharma confirmed that the FDA had a set date of 7 June 2023 for a type C meeting to consider the new Phase 2/3 study protocol, for which the target commencement date will be in H2 2023.

CIDP / P140

For P140 in CIDP we announced in April 2023 that we had received confirmation from the FDA for a pre-Investigational New Drug meeting date of 16 May 2023, to consider a Phase 2/3 adaptive trial study protocol.

This will be the first pivotal stage clinical study of P140 in patients with CIDP: a rare neurological disease with high medical need.

A new Investigational New Drug ("IND") submission is required, as this will be the first time that P140 is to be studied in humans for the indication of CIDP. An application for Orphan Drug status will be submitted following the pre-IND meeting.

The CIDP market is expected to reach global sales of US$2.7bn by 2029 (source: Data Bridge Market Research, Dec 2022).

Potential Distribution Agreement with Avion

As announced in November 2022, we have agreed to explore the opportunity of a mutually beneficial route to allow ImmuPharma to introduce certain Avion products into the European market. If this is successful, this would generate top-line product sales revenue for the first time in ImmuPharma's history and contribute net positive cash flow to the Company.

We in turn have identified an established European partner who could provide the infrastructure to market and distribute the products.

Lupus ABC Consortium

The FDA's Center for Drug Evaluation and Research has partnered with the Lupus Research Alliance (LRA) to launch the Lupus Accelerating Breakthroughs Consortium (Lupus ABC), a first-of-its-kind public-private partnership focused on addressing challenges impacting lupus clinical trial success.

Lupus ABC will convene people living with lupus, medical societies, industry, academic clinical researchers and scientists, FDA, and other federal agencies to address scientific hurdles that are beyond the capacity of any single entity. By connecting those with lived experience with all parties involved in lupus treatment research, CDER hopes to advance the development of urgently needed treatments for lupus.

This can only be extremely good news for Lupus patients worldwide, including ImmuPharma, our partners and our peers, in bringing new safe Lupus drugs to the market, sooner rather than later.

Chairman's Report (continued)

Centre National de la Recherche Scientifique (CNRS)

ImmuPharma continues to have important collaboration arrangements with the Centre National de la Recherche Scientifique ("CNRS"), the French National Council for Scientific Research and the largest basic research organisation in Europe. This is where Lupuzor™ / P140 platform was invented by Prof. Sylviane Muller, Emeritus Research Director at the CNRS. Through this partnership, the CNRS will be entitled to receive from ImmuPharma, low double-digit royalty payments of funds received by ImmuPharma from Avion through the Licence and Development Agreement and through further commercialisation deals for territories outside of the US.

Pipeline Overview

There is a depth of scientific knowledge and innovation within the R&D team in Bordeaux which is focusing on those product developments (see below) which offer the highest probability of both scientific and commercial success.

Management continues to concentrate on identifying and concluding commercial collaborations and licensing deals across the product portfolio.

Our therapeutic focus is on two core areas; Autoimmunity/ Inflammation and Anti-infection. We also look for valuable deals for non-core assets as evidenced by a collaborative deal, signed in March 2023, with Orano on ImmuPharma's peptide technology as a vector for cancer radiotherapy. The initial collaboration is for 12 months and a small undisclosed upfront payment was paid to ImmuPharma.

Autoimmunity & Inflammation

P140's mode of action is relevant to many autoimmune and inflammatory diseases which provides a number of opportunities for ImmuPharma and its partners to explore in the near future. The therapeutic potential of P140 goes beyond just Lupus, with Chronic Inflammatory Demyelinating Polyneuropathy ("CIDP") being the next step. P140's application across numerous disease states stems from the research partnership between the Company and Prof. Sylviane Muller, inventor of P140 and Emeritus Research Director CNRS, France. Key highlights within the progression of the P140 platform are summarized below:

- P140 – Lupuzor™ successfully completed PK study in 2022. A Phase 2/3 adaptive study is planned to commence in H2 2023. This is a one protocol pivotal study which allows exploration of a dose range in the Phase 2 part of the protocol.
- P140 – CIDP a rare autoimmune disorder of peripheral nerves. CIDP is a potential orphan drug indication which would provide patent life extension of 7 years post-approval. A Phase 2/3 adaptive trial is targeted with IND/FDA guidance and orphan drug designation application underway.
- P140 – Second generation. Our pre-clinical team in Bordeaux, 'ImmuPharma Biotech' has commenced work to develop a pharmacologically improved version of P140, a second-generation product that aims to further strengthen the IP position and provide therapies with different improved administration modalities, yet still maintaining P140 as the active moiety.
- P140 – Other indications. Further clinical applications based on further preclinical investigation include asthma, Sjogrens syndrome, renal inflammation in diabetes, periodontitis and gout.

Chairman's Report (continued)

Anti-Infection

The innovative peptide technology at ImmuPharma Biotech has been a huge success and very recently has given rise to a number of novel development programs, out of which we have identified two core programs, in pre-clinical development; BioAMB and BioCin, which we believe have the best commercial opportunity and speed to market. Despite the preclinical stage, these programs are based on existing drugs that have been used for decades so the PK, efficacy and safety of those drugs is well understood. They will also be patent protected.

- BioAMB, a novel peptide-based drug that offers a potential improvement on the limiting side effects and poor administration regime of current Amphotericin-B ("AMB") formulations. AMB is one of a last line of agents against serious and life-threatening fungal infections caused by the aspergillus family of fungi.
- BioCin, a novel peptide-based drug based on an existing potent antibacterial, vancomycin, used in high medical need cases and in many cases the last line of defense. BioCin has the potential to offer improved safety and administration benefits.

Interest in Incanthera Plc

As at 31 December 2022, ImmuPharma had a 12.97% interest in Oncology specialist, Incanthera plc, which trades on Aquis Stock Exchange ("AQSE") under the ticker (TIDM:INC).

ImmuPharma also has 7,272,740 warrants options in Incanthera at an exercise price of 9.5p pence, being the price at which new shares were issued in the Placing accompanying Incanthera's listing in 2020.

As announced in Incanthera's interim report in December 2022, the Company continues to concentrate upon furthering discussions to capitalise on the potential for various applications of its skincare portfolio for commercial success.

As a major shareholder, ImmuPharma remains supportive of Incanthera.

Capital restructure

At the Annual General Meeting on 28 June 2022, the shareholders approved the subdivision of the Company's ordinary share capital, whereby each existing Ordinary Share with a nominal value of 10p was subdivided into 1 new Ordinary Share of 1p and 1 Deferred Share of 9p. The Deferred Shares have no significant rights attached to them and carry no right to vote or to participate in distribution of surplus assets and are not admitted to trading on the AIM market of the London Stock Exchange plc. The Deferred Shares effectively carry no value.

Capital subscription

On 03 August 2022 ImmuPharma announced a subscription and placing to raise c£1.1m through the issue of 21,018,182 new ordinary shares of 1 pence each in ImmuPharma at a price of 5p per ordinary share ("Issue Price"). This was followed on 11 August 2022 by the completion of the associated Broker Option, which raised £0.95m through the issue of 19,000,000 new ordinary shares of 1p each in the Company at a price of 5p per ordinary share.

The monies raised included a £1.0m subscription for 20,000,000 new ordinary shares with Lanstead Capital Investors LP ("Lanstead"), at an Issue Price of 5 pence per share, together with a related Sharing Agreement.

Chairman's Report (continued)

The £1.0 million gross proceeds of the Lanstead subscription was followed by the Sharing Agreement with Lanstead for 100% of these shares with a reference price of 6.67p per share ("Benchmark Price"). The Sharing Agreement is for a 24 month period and the Company will receive 24 monthly settlements, as measured against the Benchmark Price. The actual consideration is variable depending upon ImmuPharma's share price and provides the opportunity for ImmuPharma to benefit from a positive future share price performance or conversely to receive less proceeds if there is negative future share price performance.

The Company also agreed to issue Lanstead 1,400,000 ordinary shares in connection with entering into the Sharing Agreement ("Value Payment Shares").

The Company also issued 200,000 new Ordinary Shares ("Fee Shares") at an issue price of 5 pence per share to SPARK Advisory Partners Ltd in lieu of fees.

The Issue Price of 5 pence represented a 21.38% percent discount to the closing mid-market price (of 6.36p) of the Ordinary Shares on 02 August 2022, the latest business date prior to the Subscription and Placing.

Warrants

The Company agreed to issue Lanstead 30,000,000 warrants in return for Lanstead foregoing the entitlement to increase the benchmark price in 2021 sharing agreement from 14.666p to 22p. The warrants are exercisable for 10 years at an exercise price of 5.5 pence.

The Company also issued 2,500,000 and 500,000 warrants to Stanford Capital Partners "SCP" and SI Capital in lieu of fees. The warrants are exercisable for 10 years at an exercise price of 5 pence.

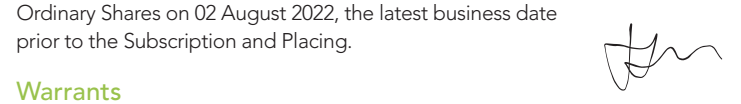
During 2022, L1 Capital Global Opportunities Master Fund ("L1") exercised Options over 6,000,000 new ordinary shares of 1p each ("Ordinary Shares") at an exercise price of 5p per share, for a consideration of £300,000.

Current Activities and Outlook

As a Board, we remain focused on bringing our two key late stage clinical assets, Lupuzor™ and CIDP closer to the market. We now have a clinical roadmap for Lupuzor™ and remain on track with our target to commence the Phase 2/3 adaptive trial in H2 2023, with potentially CIDP moving into clinical studies in parallel. This illustrates the potential franchise we have within our P140 autoimmune platform.

We will also continue to concentrate on further commercial and partnering opportunities. In conjunction with the above objectives, we continue to take prudent measures on managing our cost base.

In closing, we would like to thank our shareholders for their support as well as our staff, corporate and scientific advisers and our partners including CNRS and Avion.



Tim McCarthy
Chairman & CEO
10th May 2023

Financial Review

Financial Review

The financial results of the ImmuPharma Group in this report cover the year ended 31 December 2022. The Group's principal activity is that of research and development of novel drugs to treat serious medical conditions.

Income Statement and Statement of Comprehensive Income

The operating loss for the year ended 31 December 2022 was £3.0 million, down from £6.6 million for the year ended 31 December 2021. The research and development expenditure was £2.0 million, down from £3.7 million in 2021. The decrease is a direct result of the corporate reorganisation in the prior year. Administrative expenses were £0.8 million (2021: £1.0 million). The operating loss for the prior year included exceptional costs of £1.4 million in respect of corporate reorganisation, including the departures of Board members (including Dr Robert Zimmer and Dimitri Dimitriou) and respective settlement agreements. No such costs have taken place during the year ended 31 December 2022.

Finance income has increased from £1k in 2021 to £29k in 2022. Finance costs amounted to £1.5 million, down from £2.4 million in 2021, caused largely by the comparative fair value calculations on the Lanstead derivative financial asset and fair value loss on issue of warrants of £219k (2021: £nil). The loss after tax for the year was £3.8 million, a decrease from £8.2 million in 2021.

The amounts recognised directly in the Statement of Comprehensive Income include the total fair value loss of £0.7 million (2021: fair value loss of £1.0 million) which comprises the following components: fair value loss on shares held in Incanthera plc of £520k (2021: fair value loss of £584k) and fair value loss on Incanthera's warrants of £206k (2021: fair value loss of £418k). Total comprehensive loss for the year was £4.5 million, a decrease from £9.2 million in 2021.

Statement of Financial Position

The Group cash and cash equivalents at 31 December 2022 amounted to £0.7 million (2021: £1.6 million) with the decrease caused by the operating losses including research and development expenditure related to PK study offset by cash inflows from financing activities. Trade and other payables decreased to £1.5 million (2021: £1.6 million) and was largely due to PK study related expenditure. The total value of the financial asset equated to £0.7 million, comprising of shares in Incanthera of £0.7 million (2021: £1.2 million) and warrants in Incanthera of £0.001 million (2021: £0.2 million). At 31 December 2022 the Lanstead derivative financial asset amounted to £0.3 million (2021: £0.9 million). The decrease was a result of the fair value calculation performed at year end, reflecting the decrease in ImmuPharma's share price, further details can be seen in note 14.

Results

The Group recorded a loss for the year of £3.8 million (2021: £8.2 million). Basic and diluted loss per share was 1.26p (2021: 3.25p). In accordance with the Group's loss making position, no dividend is proposed.

Capital restructure

At the Annual General Meeting on 28 June 2022, the shareholders approved the subdivision of the Company's ordinary share capital, whereby each existing Ordinary Share with a nominal value of 10p was subdivided into 1 new Ordinary Share of 1p and 1 Deferred Share of 9p. The Deferred Shares have no significant rights attached to them and carry no right to vote or to participate in distribution of surplus assets and are not admitted to trading on the AIM market of the London Stock Exchange plc. The Deferred Shares effectively carry no value.

Total Voting Rights & Warrants

The Company had a total of 618,388,048 ordinary shares in issue at 31 December 2022. the Company's issued share capital now comprises, 333,403,115 Ordinary Shares with one voting right each and 284,984,933 deferred shares with no rights to vote. Total warrants outstanding equal: 151,450,908.

Treasury Policy

The policy continues to be that surplus funds of the Group are held in interest-bearing bank accounts on short or medium maturities, until commitments to future expenditure are made, when adequate funds are released to enable future expenditure to be incurred. The Group's Treasury Policy and controls are straightforward and approved by the Board.

Financial Strategy

The overall strategy is to maintain a tight control over cash resources whilst enabling continued progress of the Company's development assets.

On behalf of the Board
Tim McCarthy
Director
10th May 2023

Strategic Report

Strategic Report

The Board of ImmuPharma present their Strategic Report for the Group for the year ended 31 December 2022.

Vision and Values

ImmuPharma is an ethical organisation with the vision to develop novel drugs to treat serious medical conditions, delivering value to patients, medical professionals, healthcare payers and our shareholders.

Business Overview and Prospects

ImmuPharma plc is a specialty biopharmaceutical company that discovers and develops peptide-based therapeutics, headquartered in London and listed on the AIM of the London Stock Exchange (IMM). Its main research operation is in Bordeaux, France. ImmuPharma is dedicated to the development of novel drugs, largely based on peptide therapeutics, to treat serious medical conditions such as autoimmune diseases characterised by:

- high unmet medical need;
- low marketing costs; and
- relatively low development costs.

ImmuPharma has adopted an outsourcing model where development activities are assigned to contract research organisations ("CROs"), maintaining low costs. ImmuPharma will manage the development of its own assets up to commercialisation, but actively seeks collaborative agreements with larger pharmaceutical companies at earlier stages of the development proceeds.

ImmuPharma's portfolio includes novel peptide therapeutics within autoimmunity/inflammation and anti-infectives. The lead program, Lupuzor™, is a first-in class autophagy immunomodulator which is in late-stage development for the treatment of lupus. Preclinical analysis also suggests therapeutic activity for many other autoimmune diseases that share the same autophagy mechanism of action. ImmuPharma and Avion Pharmaceuticals LLC ("Avion") signed on 28 November 2019, an exclusive Licence and Development Agreement and Trademark Agreement for Lupuzor™ to complete clinical development and commercialise it in the United States.

Strategic Report (continued)

Collaboration with Centre National de la Recherche Scientifique (CNRS)

ImmuPharma has important collaboration arrangements with the Centre National de la Recherche Scientifique, the French National Council for Scientific Research and the largest basic research organisation in Europe.

As part of the collaboration arrangements, ImmuPharma has entered into a research agreement with the CNRS which relates to the therapeutic use of peptides and peptide derivatives. ImmuPharma has been granted the worldwide exclusive rights to exploit all discoveries made pursuant to this agreement and will co-own the relevant intellectual property with the CNRS.

The CNRS has granted additional exclusive worldwide licences to ImmuPharma covering rights to discoveries made prior to this agreement but related to it. Applications for additional patents, to be jointly owned by the CNRS and ImmuPharma, have already been and are being filed. The CNRS is entitled to a share of the revenue generated by ImmuPharma from the exploitation of the CNRS' licensed and co-owned rights.

Strategic Report (continued)

Business Strategy and Objectives

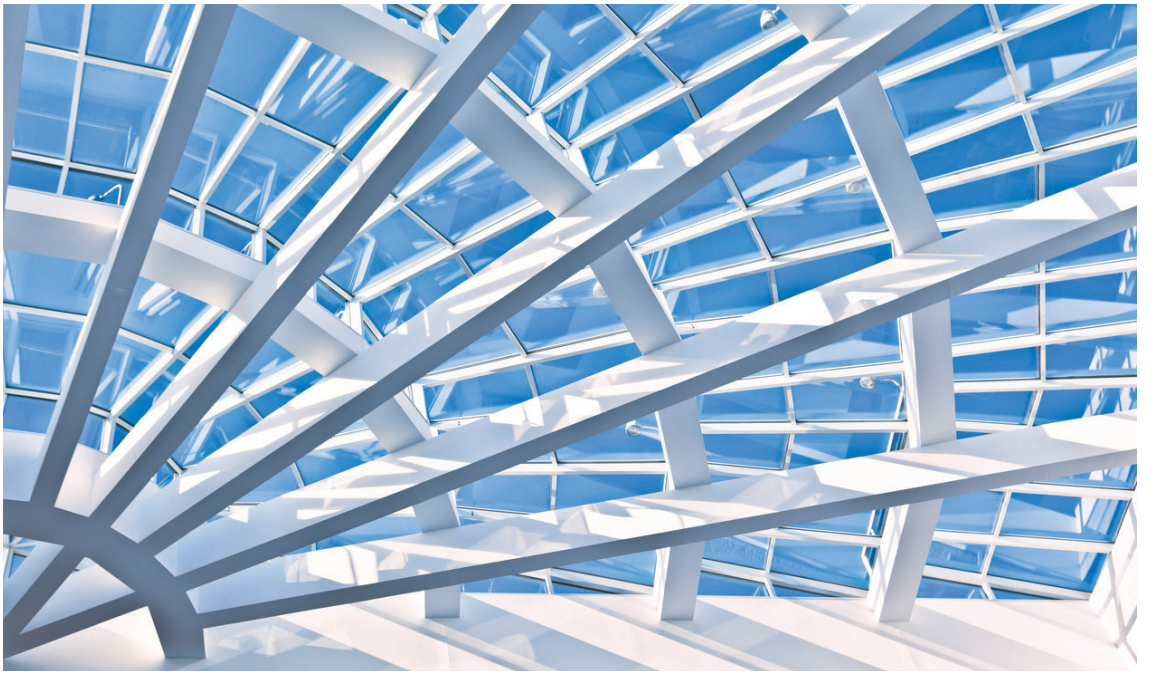
ImmuPharma focuses on developing pioneering and novel drugs in specialist therapeutic areas where there is a distinct lack of existing treatments, avoiding primary care (diseases treated by GPs) where many treatments exist. This is consistent with the trends in the pharmaceutical industry.

Since Immupharma's foundation, our research strategy has been to work closely with the largest fundamental research organisation in Europe, the CNRS in France. This collaboration enables us to access innovative research with substantial embedded value at a relatively low cost, and to work with many leading scientists and doctors.

Our market strategy is to develop drug candidates to a point where further value can be added by licensing our assets to partners (primarily major pharmaceutical corporations) that are well placed to further develop and/or commercialise them. Our corporate deal with Avion Pharmaceuticals signed in 2019, encompassing an exclusive Agreement for Lupuzor™, our lead drug candidate for the treatment of lupus, to complete development and commercialise in the US, is a successful example of this strategy in action.

ImmuPharma's principal business objective is to enhance shareholder value through the development and commercialisation of novel drugs. Its strategies for achieving this objective include:

- pursuing a low-cost model of accessing world class research through our collaboration with the CNRS in France;
- selecting specialist therapeutic areas where there are high unmet needs;
- managing the clinical development of novel drug candidates;
- seeking collaborative agreements with partner companies to further the development and commercialisation of novel drug candidates; and
- maintaining a small corporate infrastructure to minimise costs.



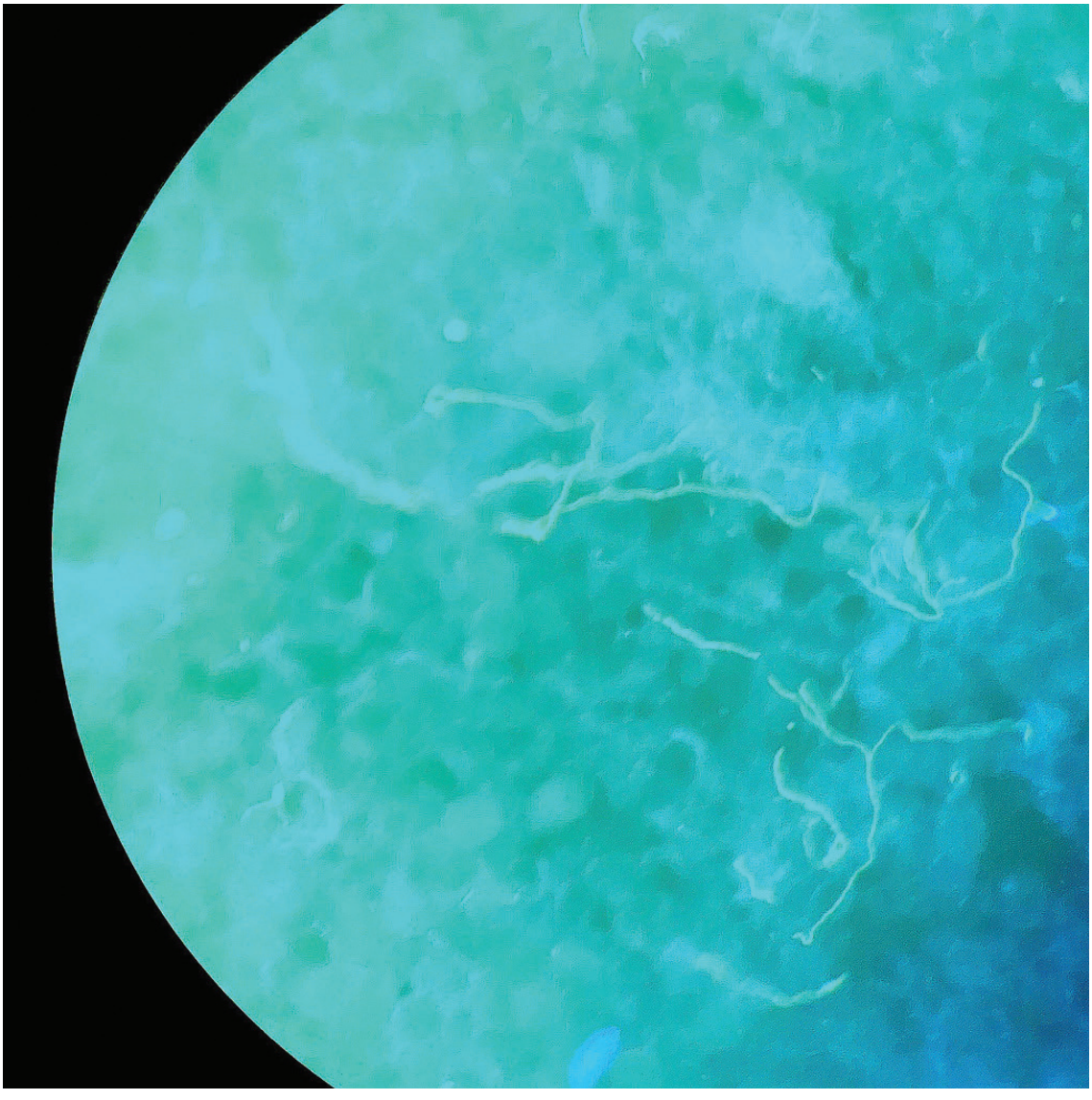
Strategic Report (continued)

Pipeline Overview

ImmuPharma's pipeline is focused on two core therapeutic areas:

- Autoimmunity & Inflammation
- Anti-Infectives

Each of these proprietary programs and respective drug candidates are novel peptide therapeutics and represent a novel approach to therapy.



Strategic Report (continued)
Product Pipeline

Autoimmunity and Inflammation
Lupuzor™

ImmuPharma's lead product candidate, Lupuzor™ (P140) targets systemic lupus erythematosus (SLE or 'lupus'). The current standard of care still consists of steroid and anti-malarial therapies which many have side-effects and poor response in many patients. Recently more targeted monoclonal therapies are GlaxoSmithKline's Benlysta and more recently, AstraZeneca's Saphnelo. There still exists a high unmet medical need for a drug that has a strong efficacy and safety profile.

Lupus is a chronic, life-threatening autoimmune, inflammatory disease with a pattern of flares and remission. Lupus can affect multiple organs such as skin, joints, kidneys, blood cells, heart and lungs. The symptoms are varied and not always specific to one disease, making diagnosis difficult with patients presenting to several different specialists (mainly dermatologists, rheumatologists, and nephrologists). Awareness of the disease has steadily increased in recent years and should continue to do so due to well-organised patient groups and increased research and development activity into new treatments. New diagnostic tools are now in place and are increasingly used by physicians, which coupled with greater awareness, should lead to an increase in diagnosis rates. Targeting patients most likely to respond to P140 therapy will help more patients get access to P140 therapy.

There are an estimated five million people suffering from lupus in the US, Europe and Japan (source: Lupus Foundation of America). The prevalence in China may be 3-4 times that seen in the US. Current 'standard of care' treatments, including steroids and immunosuppressants, can potentially have either serious side effects for patients or limited effectiveness, with over 60% of patients not adequately treated. GlaxoSmithKline's Benlysta is the first lupus drug approved in over 50 years and paves the path to market for Lupuzor™. Lupuzor™ would be entering a market with the potential for multi-billion sales. Benlysta and Saphnelo currently command global annualised sales of over $1billion despite any limitations associated with using these drugs.

Lupuzor™ was licensed to US Cephalon Pharmaceuticals in February 2009. ImmuPharma received upfront payments totalling US$45 million, with a US$500 million cash milestone payment structure plus royalties on future sales. In late 2011, following the acquisition of Cephalon by Teva Pharmaceuticals, ImmuPharma regained all product rights to Lupuzor™. On 28 November 2019, ImmuPharma and Avion Pharmaceuticals signed an exclusive trademark, licence, and development agreement for Lupuzor™ to fund a new optimised international Phase 3 trial for Lupuzor™ and commercialising Lupuzor™/P140 in the US.

Strategic Report (continued)
Product Pipeline (continued)

The agreement with Avion provides milestone payments and tiered double-digit royalties to ImmuPharma. Avion also have an an option on any other P140 indications. Since the agreement there have been two guidance meetings with the FDA on the lupus program. At the first meeting the FDA requested ImmuPharma complete a clinical PK study of P140. Following successful completion of the PK study in 2022 the FDA guided on a new dosing regimen which has been built into a new Phase 2/3 adaptive clinical trial design.

Lupuzor™ has the potential to be a first-in-class and first-line drug therapy for the treatment of lupus by specifically modulating the immune system and halting disease progression. Professor Sylviane Muller, previous Chair of Therapeutic Immunology at the CNRS and inventor of Lupuzor™, has published work demonstrating Lupuzor™ has a unique mechanism of action in modulating the activity of CD4 T cells which are involved in the cell-mediated immune response which leads to the lupus disease whilst allowing the rest of the immune system to work normally.

Lupuzor™ previously completed Phase IIb and Phase III clinical trials. The Phase III trial was carried out under a Special Protocol Assessment (SPA) from the US Food and Drug Administration (FDA) to conduct Phase III trials with Fast Track Designation. In 2015, ImmuPharma signed an agreement with Simbec-Orion to complete a pivotal Phase III clinical study of Lupuzor™. Simbec-Orion is a full service international Clinical Research Organisation (CRO) specialising in rare and orphan conditions and has previous direct experience of lupus trials.

The Phase III trial was an international, double-blind, randomised, placebo-controlled trial. A total of 202 patients received 200µg P140 or placebo once every month by subcutaneous injection. The study completed in January 2018 and top line results announced in April 2018. Although the study missed the overall primary endpoint, post-hoc analysis provided further insight to the design of a new clinical study with greater ability to show benefit in patients while maintaining good safety and tolerability.

ImmuPharma's US partnership with Avion was established at the end of 2019, which then enabled the process of developing an appropriate late-stage clinical plan for P140 in lupus. Since then, there have been two guidance meetings with the FDA on the lupus program. At the first meeting the FDA requested ImmuPharma complete a clinical PK study of P140.

Strategic Report (continued)
Product Pipeline (continued)

During the second half of 2021, ImmuPharma started preparations for the commencement of a clinical pharmacokinetic ("PK") study, as guided by the FDA in the first Type-C meeting in 2020. The PK study was successfully completed in April 2022 with guidance from the FDA in respect to progressing Lupuzor's clinical program being announced to shareholders in early September 2022. Following successful completion of the PK study in 2022 the second FDA Type-C meeting guided on a new dosing regimen which has been built into a new Phase 2/3 adaptive clinical trial design.

The findings of the P140 PK study also greatly contributed to finalising our clinical protocol for a new disease indication CIDP (Chronic Idiopathic Demyelinating Polyneuropathy).

P140 - Chronic Inflammatory Demyelinating Polyneuropathy ("CIDP")

Professor Sylviane Muller's preclinical work and publications also suggest that P140 may provide therapeutic benefit in CIDP*. CIDP is a rare acquired autoimmune disorder of peripheral nerve, described by the National Institute of Neurological Disorders and Stroke (NINDS) as a neurological disorder characterized by progressive weakness and impaired sensory function in the legs and arms. Prevalence estimates suggest from 30,000-50,000 CIDP cases across US/Europe. The European Academy of Neurology/ Peripheral Nerve Society (EAN/PNS) diagnosis guideline second update in 2021 notes that CIDP is the most common immune-mediated neuropathy.

CIDP can occur in both genders at any age, it is more common in young men than women. The initial symptoms are tingling or numbness (beginning in the toes and fingers), weakness of the arms and legs, loss of deep tendon reflexes (areflexia), fatigue, and abnormal sensations. CIDP is closely related to Guillain-Barre syndrome, and it is considered the chronic counterpart of that acute disease. Complications of CIDP include permanent decrease or loss of sensation in areas of the body and permanent weakness or paralysis in areas of the body. These symptoms may result in impaired lower and upper limb function. Common deficits encountered in patients with CIDP include gait instability and the need for gait assistive devices include cane, walker or wheelchair. Upper limb manifestations may include impairment with day-to-day activities such as manipulating buttons or zippers or using dinner cutlery. Other symptoms may include pain, tremor and fatigue; each of which adds to the disability of patients independent of loss of motor and sensory control. While most disability from CIDP is thought to be disease related, one must also consider disability related to medication used to treat the disorder. For many patients the burden of treatment (side effects, cost, time, loss of autonomy) can be substantial.

Strategic Report (continued)
Product Pipeline (continued)

There is a substantial personal and pharmacoenconomic burden of CIDP. The goals of CIDP treatment are to arrest the attack on the myelin sheath of nerves and to reduce symptoms, improve functional ability, prevent relapse, and maintain long-term remission. Immunoglobulins (Igs), corticosteroids, and plasma exchange are considered as first-line therapy.

In the US intravenous immunoglobulin (IVIG) is considered first line treatment. Multiple IVIG products including Panziga® (Pfizer), Gamunex (Grifols) and Privigen (CSL Behring) have been approved for treatment of adults with CIDP to improve neuromuscular disability and impairment. The mechanism by which IVIG improves CIDP is not clearly understood, but likely involves competing with or removing pathogenic auto-antibodies, thereby preventing myelin and nerve injury. Within a setting void of inflammatory nerve attack, nerves may auto-heal, and their function can be restored. In cases where nerve injury is severe or very chronic repair is an unrealistic objective, and the focus turns to preventing the disease from getting worse.

Other than IVIG, corticosteroids and plasma exchange are evidence-based proven effective CIDP treatment options. Plasma exchange is limited by the short durability of treatment effect, need for frequent exchanges, and tolerability as a chronic treatment. The many side effects of corticosteroids are well known. While these can be managed in the short term, as a long-term therapy corticosteroid generally impose too much collateral damage on patients to be considered a routine viable treatment option. In all patients, which treatment is given depends on comorbidities and contraindications, tried, and failed prior treatment attempts, and disease severity. With more aggressive treatment comes more potential for adverse outcomes, but that risk may be justified if disease disability is substantial. In the mildest cases in which symptoms do not impact functionality the disease may be managed with supportive care alone

ImmuPharma has completed the protocol for a pivotal adaptive Phase 2/3 clinical trial to be submitted for an IND application and application for orphan drug designation in 2023. Orphan drug designation would provide 7 years' marketing exclusivity post-approval.

ImmuPharma is working closely with Professor Jerome de Seze, a Professor in Neurology and PhD in Immunology and Head of the Neuroimmunological department of Strasbourg hospital. He is a recognised specialist in CIDP and will be the principal investigator for our forthcoming CIDP trial and has been involved in many CIDP trials. Professor Sylviane Muller, who has a longstanding relationship with Professor de Seze and his work within CIDP, will provide any necessary support for this programme.

Strategic Report (continued)
Product Pipeline (continued)

This CIDP clinical study has much shorter treatment duration timelines than lupus meaning that this clinical trial could potentially complete ahead of the Lupuzor™ Phase 2/3 trial in lupus.

The CIDP programme is gaining a lot of interest in the Biopharmaceuticals industry given the orphan drug status, high medical need in a neurology therapy area, and limited therapeutic options which do not have any underlying disease-modifying benefits. The sales potential for P140 in CIDP is forecast to be over $750 million annually by 2031. The Company is in active discussions with potential commercial partners on this programme.

*Results were published in 2018 in the 'Journal of Autoimmunity 92 (2018) 114–125' entitled: "An autophagy-targeting peptide to treat chronic inflammatory demyelinating polyneuropathies".

P140 – Other indications

As part of the ongoing research into P140, a number of new indications have been revealed. They all share the same common cause at the mechanistic level of the cell. Pre-clinical studies have now confirmed P140 activity in asthma (acute and chronic), gout, irritable bowel disease and periodontitis. There is still significant unmet medical need in all these diseases states.

P140 – Second generation

ImmuPharma, has commenced work to develop an improved version of P140, a second generation product that aims to further strengthen the IP position and deliver active P140 with improved dosing regimens. This also provides the benefit of extending the product life cycle of P140 and the ability to study P140 (the active moiety) in additional disease indications.

Anti-Infectives

Anti-infectives was chosen as a core therapy focus because of the ever-looming threat of new and resistant organisms, with few significant new products or even classes having been discovered or developed now for many years. Our proprietary peptide technology lends itself well to taking established products and greatly improving their pharmacology.

The World Health Organisation has stated that resistance to antibiotics is one of the biggest threats to global health, costs and mortality. Pandemic disease events could cost the global economy over $6 trillion in the 21st century (National Academy of Medicine: 2016).

It is worth to note that clinical trials within anti-infectives therapy area are generally much shorter than for chronic diseases, so this is an attractive therapy area for speed to market and lower cost of trials.

Strategic Report (continued)
Product Pipeline (continued)

BioAMB
BioAMB is our most advanced anti-infective candidate. It is an improved form of amphotericin-B ("AMB"), a well-established systemic antifungal drug. It is usually reserved for third line therapy due to the severe side effects associated with most AMB formulations. The toxicity associated with AMB, especially nephrotoxicity, has always been a key challenge for this group of drugs. Pre-clinical studies on BioAMB have so far demonstrated both efficacy and none of the usual toxicity side effects associated with existing AMB formulations. Sales of AMB formulations in 2021 were $540 million. However, BioAMB's target product profile will aim for a larger market where the azole class of drugs are used first line (e.g. voriconazole). We are targeting improvements in drug administration and safety whilst maintaining the high efficacy of amphotericin-B against fungal pathogens.

BioCin
BioCin is an improved form of vancomycin, a systemic antibacterial which is highly effective against Methicillin Resistant Staphylococcus Aureus (MRSA) and orally against Clostridium Difficile infections. However, vancomycin is not absorbed from the gut and so requires administration by infusion which is needs to be monitored for efficacy/safety and represents an expensive regimen for patients and their healthcare providers. We have identified where we can improve a number of aspects of the drug's pharmacology with BioCin in order to improve ease of administration whilst optimising the efficacy/safety profile compared to standard vancomycin therapy.

Key Performance Indicators
ImmuPharma is a drug discovery and development group. In keeping with organisations at a similar stage of development in the pharmaceutical and biotechnology sector, ImmuPharma's main activity involves incurring research and development expenditure. The overall strategy is to maintain a tight control over cash resources whilst enabling controlled development of the potential product portfolio.

Going Concern
The Company and Group do not generate any material cash revenues as its pipeline products are currently at research and development stage and therefore rely on external finance in order to fund its operation.

The directors have prepared cashflow forecasts covering a period of more than 12 months from the date of the approval of these financial statements. These forecasts include a number of cash inflows to the Company and Group including the variable cash receipts under the Lanstead Sharing Agreement and expected receipts from licence and collaborations agreements. No new equity fundraising has been assumed. Certain directors of the company continue to defer salaries and the forecasts assume that this will continue over the forecast period. Some of the cash inflows have a level of uncertainty in respect of timing of receipt and absolute quantum which have been modelled through sensitivity analysis. These uncertainties are such that potential actions, to further reduce the cost base of operations, may not be sufficient to mitigate all reasonably possible downsides.

Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern and, therefore to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Strategic Report (continued)

Key objectives and performance

Objective	Key progress during the period
Successfully find a suitable partner(s) for and/or sufficient funding for the clinical development of Lupuzor™	• In April 2022, ImmuPharma announced the successful completion of the Lupuzor™PK study. • In September 2022, FDA provided guidance on next steps for the clinical program. This included advice on the dosing regime. In addition, the FDA also provided further significant guidance on the study protocol to improve the regulatory outcome.
Develop potential product portfolio	• Collaboration with CNRS, new broad agreement is under way to explore P140 platform opportunities created by Professor Sylviane Muller. • Collaboration with Imperial College London on innovative peptide assets.
Maintain strong cash position	• Consolidated cash balance at 31 December 2022 was £0.7 million. • Shares subscriptions and placement of £2.0 million (gross), inclusive of "Lanstead Sharing Agreement" of £1m over 24 months. • Continued tight financial control to ensure effective overall expenditure.

Strategic Report (continued)

Directors' duties in relation to s172 Companies Act 2006

The directors consider that they have acted in the way they believe, in good faith, to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term,
- the interests of the Company's employees,
- the need to foster the Company's business relationships with suppliers, customers and others,
- the impact of the Company's operations on the community and environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly between the shareholders of the Company.

Long term value

The aim of all business resources allocation is to create a long-term value, being a development and commercialisation of novel drugs. For further details, please see pages 11-15.

Our people

Being a small group with only on average 13 employees, there is a high level of visibility between Board and employees. For further details, please see page 23-24.

Business relationships

The Board is aware of the importance of maintaining good relationships with its key suppliers whilst safeguarding its resources. For further details, please see pages 32-33 for stakeholder engagement.

Community and environment

The Board seeks to support as many interactions with the research and development community as possible through regular meetings and continuous collaborations. For further details, please see pages 32-33 for stakeholder engagement.

Business Conduct

The Board seeks to maintain a reputation for high standards of business conduct. For further details, please see pages 26-30 for corporate governance.

Shareholders

Shareholder communication is conducted regularly via press releases, Proactive Investor platform, annual and interim reports, AGM. For further details, please see pages 32-33 for stakeholder engagement.

Principal Risks and Uncertainties

ImmuPharma operates within a complex business environment and an industry that is fundamentally driven by regulatory processes. A robust understanding of the risks and uncertainties involved in a pharmaceutical drug development business is fundamental to ImmuPharma's success. The Board regularly considers these principal risks and uncertainties and reviews its strategies for minimising any adverse impact to the Company or its investors.

The principal risks and uncertainties have been grouped into three categories: pharmaceutical environment, financial and operational. The table below does not illustrate the list of all risks faced by ImmuPharma.

Strategic Report (continued)
Principal Risks and Uncertainties (continued)

Pharmaceutical Environment Risks

Drug Development	Mitigating factors	Change in year
If the clinical trials of any of ImmuPharma's drug candidates fail, that drug candidate will not be marketed, which would result in a complete absence of revenue from the failed product. The drug development process and achievement of regulatory approvals is complex and uncertain. Because of the cost and duration of clinical trials, the directors may decide to discontinue development of drug candidates that are either unlikely to show good results in the trials or unlikely to help advance a product to the point of a meaningful collaboration. Positive results from pre-clinical studies and early clinical trials do not ensure positive results in clinical trials designed to permit application for regulatory approval.	ImmuPharma's management team have many years of experience in drug development and a robust understanding of the clinical trial design process. This experience should help ensure that such risks are minimised. In addition, ImmuPharma has established scientific advisors and an advisory board in the case of Lupuzor™, P140 for lupus and CIDP and BioAMB for systemic aspergillosis.	↔

Failure to Protect Products	Mitigating factors	Change in year
The commercial success of ImmuPharma depends upon its ability to obtain patent protection for its products globally. No assurance is given that ImmuPharma will develop products that are patentable, or that patents will be sufficiently broad in their scope to provide protection for ImmuPharma's intellectual property rights and exclude competitors with similar technology. Competitors may obtain patents that may relate to products competitive with those of ImmuPharma. If this is the case then ImmuPharma may have to obtain appropriate licences under these patents or cease and/or alter certain activities or processes, or develop or obtain alternative technology. There can be no assurance that, if any licences are required, ImmuPharma will be able to obtain any of them on commercially favourable terms, if at all.	Since its inception, ImmuPharma has developed a significant patent portfolio. By utilising reputable external advisers, the Company mitigates the risk of patent infringement.	↔

Regulatory Framework	Mitigating factors	Change in year
Changes in government regulations or enforcement policies could impose more stringent requirements on ImmuPharma, compliance with which could adversely affect its business. Failure to comply with applicable regulatory requirements could result in enforcement action, including withdrawal of marketing authorisation, injunction, seizure of products and liability for civil and/or criminal penalties.	It is essential that ImmuPharma complies with all regulatory requirements and it continually monitors regulatory developments to ensure that any issues are factored into decision making and projected timelines. External advice is sought after for new legislation or where resources are not available internally.	↔

Environmental Hazards	Mitigating factors	Change in year
ImmuPharma and its third party contractors are subject to laws, regulations and policies relating to environmental protection, disposal of hazardous or potentially hazardous substances, healthy and safe working conditions, manufacturing practices and fire hazard control. There can be no assurance that ImmuPharma or its collaborators will not be required to incur significant costs to comply with future laws, regulations and policies relating to these or similar matters. The risk of accidental contamination or injury from certain materials cannot be eliminated. In the event of such an accident, ImmuPharma could be held liable for any damage that results and any such liability could exceed its resources.	ImmuPharma works with reputable third party organisations that provide assurance regarding their working practices and conditions. In addition, the Group maintains corporate insurance to mitigate this risk.	↔

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Financial Risks

Availability of Finance	Mitigating factors	Change in year
As ImmuPharma is not yet at the stage of generating profit, it relies on external funding to develop its programs. It could be several years, if ever, before ImmuPharma receives royalties from any future licence agreements or revenues directly from product sales. If ImmuPharma fails to obtain additional financing, it may be unable to complete the development and commercialisation of its drug candidates or continue its research and development programmes.	The Board remains focused on ensuring it has sufficient capital funds to progress its product portfolio. In August 2022 ImmuPharma secured the fundraising of £2.04m (before expenses). It also has a good oversight on all major cash expenditures, including budgeting, internal cash forecasting and quarterly reporting.	↔

Operational Risks

Reliance on Third Parties	Mitigating factors	Change in year
ImmuPharma relies heavily upon other parties (including CROs) for many key stages of its drug development programmes, including execution of some pre-clinical studies and later-stage development for its compounds and drug candidates, management of its clinical trials, management of its regulatory function, and manufacturing, sales, marketing and distribution of its drug candidates. Underperformance by any of these other parties could adversely impact the Company's ability to operate effectively.	During 2022, respectable CROs have been engaged for three of the main Company's programs. Their performance was monitored closely by weekly updates on progress status.	↔

Reliance on Key Personnel	Mitigating factors	Change in year
ImmuPharma is dependent on the principal members of its management and scientific staff. Recruiting and retaining qualified personnel, consultants and advisers will be important to its success. There can be no assurance that ImmuPharma will be able to recruit the new staff or retain its personnel on acceptable terms given the competition for such personnel from competing businesses. The loss of service of any of ImmuPharma's personnel could impede the achievement of its objectives.	The Board actively considers succession planning for its key roles. The Company offers share option scheme to its employees alongside with training and development opportunities. The Group's virtual organisation structure has also made an attractive employment proposition.	↔

Competition	Mitigating factors	Change in year
ImmuPharma's competitors include amongst others, major pharmaceutical, biotechnology and healthcare companies with substantially greater resources than those of the Group. There is no assurance that competitors will not succeed in developing products that are more effective or economical than those being developed by ImmuPharma. Furthermore, there is no guarantee that the drug candidates being developed by ImmuPharma have either a better safety profile, dosing profile and/or efficacy profile than products that are already marketed by its competitors and this may adversely affect the sales of any new products.	The Group remains aware of the continually evolving competitive landscape of the therapeutic areas in which it operates. It's expected that the level of competitive risk will continue to be significant. This awareness is factored into its decision making for its pipeline programs.	↔

Strategic Report (continued)
Principal Risks and Uncertainties (continued)

Covid-19	Mitigating factors	Change in year
Delays in the timing of any action by the regulators: MHRA, FDA, including the delays of its review process.	The Group actively assesses its contingency planning for the delays of regulatory review process. The group keeps a close dialogue with regulators, so it can have an early visibility of any potential delays.	↓
Delays or difficulties in enrolling patients in our clinical trials.	The Group proactively seek to address this issue by ensuring the careful selection of CROs. The CROs chosen are appropriately selected in terms of reputation, level of expertise complexity of the study and ability for regular operational monitoring and updates. The CROs management of potential pandemic disruption (i.e. remote monitoring, video consultations etc.) is also a factor in determining the final choice.	

Strategic Report (continued)

Forward-Looking Statements

This document contains certain statements that are not historical facts and may be forward-looking statements that are subject to a variety of risks and uncertainties. There are a number of important factors that could cause actual results to differ materially from those projected or suggested in any forward-looking statement made herein.

These factors include, but are not limited to: (i) ImmuPharma's and/or ImmuPharma's partners' ability to successfully complete product research and development, including pre-clinical and clinical studies and commercialisation; (ii) ImmuPharma's and/or ImmuPharma's partners' ability to obtain required governmental approvals, including product and patent approvals, the impact of pharmaceutical industry regulation, the difficulty of predicting FDA and other regulatory authority approvals, the regulatory environment and changes in the health policies and structure of various countries; (iii) the acceptance and demand for new pharmaceutical products and new discovery-enabling technologies such as the use of cells and (iv) ImmuPharma's ability to attract and/or maintain manufacturing, sales, distribution and marketing partners; and (v) ImmuPharma's and/or ImmuPharma's partners' ability to develop and commercialise products before its competitors and the impact of competitive products and pricing, the availability and pricing of ingredients used in the manufacture of products, uncertainties regarding market acceptance of innovative products newly launched, currently being sold or in development. In addition, significant fluctuations in financial results may occur as a result of the timing of milestone payments and the timing of costs and expenses related to ImmuPharma's research and development programme.

Without limiting the generality of the foregoing, no assurance is given as to when ImmuPharma's products will be launched or licensed, or whether that launch or licensing will be commercially successful, and words such as "may", "will", "to", "expect", "plan", "believe", "anticipate", "intend", "could", "would", "estimate" or "continue" or the negative or other variations thereof or comparable terminology is intended to identify forward-looking statements.

If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Group's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

Neither the directors nor the Company undertake any obligation to update forward-looking statements or risk factors other than as required by AIM or by applicable law, whether as a result of new information, future events or otherwise.

Tim McCarthy
Signed on behalf of the Board of ImmuPharma Plc
10th May 2023

Board of Directors

Board of Directors

Tim McCarthy, FCCA, MBA
Chairman and Chief Executive Officer

Tim was appointed as CEO in July 2021. He has over 40 years' international experience in high growth biotech, healthcare and technology companies. He is also Chairman of Incanthera plc and 4basebio plc. Mr McCarthy has previously been Chief Executive Officer and Finance Director of a number of UK listed public and private companies, including Alizyme plc and Peptide Therapeutics Group plc, and has a core understanding of AIM and its regulatory processes. Co-founding a number of healthcare and biotechnology companies, Mr McCarthy has raised substantial amounts of equity capital and also advised and worked at Board level for a diverse range of companies internationally, in areas such as business strategy, mergers & acquisitions, due diligence and licensing.

Dr Tim Franklin, PhD, MBA
Chief Operating Officer

Tim joined the Board in July 2021. He has 30 years' experience in the biopharmaceutical industry. He worked in clinical research, sales and marketing, and global strategic marketing for Warner Lambert, Wellcome and SmithKline Beecham. He later moved to the capital markets where he became a top-ranked pharmaceuticals analyst at Dresdner Kleinwort investment bank. He applied his experience to stock selection in hedge funds and advised several small biotechnology companies on corporate and commercial strategy and access to capital. He holds a BSc in Medicinal Chemistry and a PhD in Pharmacology from Loughborough University and an MBA from Warwick Business School.

Dr Sanjeev Pandya, MBA
Senior Non-Executive Director

Sanjeev joined the Board in July 2021. He has over 25 years of healthcare and international management experience. He was formerly CEO of Advanced Oncotherapy Plc, a specialist cancer radiotherapy business listed on AIM. During his leadership, he raised over $100m and developed and secured partnerships in the USA, EU, China, Singapore, India, Australia, Asia and South America. Formerly, he had a number of leadership roles in several global clinical trials at Pfizer and was head of Europe Regulatory and Medical at Reckitt Benckiser. Sanjeev trained and worked as an orthopedic surgeon in the NHS and various Third World countries. He has a medical degree from Trinity College, Cambridge and an MBA from INSEAD.

Lisa Baderoon
Non-Executive Director and Head of Investor Relations

Lisa joined the Board in July 2021. She has spent over 25 years working within the City of London being involved with a diverse portfolio of clients from a variety of sectors but with a leaning towards emerging, high growth businesses advising both private and public companies on their financial and corporate strategies aligned to stakeholder and investor interests, as well as a strong acumen in media communication. During this time, she has been involved in a multitude of client transactions spanning private fund raisings, Initial Public Offerings (IPOs), secondary high profile capital raisings and mergers and acquisitions both in the UK and internationally.

Board of Directors (continued)

Board of Directors (continued)

Company Secretary

Ewa Flynn, FCCA
Chief Financial Officer

Ewa held several lead financial positions in various listed and private companies, including online retailers, notably within the Amazon Group. Ewa has been an ACCA qualified Chartered Accountant since 2015 and holds an M.A. in International Relations from Jagiellonian University in Kracow. Ewa stepped down from her role in October 2022.

Ward Williams Limited ("Ward Williams")
Chief Financial Officer

On 7 October 2022 ImmuPharma appointed Ward Williams as a Company Secretary. Ward Williams is a accountancy practice who have been servicing the accounting services of ImmuPharma for a number of years. Their team consists of Chartered Accountants, all of whom have experience dealing with quoted and private companies operating in a variety of sectors and jurisdictions.

Scientific Collaborators

Scientific Collaborators

Prof Sylviane Muller, Phd

Co-founder of ImmuPharma France SA

Professor Muller is Professor at the Institute of Advanced Studies of the Strasbourg University where she holds the chair in Therapeutic immunology; Emeritus Research Director at the CNRS; former Director of the CNRS Unit Immunopathology and therapeutic chemistry (2001-2017) and former Director of the CNRS Institute of Molecular and Cellular Biology (2016-2017). She is the current Director of the Drug discovery Center for cancer and inflammation Medalis awarded 'Laboratory of Excellence' (2011-2020; with 200 persons) and future Director of the Strasbourg Institute for drug development and discovery (2021-2028; 250 persons). She received several awards (CNRS Silver Medal, CNRS Innovation Award, Léon Velluz Prize from the French Academy of Sciences, finalist of the 2017 European Inventor Award). In 2020, she became an elected member of the European Academy of Sciences. Most recently, in September 2021 she was awarded the highly prestigious Legion d'honneur Award. Her expertise in peptide immunochemistry, combined with insights into the molecular and cellular pathways behind autoimmune disease, led to the discovery of Lupuzor™. Professor Muller has filed over 30 patents and published more than 385 papers and reviews.

Financial and Corporate Information

Officers and Professional Advisers

Directors
Mr Tim McCarthy – Chairman and Chief Executive Officer
Dr Tim Franklin – Chief Operating Officer
Dr Sanjeev Pandya – Senior Non-Executive Director
Lisa Baderoon – Head of Investor Relations and Non-Executive Director

Secretary
Ward Williams Limited

Investor Relations
Lisa Baderoon

Registered Office
One Bartholomew Close
London EC1A 7BL

Nominated Adviser
SPARK Advisory Partners Limited
5 St John's Lane
London EC1M 4BH

Joint Broker
Stanford Capital Partners Limited
5-7 Cranwood Street
London EC1V 9EE

Joint Broker
SI Capital
46 Bridge Street
Godalming
Surrey GU7 1HL

Auditors
CLA Evelyn Partners Limited
Chartered Accountants
45 Gresham St
London EC2V 7BG

Solicitors
BDB Pitmans
One Bartholomew Close
London EC1A 7BL

Principal Bankers
Royal Bank of Scotland plc
62/63 Threadneedle Street
London EC2R 8LA

Registrars
Computershare Investor Services Plc
PO Box 82,
The Pavilions
Bridgwater Road,
Bristol BS99 7NH

Corporate Governance Report

The Group's directors recognise the importance of sound corporate governance. As such the Board has adopted the Quoted Companies Alliance Corporate Governance Code ("the QCA Code").

Tim McCarthy, Chairman and Chief Executive Officer, has assumed responsibility for ensuring that the Group has appropriate corporate governance standards and that these standards are applied throughout the Group.

The Board, through its adoption of the QCA Code, believes in the value of putting the necessary systems and processes in place to support the medium to long-term delivery of the Company's strategic objectives. The Board is aware of the importance of communicating these strategic objectives to stakeholders and in reporting performance in a manner that encourages constructive dialogue to support the production of sustainable value in the long term. The Board recognise their role in setting the strategic direction of the business as well as in establishing the organisation's risk appetite. This is supported with a strong belief in appropriate accountability and performance measures. Further, the Board is cognisant of the key role it plays in setting the tone and culture of the entire Group.

The Board currently consists of 4 directors, 2 of which are executive and 2 are non-executive.

The Board has considered each of the 10 principles contained within the QCA Code and where the Group does not fully comply with each principle an explanation is provided as to why it does not currently do so.

In addition, the Company has implemented a code of conduct for dealing in the shares of the Company by directors and employees (see Principle 9, pages 29-30 for more information).

Principle 1 – Establish a strategy and business model which promote long-term value for shareholders

ImmuPharma is an ethical organisation with the vision to develop novel drugs to treat serious medical conditions, delivering value to patients, medical professionals, healthcare payers and its shareholders.

ImmuPharma's principal business objective is to enhance shareholder value through the development and commercialisation of novel drugs. Its strategies for achieving this objective include:

- Pursuing a low-cost model of accessing world class research through collaboration with the CNRS in France;
- Selecting specialist therapeutic areas where there are high unmet needs;
- Managing clinical development of novel drug candidates;
- Seeking collaborative agreements with partner companies to further the development and commercialisation of novel drug candidates; and
- Maintaining a small corporate infrastructure to minimise costs.

Key activities and discussions in 2022, in relation to strategy and performance were revolving around product pipeline (see Strategic Report on pages 11-15 for more information), Lupuzor regulatory progress, including the PK study (see Chairman's report on pages 2-3 for further details) and capital subscriptions (see Chairman's report on page 5 for more information).

Principle 2 – Seek to understand and meet shareholder needs and expectations

ImmuPharma strives to engage in active dialogue with shareholders through regular communication including investor events, participation in conferences, the Company's Annual General Meeting, any meetings that are held throughout the year and one-on-one discussions.

Over the past 12 months, ImmuPharma's shareholder communications have included participation at investor events, regular announcements regarding the Company's clinical trial progress, the Annual General Meeting and numerous one-on-one meetings and interviews. These meetings seek to foster a mutual understanding of both the Company's and shareholders' objectives. Such meetings are conducted in a format to protect price sensitive information that has not already been made generally available to all the Company's shareholders.

Similar guidelines also apply to other communications between the Company and other parties, such as financial analysts, brokers and the media.

In addition, the Board is provided with market summary reports which detail share price and share register movements.

All members of the Board are scheduled to attend the Annual General Meeting. Notice of the Meeting is dispatched to shareholders at least 21 working days before the Meeting. The information sent to shareholders includes a summary of the business to be covered, with a separate resolution prepared for each substantive matter. When a vote is taken on a show of hands, the level of proxies received for and against the resolution and any abstentions are disclosed at the Meeting. The results of votes lodged for and against each resolution are announced to the London Stock Exchange and displayed on the Company's website. At the Meeting there will be an opportunity, following the formal business, for informal communications between shareholders and directors.

Corporate Governance Report (continued)

Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises the importance of its wider stakeholders – employees, contractors, suppliers, regulators and advisors – to its long-term success. The Board has established expectations that these key resources and relationships are valued and monitored. In particular, the Company's business model of outsourcing clinical trials requires reliable dialogue with contractors to ensure the success pursuit of long-term strategic objectives. Furthermore, the Board actively seek to engage regularly with our corporate advisers to ensure proactive communication regarding the Company's activities. In doing so, the Company is able to take any feedback into account and adjust its actions accordingly to ensure it stays focused on long-term performance.

The Board recognises that the Company operates within the wider pharmaceutical industry and strives to remain alert to developments in a wider industry/society context. See stakeholder engagement within Directors Report for further details on the pages 32-33.

Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation

ImmuPharma operates within a complex business environment and an industry that is fundamentally driven by regulatory processes. The Board has set out its understanding of the principal risks and uncertainties in its Strategic Report and regularly reviews its strategies for minimising any adverse impact to the Company or its investors.

Risk assessment is a priority for the Board. The major risks to the business are laid out in detail in the Company's Strategic Report on pages 17-21. They concern mainly the control and timely progress of clinical trials and the obtaining of regulatory approval and profitable agreements with other parties, with adequate financial resources to achieve these objectives.

Where a material new risk or opportunity is identified, or an existing risk escalates, the Board will communicate and meet outside of the regular Board meetings to ensure the required actions are taken and are effective.

Principle 5 – Maintain the board as a well-functioning, balanced team led by the Chairman

The Board members have a collective responsibility and legal obligation to promote the interests of the company.

In the table below, details of the Board of Directors are summarised:

Name	Title	Independent	Committee Memberships
Tim McCarthy	Chief Executive Officer and Chairman		Audit
Tim Franklin	Chief Operational Officer		Audit
Sanjeev Pandya	Senior Non-Executive Director	X	Audit, Remuneration
Lisa Baderoon	Head of Investor Relations and Non-Executive Director	X	Audit, Remuneration

Brief biographies of each Director are set out on page 23. The Company believes that the skills and experience of each Director are of the appropriate mix to provide effective governance and management of the business. The Board was supported in its governance and finance responsibilities by Ward Williams Limited, acting as Chief Financial Officer (not a Director) and Company Secretary, appointed as a Company Secretary in October 2022.

Following major changes in the Board structure in 2021, Tim McCarthy was appointed as CEO, while maintaining the position of Chairman. The Company has initiated the process to identify a suitable person to take over as Non-Executive Chair of the Company and during this interim period Tim will continue as Chairman.

The Company also appointed its non-executive directors, taken into consideration their independency and shareholders' interest. The appointed independent directors have considerable relevant experience to sufficiently question and hold the executive directors to account.

Each Director is required to devote as much time as required to carry out the roles and responsibilities required.

Corporate Governance Report (continued)

The Company has adopted the practice of requiring all directors to be subject to re-election every three years.

The executive directors are employed under service agreements requiring 12 months' notice by either party. Non-executive directors receive payments under appointment letters, which are terminable by three months' notice by either party.

The Board meets regularly throughout the year with all decisions concerning the direction and control of the business made by a quorum of the Board. As of 31 December 2022, the Board met 12 times with the attendance records of the directors as follows:

Tim McCarthy, Chief Executive Officer and Chairman – 12/12
Tim Franklin, Chief Operational Officer – 12/12
Sanjeev Pandya, Senior Non-Executive Director – 12/12
Lisa Baderoon, Head of Investor Relations and Non-Executive Director – 12/12

Principle 6 – Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board has extensive mixture of skills and experience, which enable the delivery of Group's strategy for the shareholders over the medium to long-term. These include scientific expertise, public market requirements, business acumen and financial knowledge. Please refer to Director biographies on page 23.

Principle 7 – Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Internal evaluation of the Board, the Audit Committee and Remuneration Committee as well as individual directors is undertaken on an informal basis at present. The review takes the form of peer appraisal and discussions to determine the overall effectiveness of individual directors and the Board as a whole. Specific consideration will be given to evaluating the continued independence of the Group's non-executive directors. Senior management appointments are discussed at the Board Meetings and are managed by the Chief Executive Officer and Chief Operational Officer with additional support from Non-Executive Directors where appropriate.

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours

The Board recognises its role in establishing and monitoring not only the strategic direction and risk appetite but also the tone and culture of the organisation. As a pharmaceutical drug development company, an ethical approach is essential. As such, the Board places great importance on the serious pursuit of therapeutic innovation and making effective use of limited resources. It applies to the directors as well as all group employees and consultants. It is a key belief of the Company and helps to define its competitive advantage in relation to its peers.

Upon joining the Company, employees have an induction meeting in relation to the Company's code of conduct and ethics. This includes example behaviours that are considered unacceptable by the Group.

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board is responsible for long-term success of the Company. There is a schedule of matters reserved for the Board that guides the Board's activities.

An Audit Committee and a Remuneration Committee have been established with formally delegated duties and responsibilities. As summarised under Principle 5 on page 28, the members of both committees are the Non-Executive Directors.

Audit Committee

The Audit Committee, which determines the engagement of the Company's auditors and, in consultation with them, the scope of their audit. The Audit Committee meets a minimum of two times per year. The Audit Committee receives and reviews reports from management and the auditors relating to the interim and annual financial statements and the accounting and internal control systems in use by the Company. It has unrestricted access to the auditors.

The Board and the Audit Committee review the need for an internal audit function on an annual basis and currently do not consider it necessary at this stage in the Company's development.

Corporate Governance Report (continued)

The directors acknowledge their responsibilities for the Group's system of internal financial controls. They have during the year ended 31 December 2022, carried out a review of internal financial controls, strengthening and updating the Company and its subsidiaries internal control policies. The Group's financial reporting arrangements are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

In 2022 the Audit Committee has deliberated two times. At these meetings the main point of discussion were annual and interim financial statements and working capital, the presentation of the annual report, audit report from CLA Evelyn Partners Limited, the audit fees and audit plan, updates on cash position, financial instruments and overall function of the committee and its members.

Remuneration Committee

The Remuneration Committee reviews the scale and structure of the executive directors' remuneration and benefits and the terms of their service contracts. The remuneration of the non-executive directors is determined by the Board as a whole.

The Committee has formal terms of reference and meets at least twice a year. It is the duty of the Committee, inter alia, to determine and agree with the Board the framework or broad policy for the remuneration of the Company's executive Board members. The remuneration packages are designed to motivate and retain executive directors to ensure the continuing development of the Company and to reward them for enhancing value to shareholders.

In 2022 the Remuneration Committee met two times. Amongst others items, it dealt with the continued temporary voluntary reduction of the salaries and fees of the Board.

Nominations Committee

The directors consider that the Company is not currently of a size to warrant the need for a separate nominations committee and any decisions which would usually be taken by the nomination committee will be taken by the Board as a whole.

Share Dealing Code

The Company has adopted a Share Dealing Code given the importance of having a clear and effective policy that sets out the rules and procedures for share dealings by the directors and other applicable employees.

Principle 10 – Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining good communication with its shareholders and in promoting effective dialogue regarding the Company's strategic objectives and performance. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback via meetings with the Company. The Annual General Meeting and any other General Meetings that are held throughout the year are for shareholders to attend and question the directors on the Company's performance. The results of any general meetings are released through LSE AIM RNS news as soon as practically possible. The Annual Reports and notice of all general meetings are available on the Group's website.

The directors also periodically promote ImmuPharma's activities, following the publication of regulatory announcements, through various media platforms such as Proactive Investor, Investor Meets Company.

Directors' Report

Company Number: 03929567

The directors present their report and the audited financial statements of ImmuPharma plc (the "Company", and collectively with the subsidiary companies, the "Group") for the year ended 31 December 2022.

Principal Activities

The principal activity of the Group and Company in the year under review was that of pharmaceutical research and development.

Results and Dividends

The Consolidated Income Statement is set out on page 42.

The directors do not recommend the payment of a dividend.

Business Review, Research and Development and Future Developments

The Strategic Report includes a review of the business, as well as a commentary regarding research and development, and future developments. The principal risks and uncertainties facing the Group are considered on pages 17 to 21.

Subsequent Events

There were no subsequent events.

Directors

The following directors of the Company have held office since 1 January 2022:

Tim McCarthy
Tim Franklin
Sanjeev Pandya
Lisa Baderoon

Directors' Report (continued)

Stakeholder engagement

The Board seeks to understand and consider the views of the Group's key stakeholders in Board discussions and decision making.

Key Stakeholders and concerns	Board Considerations	Key Outcomes
Employees Our present and future employees are key for the future success of the business.	Executive directors update the Board with details of employee changes, concerns, and recruitment prospects. An open, collaborative working environment with attractive remuneration packages aligns employees' with shareholders' goals.	• Continuing to focus on open culture creation, which motivates all employees. • All our employees participate in share-based incentives. • Training and development opportunities.
Shareholders Our Shareholders have been highly supportive. We are actively encouraging retention of their investment whilst trying to secure new Shareholders and funding.	The Board is in regular communication with its Shareholders via press releases, Annual and Interim Report, AGM. The Board receives updates on the views of shareholders through the feedbacks from brokers, other advisors.	The Company meets (virtually or in person) periodically with its Shareholders. Summary of these events are below: • AGM, June 2022 (AGM conducted via live broadcast with Q&A embedded into "Investor Meets Company" platform). • Investor conferences; -EBD Biotech Showcase, San Francisco USA, January 2022 • Interviews: audio, print and TV with Proactive Investor (December 2022), and "Investor Meet Company".
Business Partners We have worked closely with our suppliers to set up new commercial and development agreements.	The Board is aware of the importance of maintaining good relationships with key suppliers, remaining trustworthy, while safeguarding the Group's assets. It receives regular updates on main supply agreements and maintain long-term mutually beneficial co- operations.	New supplier agreements with material threshold need to be approved by the Board. Payment to suppliers of over £10k need to be approved by two Directors.
Research and Development Community The collaboration with the CNRS, University of Bordeaux, Simbec Orion, Imperial College and others is at the heart of our business	The Board seeks to support as many interactions with research and development community as possible through regular meetings (remote and in person) and continuous collaborations.	The Board supported the research and development community in France and United Kingdom. In 2021 the Company made donations to CNRS to support its P140 platform. Most notably, in November 2021 ImmuPharma signed a 2-year collaboration agreement with Imperial College.
Environment The Group is conscious of the need to protect the environment	ImmuPharma's operations are relatively low in their impact on the environment. The Board is committed to reduce further the environmental footprint.	Employees have continued to keep domestic and international travel to a minimum, using digital technology enabled conferencing instead.

Directors' Report (continued)

Key Stakeholders and concerns	Board Considerations	Key Outcomes
Reputation Maintaining a strong reputation and acting within laws and regulations impacts the Group's relationships with all stakeholders	Policies and procedures approved by the Board are concentrated on maintaining the strong reputation of the Group within its employees, Shareholders, suppliers, regulators and other key stakeholders.	ImmuPharma continuously monitors and assesses all regulatory developments to ensure that any issues are being addressed in decision making.

Directors Remuneration

The following amounts were payable to the directors of ImmuPharma plc across the Group in relation to the year ended 31 December 2022:

Director	Salary/Fees £	Total remuneration 2022 £	Total remuneration 2021 £
Robert Zimmer	-	-	370,708
Dimitri Dimitriou	-	-	582,631
Tim McCarthy	106,500	106,500	287,333
Tim Franklin	92,500	92,500	105,660
Franco di Muzio	-	-	52,285
Stephane Mery	-	-	59,583
Sanjeev Pandya	54,000	54,000	22,915
Lisa Baderoon	48,000	132,000	20,369
Total	301,000	385,000	1,501,484

The executive directors Tim McCarthy and Tim Franklin waived a proportion of their salaries during the year equal to £188k and £160k respectively.

The Company does not operate a health plan or company car plan. There were no bonus payments to directors in 2022. For further information, please refer to Note 22.

The following share options were outstanding to the directors of ImmuPharma plc as at 31 December 2022 (see note 20 for more detail):

Director	Options granted 2 June 2016	Options granted 30 March 2017	Options granted 12 July 2017	Options granted 24 November 2017	Options granted 25 November 2020	Options granted 22 December 2022	Share options outstanding 2022	Share options outstanding 2021
Tim McCarthy	500,000	-	1,000,000	1,500,000	1,500,000	**3,600,000**	**8,100,000**	4,500,000
Tim Franklin	-	-	-	-	1,500,000	**3,150,000**	**4,650,000**	1,500,000
Lisa Baderoon	100,000	250,000	-	375,000	375,000	-	**1,100,000**	1,100,000
Total	600,000	250,000	1,000,000	1,875,000	3,375,000	**6,750,000**	**13,850,000**	7,100,000

Directors' Report (continued)

Third Party Indemnity Provision for Directors

Qualifying third party indemnity provision for the benefit for the directors was in force during the financial year and as at the date this report is approved.

Financial Instruments and Financial Risk Management

Information regarding the use of financial instruments and the approach to financial risk management is detailed in notes 1 and 2 of the financial statements.

Disclosure of information to the Auditors

In the case of each person who was a director at the time this report was approved they have:

- taken all the necessary steps to make themselves aware of any information relevant to the audit and to establish that the auditors are aware of that information; and
- so far as they are aware, there is no relevant audit information of which the auditors have not been made aware.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

A resolution to reappoint the auditors, CLA Evelyn Partners Limited, will be proposed at the next Annual General Meeting.

On behalf of the Board
Tim McCarthy
Director
10th May 2023

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with UK-adopted international accounting standards. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with UK-adopted international accounting standards subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for ensuring that they meet their responsibilities under the AIM Rules.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report
To the members of ImmuPharma plc

Opinion

We have audited the financial statements of ImmuPharma plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows, and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Valuation of the parent company's receivables and investments in subsidiaries

We draw attention to the disclosures made in note 13 to the financial statements concerning the carrying values of investments in subsidiaries and to the disclosures made in note 15 to the financial statements concerning the carrying value of the receivables due from group undertakings.

The carrying value of £41.1 million investments in subsidiaries and £14.2 million receivables due from group undertakings is dependent on future pharmaceutical sales within the group, which are dependent on obtaining regulatory approval and being taken to market, including their successful commercialisation.

The ultimate outcome of these matters cannot presently be determined, and the group and parent company financial statements do not reflect any provision that may be required if the £41.1 million investments in subsidiaries and £14.2 million receivables due from group undertakings cannot be recovered in full. Our opinion is not modified in respect of these matters.

Our approach to the audit

The group has four reporting components. The parent company financial statements were audited by us.

Two out of the three components subject to audit were based in France and their audits were carried out by a component auditor in France. We held a telephone meeting with the component auditor in France as part of planning and discussed the component auditor's risk assessments and directed their planned audit approach. In addition to this meeting, we sent detailed instructions to the component audit teams and reviewed their key audit working papers.

For the remaining component that was not subject to a full audit, we performed analysis at a group level to re-examine our assessment that there were no significant risks of material misstatement within it.

The three audited components covered 100% of group loss before tax and 100% of group net assets.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report
To the members of ImmuPharma plc (continued)

Key audit matter	Description of risk	How the matter was addressed in the audit
Carrying value of the parent company's investment in subsidiaries and receivables due from group companies (note 13 and note 15)	The parent company has significant balances relating to investments in subsidiaries and receivables due from group companies. The investments are largely represented by the ownership of ImmuPharma (France) SA and Ureka Pharma SAS and amounts owed by those companies. The carrying value of the investments in and receivables due from those companies is underpinned by the future financial viability of those companies, and therefore is a matter of significant judgment.	We reviewed management's assessment of impairment of investments in subsidiaries and the recoverability of receivables due from group companies. We challenged assumptions and assertions made by management in their assessment and considered whether the presence of impairment indicators should result in an impairment charge. As part of our procedures we: • Discussed with management the underlying future planned activities, including research and development programmes, for ImmuPharma (France) SA and Ureka Pharma SAS. • Considered the implications of the level of market capitalisation of the parent company for the valuation of these balances. • Reviewed the discounted cash flow model for valuation purposes. The assumptions to which the model was most sensitive were the discount rate, growth rates, exchange rates, tax rate and probability weighting of successful product launches. As part of this work we considered management's assumptions with reference to historical data, external data and third party reports where applicable. • Reviewed sensitivity analysis performed by management on key assumptions and performed further sensitivity analysis on these assumptions.

Key audit matter	Description of risk	How the matter was addressed in the audit
Warrants issued by the parent company during the period (note 20)	During the year, the parent company issued a total of 33 million warrants to investors and service providers. Judgement must be exercised around the accounting entries for these warrants, as well as the value that these warrants should be recognised at. There is a risk that these warrants are not accounted for correctly or that the value recognised is materially incorrect.	As part of our audit procedures, we: • Reviewed management's assessment of the accounting treatment for these warrants, including review of the underlying warrant agreements to consider whether these should be equity or liability accounted; • Assessed the value attributed to warrants issued, including agreeing inputs to the valuations to supporting documentation; and • Reviewed disclosures made in the financial statements.

Our application of materiality

The materiality for the group financial statements as a whole ("group FS materiality") was set at £316,000. This has been determined with reference to the benchmark of the group's gross expenditure, which we consider to be one of the principal considerations for members of the company in assessing the group's performance. Group FS materiality represents 10% of the group's gross expenditure presented on the face of the consolidated income statement.

The materiality for the parent company financial statements as a whole ("parent FS materiality") was set at £205,400. This has been determined with reference to the benchmark of the parent company's total assets as it exists only as a holding company for the group and carries on no trade in its own right. This has been capped at group performance materiality.

Performance materiality for the group financial statements was set at £205,400, being 65% of group FS materiality, for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have set it at this amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds group FS materiality. We judged this level to be appropriate based on our understanding of the group and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements including considering experience from previous audits. It was set at 65% to reflect the fact that in our historical experience management are keen to process adjustments, of which there are some, and there are some areas of judgement and estimation in the Group financial statements.

Performance materiality for the parent company financial statements was set at £133,510, being 65% of parent FS materiality. It was set at 65% to reflect the fact that in our historical experience management are keen to process adjustments, of which there are some, and there are some areas of judgement and estimation in the parent company financial statements.

Material uncertainty related to going concern

We draw attention to note 1 of the financial statements which indicates there is a material uncertainty relating to the group and parent company's ability to continue as a going concern.

The group and company do not generate any material revenues as its pipeline products are currently at research and development stage and therefore the group relies on external finance in order to fund its operations. The directors have prepared cashflow forecasts covering a period of more than 12 months from the date of approval of these financial statements. These forecasts indicate the group will have sufficient funds to meet its liabilities as they fall due.

However, these forecasts include a number of cash inflows to the company and group including the variable cash receipts under the Lanstead Sharing Agreement and expected receipts from licence and collaborations agreements, although no new equity fundraising has been assumed. Certain directors of the company continue to defer salaries and the forecasts assume that this will continue over the forecast period. Some of the cash inflows have a level of uncertainty in respect of timing of receipt and absolute quantum which have been modelled through sensitivity analysis.

Independent auditor's report
To the members of ImmuPharma plc (continued)

These uncertainties are such that potential actions to further reduce the cost base of operations may not be sufficient to mitigate all reasonably possible downsides. As stated in note 1, these conditions indicate that a material uncertainty exists that may cast significant doubt on the group's and the parent company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Notwithstanding the above, in auditing the financial statements we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- Review of the future cash flow forecast prepared by management and challenging the inputs and assumptions included in the forecast. Where appropriate, we corroborated the inputs and assumptions to supporting information.
- Review of the current cash reserves and comparing these to the cash outflows forecast required over the next 12 months from the date of signing the annual report.
- Review of sensitivity analysis to assess the impact of changing key assumptions and performing additional stress testing of the forecast.
- Review of management's disclosure around going concern in the financial statements.

Other information

The other information comprises the information included in the Report and Consolidated Financial Statements other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Report and Consolidated Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Independent auditor's report
To the members of ImmuPharma plc (continued)

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 35, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. Irregularities, including fraud, are instances of non-compliance with laws and regulations.

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We obtained a general understanding of the parent company and group's legal and regulatory framework through enquiry of management concerning: their understanding of relevant laws and regulations; the policies and procedures regarding compliance; and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the parent company and group's industry and regulation and had a discussion at the planning stage with the component auditors.

We understand that the parent company and group comply with the framework through:

- Outsourcing payroll and the accounting function to external experts.
- Subscribing to relevant updates from external experts and making changes to internal procedures and controls as necessary.
- Engaging tax experts.
- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.
- The directors' relevant knowledge and expertise of the pharmaceutical industry, and related laws and regulations.

Independent auditor's report
To the members of ImmuPharma plc (continued)

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; which are central to the parent company and group's ability to conduct its business; and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the parent company and group:

- The Companies Act 2006 and UK-adopted international accounting standards in respect of the preparation and presentation of the financial statements;
- AIM regulations and Market Abuse Regulations;
- Health and safety and associated environmental regulation in respect of pre-clinical trials; and
- FDA and EMA regulations in respect of clinical trials.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- Made enquiries of management;
- Inspected correspondence with regulators;
- Reviewed board meeting minutes held during the year and post year-end; and
- Obtained written management representations regarding the adequacy of procedures in place.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the parent company and group's financial statements to material misstatement, including how fraud might occur. The key area identified in this discussion was with regard to the manipulation of the financial statements through manual journal entries.

These areas were communicated to the other members of the engagement team who were not present at the discussion.

The procedures we carried out to gain evidence in the above areas included testing of manual journal entries, selected based on specific risk assessments applied based on the group and parent company's processes and controls surrounding manual journal entries.

A further description of our responsibilities is available on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Stephen Hale
Senior Statutory Auditor, for and on behalf of
CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants

45 Gresham Street
London
EC2V 7BG

10 May 2023

Consolidated Income Statement

for the year ended 31 December 2022

	Notes	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Continuing operations			
Revenue	1 & 3	-	118,350
Research and development expenses		(2,022,507)	(3,650,400)
Exceptional items	5	-	(1,427,084)
Administrative expenses		(846,571)	(1,011,398)
Share based payment expense		(159,874)	(616,423)
Operating loss	5	(3,028,952)	(6,586,955)
Finance costs	6	(1,455,966)	(2,354,872)
Finance income	7	28,585	1,107
Loss before taxation		(4,456,333)	(8,940,720)
Tax	8	648,902	766,815
Loss for the year		(3,807,431)	(8,173,905)
Attributable to:			
Equity holders of the parent company		(3,807,431)	(8,173,905)
Loss per ordinary share			
Basic and diluted	9	(1.26)p	(3.25)p

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	Notes	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Loss for the financial period		(3,807,431)	(8,173,905)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Fair value loss on investment	12	(519,977)	(584,355)
Fair value loss on warrants owned	12	(206,279)	(418,068)
Total items that will not be reclassified subsequently to profit or loss		(726,256)	(1,002,423)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		79,104	(36,177)
Total items that may be reclassified subsequently to profit or loss		79,104	(36,177)
Other comprehensive loss for the period		(647,152)	(1,038,600)
Total comprehensive loss for the period		(4,454,583)	(9,212,505)

Consolidated Statement of Financial Position

as at 31 December 2022

	Notes	31 December 2022 £	31 December 2021 £
Non-current assets			
Intangible assets	10	473,892	477,553
Property, plant and equipment	11	389,716	352,996
Derivative financial asset	14	82,563	405,489
Financial assets	12	689,579	1,415,835
Total non-current assets		1,635,750	2,651,873
Current assets			
Trade and other receivables	15	723,583	427,199
Derivative financial asset	14	252,258	508,167
Cash and cash equivalents	16	667,813	1,649,374
Current tax asset		695,297	761,188
Total current assets		2,338,951	3,345,928
Current liabilities			
Financial liabilities - borrowings	17	(111)	(700)
Trade and other payables	18	(1,451,213)	(1,583,604)
Convertible loan notes	17	-	-
Total current liabilities		(1,451,324)	(1,584,304)
Net current assets		887,627	1,761,624
Net assets		2,523,377	4,413,497
EQUITY			
Ordinary shares	19	28,982,676	28,498,494
Share premium		28,788,377	27,237,329
Merger reserve		106,148	106,148
Other reserves		5,761,496	5,153,159
Retained earnings		(61,115,320)	(56,581,633)
Total equity		2,523,377	4,413,497

The financial statements were approved by the Board of Directors and authorised for issue on 10th May 2023
They were signed on its behalf by:

Tim McCarthy
Director

Tim Franklin
Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Share capital £	Share premium £	Merger reserve £	Other reserves - Acquisition reserve £	Other reserves - Translation reserve £	Other reserves - Share based payment reserve £	Other reserves - Convertible option reserve £	Other reserves - Warrant reserve £	Retained earnings £	Total equity £
At 1 January 2021	25,022,130	27,237,329	106,148	(3,541,203)	(1,308,480)	8,073,596	31,623	-	(45,966,347)	9,654,796
Loss for the financial year	-	-	-	-	-	-	-	-	(8,173,905)	(8,173,905)
Exchange differences on translation of foreign operations	-	-	-	-	(36,177)	-	-	-	-	(36,177)
Transactions with owners:										
Share based payments	-	-	-	-	-	616,423	-	-	-	616,423
New issue of equity capital	3,476,364	322,727	-	-	-	-	-	-	(1,349,000)	2,450,091
Costs of new issue of equity capital	-	(322,727)	-	-	-	-	-	-	(121,581)	(444,308)
Fair value loss on investments	-	-	-	-	-	-	-	-	(584,355)	(584,355)
Fair value loss on share warrants	-	-	-	-	-	-	-	-	(418,068)	(418,068)
Settlement of convertible loans reserve	-	-	-	-	-	-	(31,623)	-	31,623	-
Issue of warrants	-	-	-	-	-	-	-	1,349,000	-	1,349,000
At 31 December 2021	28,498,494	27,237,329	106,148	(3,541,203)	(1,344,657)	8,690,019	-	1,349,000	(56,581,633)	4,413,497
Loss for the financial year	-	-	-	-	-	-	-	-	(3,807,431)	(3,807,431)
Exchange differences on translation of foreign operations	-	-	-	-	79,104	-	-	-	-	79,104
Transactions with owners:										
Share based payments	-	-	-	-	-	159,874	-	-	-	159,874
New issue of equity capital	484,182	1,866,727	-	-	-	-	-	-	-	2,350,909
Costs of new issue of equity capital	-	(165,679)	-	-	-	-	-	-	-	(165,679)
Fair value loss on investments	-	-	-	-	-	-	-	-	(519,977)	(519,977)
Fair value loss on share warrants	-	-	-	-	-	-	-	-	(206,279)	(206,279)
Issue of warrants	-	(150,000)	-	-	-	-	-	369,359	-	219,359
At 31 December 2022	28,982,676	28,788,377	106,148	(3,541,203)	(1,265,553)	8,849,893	-	1,718,359	(61,115,320)	2,523,377
Equity holders of the parent company	28,982,676	28,788,377	106,148	(3,541,203)	(1,265,553)	8,849,893	-	1,718,359	(61,115,320)	2,523,377

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	Notes	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Cash flows from operating activities			
Cash used in operations	21	(3,224,906)	(5,222,446)
Tax received		879,877	392,217
Interest paid	6	(2,036)	(2,943)
Net cash used in operating activities		(2,347,065)	(4,833,172)
Investing activities			
Purchase of property, plant and equipment		(106,009)	(50,934)
Interest received	7	28,585	651
Net cash used in investing activities		(77,424)	(50,283)
Financing activities			
Decrease in bank overdraft		-	(211)
Loan repayments		-	(6,028)
Settlements from Sharing Agreement		362,500	328,495
Gross proceeds from issue of new share capital		2,350,909	3,550,000
Share capital issue costs		(165,679)	(132,350)
Funds deferred per Sharing Agreement		(1,000,000)	(2,200,000)
Interest paid on convertible loan notes		-	(121,120)
Convertible loan notes repaid		-	(716,739)
Net cash generated from financing activities		1,547,730	702,047
Net decrease in cash and cash equivalents		(876,759)	(4,181,408)
Cash and cash equivalents at beginning of year	16	1,649,374	5,862,057
Effects of exchange rates on cash and cash equivalents		(104,802)	(31,275)
Cash and cash equivalents at end of year (excluding overdraft)	16	667,813	1,649,374

Company Statement of Financial Position

as at 31 December 2022

	Notes	31 December 2022 £	31 December 2021 £
Non-current assets			
Property, plant and equipment	11	8,427	13,682
Financial assets	12	689,579	1,415,835
Derivative financial asset	14	82,563	405,489
Trade and other receivables	15	14,177,448	12,249,280
Investment in subsidiaries	13	41,141,463	41,111,393
Total non-current assets		56,099,480	55,195,679
Current assets			
Trade and other receivables	15	106,387	144,283
Derivative financial asset	14	252,258	508,167
Cash and cash equivalents	16	542,712	1,524,730
Current tax asset		-	343,246
Total current assets		901,357	2,520,426
Current liabilities			
Trade and other payables	18	(299,163)	(804,717)
Total current liabilities		(299,164)	(804,717)
Net current assets		602,194	1,715,709
Net assets		56,701,674	56,911,388
EQUITY			
Ordinary shares	19	28,982,676	28,498,494
Share premium		28,788,377	27,237,329
Merger reserve		19,093,750	19,093,750
Other reserves		8,849,893	8,690,019
Warrant reserve		1,718,359	1,349,000
Retained earnings		(30,731,381)	(27,957,204)
Total equity		56,701,674	56,911,388

The Company's loss for the year ended 31 December 2022 was £2,047,921 (2021: loss of £7,129,729).

The financial statements were approved by the Board of Directors and authorised for issue on 10th May 2023.

They were signed on its behalf by:

Tim McCarthy
Director

Tim Franklin
Director

Company Statement of Changes in Equity

for the year ended 31 December 2022

	Share capital £	Share premium £	Merger Reserve £	Other reserves- Share based payment reserve £	Convertible option reserve £	Warrant reserve £	Retained earnings £	Total Equity £
At 1 January 2021	25,022,130	27,237,329	19,093,750	8,073,596	31,623	-	(18,386,094)	61,072,334
Loss for the financial year		-	-	-	-	-	(7,129,729)	(7,129,729)
Transactions with owners:								
Share based payments	-	-	-	616,423	-	-	-	616,423
Fair value loss on investments	-	-	-	-	-	-	(584,355)	(584,355)
New issue of equity capital	3,476,364	322,727	-	-	-	-	(1,349,000)	2,450,091
Costs of new issue of equity capital	-	(322,727)	-	-	-	-	(121,581)	(444,308)
Fair value loss on share warrants	-	-	-	-	-	-	(418,068)	(418,068)
Settlement of convertible loan reserve	-	-	-	-	(31,623)	-	31,623	-
Issue of warrants	-	-	-	-	-	1,349,000	-	1,349,000
At 31 December 2021	28,498,494	27,237,329	19,093,750	8,690,019	-	1,349,000	(27,957,204)	56,911,388
Loss for the financial year		-	-	-	-	-	(2,047,921)	(2,047,921)
Transactions with owners:								
Share based payments	-	-	-	159,874	-	-	-	159,874
Fair value loss on investments	-	-	-	-	-	-	(519,977)	(519,977)
New issue of equity capital	484,182	1,866,727	-	-	-	-	-	2,350,909
Costs of new issue of equity capital	-	(165,679)	-	-	-	-	-	(165,679)
Fair value loss on share warrants	-	-	-	-	-	-	(206,279)	(206,279)
Issue of warrants	-	(150,000)	-	-	-	369,359	-	219,359
At 31 December 2022	28,982,676	28,788,377	19,093,750	8,849,893	-	1,718,359	(30,731,381)	56,701,674

Company Statement of Cash Flows

for the year ended 31 December 2022

	Notes	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Cash flows from operating activities			
Cash used in operations	21	(1,899,683)	(3,234,047)
Tax received		573,511	-
Interest paid		(1,653)	(2,037)
Net cash used in operating activities		(1,327,825)	(3,236,084)
Investing activities			
Purchase of property, plant and equipment		-	(6,535)
Finance income		907	648
Loans issued to subsidiary undertakings		(1,273,131)	(1,321,850)
Repayment of loans from subsidiary undertaking		98,515	-
Net cash used in investing activities		(1,173,709)	(1,327,737)
Financing activities			
Settlements from Sharing Agreement		362,500	328,495
Gross proceeds from issue of new share capital		2,350,909	3,550,000
Share capital issue costs		(165,679)	(132,350)
Funds deferred per Sharing Agreement		(1,000,000)	(2,200,000)
Interest paid on convertible loan notes		-	(121,120)
Convertible loan notes repaid		-	(716,739)
Net cash generated from financing activities		1,547,730	708,286
Net decrease in cash and cash equivalents		(953,804)	(3,855,535)
Cash and cash equivalents at beginning of year	16	1,524,730	5,375,364
Effects of exchange rates on cash and cash equivalents		(28,214)	4,901
Cash and cash equivalents at end of year	16	542,712	1,524,730

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

ImmuPharma plc (the "Company") is a public limited company registered in England and Wales (company number 03929567). The Company is limited by shares and the registered office of the Company is located at One Bartholomew Close, EC1A 7BL, London. ImmuPharma plc and its subsidiaries focus on the research, development and commercialisation of pioneering and novel drugs in specialist therapeutic areas within the pharmaceutical industry.

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial years contained in these financial statements.

Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards.

The financial statements have been prepared under the historical cost convention and on a going concern basis. Further commentary on the Group's plan for the continuing funding of activities is provided in the Strategic Report. The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual Income Statement and statement of comprehensive income and related notes.

Going concern

The Company and Group do not generate any material cash revenues as its pipeline products are currently at research and development stage and therefore rely on external finance in order to fund its operation.

The directors have prepared cashflow forecasts covering a period of more than 12 months from the date of the approval of these financial statements. These forecasts include a number of cash inflows to the Company and Group including the variable cash receipts under the Lanstead Sharing Agreement and expected receipts from licence and collaborations agreements. No new equity fundraising has been assumed. Certain directors of the company continue to defer salaries and the forecasts assume that this will continue over the forecast period. Some of the cash inflows have a level of uncertainty in respect of timing of receipt and absolute quantum which have been modelled through sensitivity analysis. These uncertainties are such that potential actions, to further reduce the cost base of operations, may not be sufficient to mitigate all reasonably possible downsides.

Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern and, therefore to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the Statement of financial position date and the reported amounts of revenues and expenses during the reporting year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management have had to make judgements in the following areas:

- Financial instruments – fair value measurement

  A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

  - Level 1: Quoted prices in active markets for identical items (unadjusted)
  - Level 2: Observable direct or indirect inputs other than Level 1 inputs
  - Level 3: Unobservable inputs (i.e. not derived from market data).

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

1 Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

- Financial asset – Other investments
  As at 31 December 2022, the Group and the Company held 12.97% of the issued share capital in Incanthera plc. Incanthera plc investment is held at fair value through other comprehensive income. The investment included above represents investments in quoted equity securities. Under IFRS 7 Financial instruments: Disclosures and IFRS 13 Fair value measurement this is classified under the fair value hierarchy as level 2, because the AQSE as previously defined is not considered sufficiently active to denote Level 1. This strategic investment is classified as fair value through other comprehensive income. The fair value has been assessed at 31 December 2022 and is based on the share price and holding at 31 December 2022 on the ImmuPharma plc shareholding of Incanthera plc. There is judgement around calculating the fair value of this investment. The value of ImmuPharma's retained 9,903,349 shares amounted to £688,350 being the fair value of the investment in Incanthera plc as of 31 December 2022. Fair value loss of £519,977 has been recorded in Other Comprehensive Income.

- Derivative financial asset
  The Group and the Company has placed shares with Lanstead and at the same time entered into a Sharing Agreement. The amount receivable under the Sharing Agreement each month, over a 24 month period, will be dependent on the Company's share price performance. The nature of the Sharing Agreement with Lanstead requires the calculation of the fair value as at the end of the accounting period and it is based on the estimation of the Company's share price and discount rate. Under IFRS 7 Financial instruments: Disclosures and IFRS 13 Fair value measurement, the value of the derivative financial asset has been assessed under the Fair value hierarchy as a Level 2 input, as the instrument is not quoted in an active market, but is linked to the quoted ImmuPharma share price. Any change in the fair value of the derivative financial asset is reflected in the Income Statement. The derivative was initially recognised at the date the Sharing Agreement was entered into and was subsequently re-measured to its fair value at the reporting date. The resulting gain or loss was recognised in finance income within profit and loss. As at 31 December 2022, the Company completed a calculation of fair value of the derivative financial asset that resulted in a finance loss of £1,218,492. The year end share price has been considered to be the best estimate for future share prices and has been included within the net present value. At the reporting date, the derivative had a positive fair value and therefore is recognised as a financial asset. The derivative is presented as both a current asset and non current asset.

- Warrants financial asset
  The Group and the Company has been issued warrants for 7,272,740 shares at 9.5p in Incanthera Plc. These warrants represent a financial asset, measured at fair value through Other Comprehensive Income. At the reporting date, warrants financial asset was revalued to its fair value amounted to £1,229. Fair value loss of £206,279 has been recorded in Other Comprehensive Income.

  The fair value was measured using the "Black – Scholes" valuation model, in which there were several inputs, based on details specified in warrant agreement and estimations described further in Note 12. IFRS 13 classifies those inputs as Level 2.

- Share options
  The Group and the Company operates a share option incentive scheme. The fair value of options granted is recognised as an expense in the income statement with a corresponding increase in equity. The fair value is measured at grant date, spread over the period which the employees become unconditionally entitled to the options. The fair value of the options is measured using the "Black – Scholes" valuation model, in which there are several inputs, most of which are based on available market information or details specified within the share options agreements.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

1 Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Management have applied estimates in the following areas:

- Investment in Subsidiaries
  For the Company Statement of Financial Position, management has considered whether there has been any impairment to the carrying value and has applied estimates including taking account of various factors and available evidence in assessing the recoverable amounts in arriving at the conclusion.

  At 31 December 2022, the Company's investment in its subsidiaries, ImmuPharma (France) SA and Ureka Pharma (SAS) was £30,455,191 and £10,686,272 respectively. The directors have assessed the carrying value of the Company's investment in subsidiaries, over a period of 10 years, taking into account the various factors and available evidence as at that date and concluded that no impairment is required against this investment at the year-end date.
- Amounts owed by group undertakings
  For the Company Statement of Financial Position, management needs to consider whether these balances are recoverable or an impairment is required and applies estimates including taking account of various factors and available evidence in arriving at the conclusion.

  At 31 December 2022, ImmuPharma Plc was due £10,509,899 and £3,667,549 from its subsidiaries ImmuPharma (France) SA and Ureka Pharma (SAS) respectively. At that date, ImmuPharma (France) SA and Ureka Pharma (SAS) had net liabilities of £10,841231 and £1,977,189 respectively and are not in a position to repay this balance without realising value from their intangible assets.

  Following the announcement of the results of the Lupuzor™ clinical trial in April 2018 and Avion agreement in November 2019, the directors have reviewed the future prospects of ImmuPharma (France) SA and Ureka Pharma (SAS). Using the information which would have been available at 31 December 2022 and the directors believe that going forward, there is sufficient value in ImmuPharma (France) SA's and Ureka Pharma (SAS)'s underlying activities, such that they are confident that the subsidiaries will generate sufficient cash to enable these balances to be repaid. As a result, no impairment has been charged in 2022.
- Derivative Financial Asset – the nature of the Sharing Agreement with Lanstead requires the calculation of the fair value at the end of the accounting period and it is based on the estimation of the Company's share price and discount rate.

Changes in accounting policies and disclosures

The following new and amended Standards and Interpretations effective for the financial year beginning 1 January 2022 have been adopted. The adoption of these standards has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Conceptual Framework for Financial Reporting – Amendments to IFRS 3
- IAS 16 Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle
- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 9 Financial Instruments Fees in the '10 per cent' tes for derecognition of financial liabilities
- IFRS 16 Leases
- IAS 41 Agriculture

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

1 Accounting policies (continued)

Changes in accounting policies and disclosures (continued)

New and amended Standards and Interpretations issued and effective for periods beginning on or after 1 January 2023

- Amendments to IFRS10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendment to IAS 1: Classification of Liabilities as Current or Non-current
- Amendment to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IAS 8: Definition of Accounting Estimates
- IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- IAS 41: Taxation in fair value measurements
- IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17): Insurance Contracts

Basis of consolidation

Both the consolidated and the Company's financial statements are for the year ended 31 December 2022 and present comparative information for the year ended 31 December 2021. All intra-group transactions, balances, income and expenditure are eliminated upon consolidation.

The Group's financial statements incorporate the financial statements of ImmuPharma plc and other entities controlled by the Company ('the subsidiaries'). The control principle in IFRS 10 sets out the following three elements of control: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and. the ability to use power over the investee to affect the amount of those returns. The financial statements of these other entities cease to be included in the Group financial statements from the date that control ceases.

Revenue

Grant income

Revenue is recognised under IAS 20 and relates to grants received by Ureka Pharma SAS. In respect of certain grants, the proportion of the grant received recognised as revenue in the year is based upon the proportion of the relevant project costs actually incurred as at the year-end, compared with the projected total costs over the life of that project. For other grants, the amount of grant receivable is based upon the costs of specific research staff and in respect of these grants, the amount recognised as revenue is matched to the cost incurred.

Foreign currency

Income statement

The presentational and functional currency of ImmuPharma plc is sterling (£). Transactions in foreign currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Any gains or losses arising on translation are taken to the Income Statement as finance income or costs.

Taxation

The tax expense or credit represents the sum of the tax currently payable and any deferred tax less tax credits recognised in relation to research and development tax incentives.

The tax currently receivable is based on tax credits for the year. Taxable loss differs from net loss as reported in the Income Statement as it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's receivable for current tax is calculated using tax rates that have been enacted or substantively enacted by the year-end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Statement of Financial Position liability method. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

1 Accounting policies (continued)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. No such assets are held at the year end.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Whenever events or changes in circumstances indicate that the carrying amount of an investment in a subsidiary undertaking may not be recoverable the investment is reviewed for impairment. An investment's carrying value is written down to its estimated recoverable amount if that is less than the investment's carrying amount.

Intangible assets

Research and development expenditure is charged to the Income Statement in the period in which it is incurred. Development expenditure is capitalised when the criteria for recognising an asset are met, usually when a regulatory filing has been made in a major market and approval is considered highly probable. Property, plant and equipment used for research and development is capitalised and depreciated in accordance with the Group's policy.

In process research and development acquired as part of a business combination is recognised separately from goodwill where the associated project meets the definition of an intangible asset and its fair value can be measured reliably. In process, research and development assets arising because of a business combination are amortised on a straight-line basis over their useful lives from the point in time at which the asset is available for use.

Patents are stated at purchase cost and are amortised on a straight-line basis over their estimated useful lives of 15 years from the date of patent registration.

Property, plant and equipment

Tangible fixed assets are stated at cost, net of depreciation and provision for any impairment. Depreciation is calculated to write off the cost of all tangible fixed assets to estimated residual value by equal annual instalments over their expected useful lives as follows:

- Fixtures, fittings and equipment: 2 – 5 years

Impairment of tangible and intangible assets

At each year-end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is immediately recognised as an expense, in the Income Statement.

Share based payments

The Company issues equity-settled share based payments to their employees and third parties. These are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. For share options issued to suppliers, the value is measured using an estimate of the fair value of the services.

Provisions

In respect of National Insurance contributions on share option gains, the Company provides in full for all vested options and on a pro-rata basis over the vesting period for options that have not yet vested for the employer's National Insurance liability estimated to arise on the future exercise of the unapproved share options granted. The amount of National Insurance payable will depend on the number of employees who remain with the Company and exercise their options, the market price of the Company's Ordinary shares at the time of exercise and the prevailing National Insurance rate at that time.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

1 Accounting policies (continued)

Warrants issued

The Company issues warrants to third party investors giving the counterparty a right to subscribe for a fixed number of the entity's shares for a fixed amount of cash. These are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant.

For warrants issued to suppliers in lieu of services, the value is measured using an estimate of the fair value of the services.

For warrants issued in exchange for a change to the terms of another derivative instrument or agreement, the value is measured using an estimate of the effect on the value of that other instrument.

Equity and Warrant Reserve

Share capital is determined using the nominal value of shares that have been issued.

The Share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the Share premium account.

The Merger reserve represents the difference between the nominal value and the market value at the date of issue of shares issued in connection with the acquisition by the Group of an interest in over 90% of the share capital of another company.

The Acquisition reserve includes those adjustments arising on reverse acquisition of the Company by ImmuPharma (UK) Limited.

Foreign currency differences arising on the retranslation of overseas subsidiaries are included in the translation reserve.

Equity-settled share-based payments are credited to the share based payment reserve as a component of equity until related options or warrants are exercised.

The warrants reserve will be transferred to share capital account upon the exercise of warrants. The balance of warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

Retained earnings includes all current and prior period results as disclosed in the Income Statement.

Financial instruments

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities and when issued by the Group is recorded at the proceeds received, net of direct issue costs.

Warrants in respect of Incanthera shares is a derivative financial instrument, initially and subsequently measured at fair value through other comprehensive income.

Investments other than investments in subsidiaries are classified as either held-for-trading or not at initial recognition. Those investments and financial assets are initially measured at fair value less transaction costs and are subsequently measured at fair value. At the year-end date all investments are classified as not held for trading. An irrevocable election has been made to recognise changes in fair value in other Comprehensive Income.

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. A provision for impairment is established based on lifetime expected credit losses. The amount of any provision is recognised in profit or loss.

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

1 Accounting policies (continued)

Financial instruments (continued)

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Non-interest bearing loans and overdrafts are initially recorded at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Derivative financial assets are initially measured at fair value less transaction costs and are subsequently measured at fair value.

2 Financial risk management

The Group uses a limited number of financial instruments, cash, short-term deposits, overdrafts, and various items such as trade receivables and payables, which arise directly from operations. The Group does not trade in financial instruments.

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) Foreign exchange risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Sterling, the Euro, the Swiss Franc and the US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets, liabilities, and net investments in foreign operations.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign exchange risks.

The Group did not enter into any arrangements to hedge this risk, as the directors did not consider this risk significant. The directors will review this policy as appropriate in the future.

b) Credit risk
The Group has no significant concentrations of credit risk because the majority of the debtors are government bodies.

c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and available funding through an adequate amount of committed facilities. The Group ensures it has adequate cover through the availability of funding and facilities.

d) Cash flow and interest rate
The Group finances its operations through a mix of equity finance and borrowings. Borrowings are both non-interest bearing and interest bearing.

e) Equity price risk
The Group is exposed to equity price risk due to the possibility that the value of the Company's shares will fluctuate. This can affect the amount of any proceeds in any fundraise the Company might undertake. In addition, any adverse share price change will negatively affect the amount of proceeds the Company will receive under both current Lanstead "Sharing Agreements".

f) Exposure to equity investments
The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the Statement of Financial Position at fair value.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

3 Segment information

- Group

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segments and to assess their performance. In accordance with IFRS 8, the chief operating decision maker has been identified as the Board of Directors. They review the Group's internal reporting in order to assess performance and allocate resources. The Board of Directors consider that the business comprises a single activity, being the development and commercialisation of pharmaceutical products. Therefore, the Group is organised into one operating segment and there is one primary reporting segment. The segment information is the same as that set out in the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows.

Revenue of £nil (2021: £68,107) originates in France and £nil (2021: £50,243) originates in Switzerland. Of the loss before taxation, £1,403,295 (2021: £2,200,259) originates in France, with loss before taxation of £3,049,478 (2021: £6,669,868) and loss of £3,560 (2021: £70,594) originating in the United Kingdom and Switzerland respectively.

Of the total non-current assets, £855,172 (2021: £816,861) originates in France and £780,577 (2021: £1,835,012) from the United Kingdom.

4 Staff costs

The average monthly number of employees across the Group and the Company (including executive directors) was:

	Group Year ended 31 December 2022 No.	Group Year ended 31 December 2021 No.	Company Year ended 31 December 2022 No.	Company Year ended 31 December 2021 No.
Drug research and development, and commercial operations	11	9	2	2
Administration and management	2	5	1	2
	13	14	3	4

The aggregate remuneration comprised:	Group Year ended 31 December 2022 £	Group Year ended 31 December 2021 £	Company Year ended 31 December 2022 £	Company Year ended 31 December 2021 £
Wages and salaries	687,788	2,253,406	385,615	1,580,441
Social security costs	251,202	353,637	53,481	115,082
Pension costs	1,444	2,636	1,444	2,636
Share-based payment	159,868	616,423	129,799	568,157
	1,100,302	3,226,102	570,339	2,266,316

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

4 Staff costs (continued)

Directors' emoluments

The following disclosures are in respect of emoluments payable to the directors of ImmuPharma plc across the Group and the Company:

	Group Year ended 31 December 2022 £	Group Year ended 31 December 2021 £	Company Year ended 31 December 2022 £	Company Year ended 31 December 2021 £
Fees	-	522,272	-	522,272
Salaries and benefits	301,000	979,212	301,000	979,212
	301,000	1,501,484	301,000	1,501,484

Please refer to information in the Directors' Report on page 33 in respect for amounts paid to individual directors.

Refer to note 22 for details of amounts paid to related parties in lieu of directors' fees and bonus payments.

The emoluments of the highest paid director, amounts included above are:	Group Year ended 31 December 2022 £	Group Year ended 31 December 2021 £	Company Year ended 31 December 2022 £	Company Year ended 31 December 2021 £
Salaries and benefits	106,500	582,631	106,500	582,631
	106,500	582,631	106,500	582,631

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. In the opinion of the Board, the key management of the Group and the Company comprises the Executive and Non-executive Directors of ImmuPharma plc. Information regarding their emoluments is set out below.

The following disclosures are in respect of employee benefits, including National Insurance, payable to the directors of ImmuPharma plc across the Group and the Company and are stated in accordance with IFRS:

	Group Year ended 31 December 2022 £	Group Year ended 31 December 2021 £	Company Year ended 31 December 2022 £	Company Year ended 31 December 2021 £
Short-term employee benefits (salaries and benefits)	301,000	1,501,484	301,000	1,501,484
Share based payments	129,799	161,426	129,799	161,426
Directors' emoluments	430,799	1,662,910	430,799	1,662,910

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

5 Operating loss

- Group

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Operating loss is stated after charging:		
Share based payments charge	159,869	616,423
Exceptional items	-	1,427,084
Depreciation of property, plant and equipment		
- owned	85,049	81,995
Amortisation of intangible assets		
- patents	32,514	32,124
Services provided by Company auditors:		
- Audit services	95,000	77,700
- Other services relating to tax compliance services	8,420	-
- Audit services – interim review	5,000	16,000
Audit services provided by other auditors	21,563	34,314

The exceptional items of £nil (2021: £1.4m) relate to termination benefit packages paid out in the prior year to departing Directors, their service companies and related parties (£1.3m), as well as legal fees in relation to these termination fees (£62k).

6 Finance costs

- Group

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Interest payable on loans and overdraft	2,036	2,943
Interest payable on convertible loan notes	-	121,120
Loss on foreign exchange	16,079	-
Loss on derivative financial asset (note 14)	1,218,492	2,148,972
Loss on revaluation of convertible loan notes	-	81,837
Warrants issue costs	219,359	-
	1,455,966	2,354,872

7 Finance income

- Group

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Bank interest receivable	907	651
Gain on foreign exchange	-	456
Other income	27,678	-
	28,585	1,107

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

8 Taxation

- Group

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Current tax:		
Corporation tax	(648,902)	(766,814)
Total current tax credit for the year	(648,902)	(766,814)

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Loss before taxation	(4,456,333)	(8,940,720)
Tax on loss (at the average rate 19%) (2021: 19%)	(846,703)	(1,698,737)
Effects of:		
Expenses not allowable for tax purposes	1,753	2,395
Depreciation in excess of capital allowances	21,750	86,757
Rate differences	676	13,413
Research and development tax credit	(648,902)	(766,814)
Current year losses carried forward	822,524	1,596,172
Current tax credit for year	(648,902)	(766,814)

As at 31 December 2022, the Group has unused tax losses of £49,025,230 (2021: £48,202,705) available for offset against future profits in the jurisdiction in which the loss arises. No deferred tax asset has been recognised due to the unpredictability of future profit streams in the relevant jurisdictions.

9 Loss per share

- Group

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Loss		
Loss for the purposes of basic loss per share being net loss after tax attributable to equity shareholders	(3,807,431)	(8,173,905)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	302,912,903	251,164,361
Basic loss per share	(1.26)p	(3.25)p
Diluted loss per share	(1.26)p	(3.25)p

The Group has granted share options in respect of equity shares to be issued, the details of which are disclosed in note 20. There is no difference between basic loss per share and diluted loss per share as the share options and warrants are anti-dilutive.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

10 Intangible assets

- Group

	Research and development £	Patents £	Total £
Cost			
At 1 January 2021	404,095	486,234	890,329
Exchange rate movements	-	(35,625)	(35,625)
At 1 January 2022	404,095	450,609	854,704
Exchange rate movements	-	25,764	25,764
At 31 December 2022	404,095	476,373	880,468
Amortisation			
At 1 January 2021	-	406,287	406,287
Exchange rate movements	-	(61,260)	(61,260)
Charge for the period	-	32,124	32,124
At 1 January 2022	-	377,151	377,151
Exchange rate movements	-	(3,089)	(3,089)
Charge for the period	-	32,514	32,514
At 31 December 2022	-	406,576	406,576
Net book amount			
At 31 December 2022	404,095	69,797	473,892
At 31 December 2021	404,095	73,458	477,553

Research and development costs relate to in-progress research and development acquired as part of business combinations in earlier years.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

11 Property, plant and equipment

- Group

	Fixtures, fittings and equipment £
Cost	
At 1 January 2021	1,122,573
Exchange rate movements	(74,613)
Additions	50,934
At 1 January 2022	1,098,894
Exchange rate movements	56,436
Additions	106,009
Disposals	(1,174)
At 31 December 2022	1,260,165
Depreciation	
At 1 January 2021	710,967
Exchange rate movements	(47,066)
Charge for the period	81,995
At 1 January 2022	745,898
Exchange rate movements	39,735
Charge for the period	85,049
Depreciation eliminated on disposal	(235)
At 31 December 2022	870,445
Net book amount	
At 31 December 2022	389,716
At 31 December 2021	352,996

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

11 Property, plant and equipment (continued)

- Company

	Fixtures, fittings and equipment £
Cost	
At 1 January 2021	67,664
Additions	6,535
At 1 January 2022	74,199
Additions	-
Disposals	(1,178)
At 31 December 2022	73,021
Depreciation	
At 1 January 2021	56,057
Charge for the period	4,460
At 1 January 2022	60,517
Charge for the period	4,312
Depreciation eliminated on disposals	(235)
At 31 December 2022	64,594
Net book amount	
At 31 December 2022	8,427
At 31 December 2021	13,682

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

12 Financial assets

- Group and Company

	Shares in listed entity £	Warrants in listed entity £	Total £
Valuation			
At 31 December 2021	1,208,327	207,508	1,415,835
Additions	-	-	-
Fair value movement	(519,977)	(206,279)	(726,256)
At 31 December 2022	688,350	1,229	689,579

As of 31 December 2022 ImmuPharma held 9,903,349 shares in Incanthera plc, representing a 12.97% position in the share capital of Incanthera plc.

Under IFRS 7 Financial instruments: Disclosures and IFRS 13 Fair value measurement investment in shares of listed entity is classified under the fair value hierarchy as level 2. The fair value of ImmuPharma's 9,903,349 shares held in Incanthera Plc equated to £688,350 as at 31 December 2022 (2021: £1,208,327), which has resulted in a fair value loss of £519,977 recognised through other comprehensive income.

Warrants in Incanthera Plc

ImmuPharma had been issued warrants for 7,272,740 shares at 9.5p per share of Incanthera plc. These warrants represent a financial asset, measured at fair value through Other Comprehensive Income, with a fair value loss of £206,279 for the year. At 31 December 2022, the fair value amounting to £1,229 was calculated using the "Black – Scholes" valuation model, in which there were several inputs, based on the contractual details and estimations. The inputs below have been taken into account in 2022:

- Expected volatility of share price – 26.50% (2021: 11%)
- Risk free rate – 3.619% (2021: 0.821%)
- Market value of share price at issue year end 6.95p (2021: 12.20p)

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

13 Investment in subsidiaries

- Company

	Shares in subsidiary undertakings £
Cost and fair value	
At 31 December 2021	41,111,393
Additions	30,070
At 31 December 2022	41,141,463

Details of the Company's subsidiaries as at 31 December 2022 are as follows:

Name of company	Holding	% voting rights and shares held	Nature of business & country of incorporation	Registered Office Address
ImmuPharma (France) SA	Ordinary	100	Pharmaceutical research and development – France	5, rue du Rhône F-68100 Mulhouse France
ImmuPharma AG	Ordinary	100	Pharmaceutical research and development – Switzerland	Poststrasse 10 CH-6060 Sarnen OW Switzerland
Ureka Pharma SAS (formerly Ureka SARL)	Ordinary	100	Pharmaceutical research and development – France	Bâtiment 13, 2 Rue Robert Escarpit 33600 Pessac France

Investments are recorded at cost, which is the fair value of the consideration paid.

The Company assessed the fair value of its Investment in Subsidiaries as at 31 December 2022 and has concluded that there has been no impairment to their value and that the carrying value remains as stated above. In order to reach this conclusion, the directors considered several points. Central to this assessment was a discounted cash flow analysis of the Group's lead program that supported this conclusion. Key assumptions included the discount rate, growth rate, exchange rate, tax rate as well as probability weighting. These assumptions were tested for sensitivity, which supported the conclusion of no impairment. Sensitivity analysis of the key assumptions showed that an adverse 10% change to any of these factors did not change this conclusion.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

14 Derivative financial asset

	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Balance brought forward	913,656	1,191,123	913,656	1,191,123
Value of derivative at inception	1,000,000	2,200,000	1,000,000	2,200,000
Settlements received	(360,343)	(328,495)	(360,343)	(328,495)
Loss recognised through income statement	(1,218,492)	(2,148,972)	(1,218,492)	(2,148,972)
	334,821	913,656	334,821	913,656

	31 December 2022 £	31 December 2021 £
Due within one year	252,258	508,167
Due after one year	82,563	405,489
At 31 December	334,821	913,656

As part of the placement completed in March 2020, the Company issued 13,000,000 new ordinary shares to Lanstead Capital Investors L.P. ("Lanstead") at a price of 10p per share for an aggregate subscription price of £1.3m before expenses. In December 2021, the Company issued 20,000,000 new ordinary shares to Lanstead at a price of 11p per share to raise £2.2m before expenses. In the placement completed in August 2022, the Company issued 20,000,000 new ordinary shares to Lanstead at a price of 5p per share to raise £1m gross. All Subscriptions proceeds were pledged under the Sharing Agreement, under which Lanstead made and will continue to make, subject to the terms and conditions of that Sharing Agreement, monthly settlements to the Company that are subject to adjustment upwards or downwards depending on the Company's share price performance.

In December 2021 and August 2022 the Company also issued 1,400,000 new ordinary shares consecutively to Lanstead as value payments in connection with the Share Subscriptions and the Sharing Agreements. Monthly settlements under the Sharing Agreement from March 2020 completed in June 2022. The settlements from remaining agreements (December 2021 and August 2022) will continue until 2024, completing in March 2024 and August 2024 respectively.

At the end of the accounting period the amount receivable has been adjusted to fair value based upon the share price of the Company at that date. Any change in the fair value of the derivative financial asset is reflected in the income statement. As at 31 December 2022, the Company completed a calculation of fair value of the derivative financial asset that resulted in a finance loss of £1,218,492 which was recorded in the income statement. The restatement to fair value will be calculated at the end of each accounting period during the course of the Sharing Agreement and will vary according to the Company's share price performance.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

15 Trade and other receivables

Current

	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Trade debtors	166,320	-	-	-
Other debtors	483,081	373,253	32,202	90,338
Prepayments	74,182	53,946	74,185	53,945
	723,583	427,199	106,387	144,283

Non-current

	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Amounts owed by group undertakings	-	-	14,177,448	12,249,280
	-	-	14,177,448	12,249,280

The Group's credit risk is primarily attributable to its other debtors. The Company's credit risk is primarily attributable to the intercompany loan balances due from French subsidiaries. Based on prior experience and an assessment of the current economic environment, the directors did not consider any provision for irrecoverable amounts was required and consider that the carrying value of these assets approximates to their fair value.

The Company's receivables due from Group undertakings are intercompany loan balances due from its French subsidiaries. As of 31 December 2022, the directors believe that there has been no impairment to these values.

The Company considers that the amounts included in receivables due from group undertakings will prove recoverable. However, the timing of and the ultimate repayment of these amounts will depend primarily on the growth of revenues for the relevant group companies. Amounts owed by group undertakings of £14,177,448 (2021: £12,249,280) are included in non-current assets. These are unsecured, interest free, and have no fixed date of repayment.

The total carrying amount of financial assets for the Group is £2,206,915 (2021: £4,406,064), consisting of trade and other receivables of £723,583 (2021: £427,199), investment in Incanthera Plc £506,685 (2021: £1,415,835), derivative financial asset £308,834 (2021: £913,656) and cash and cash equivalents of £667,813 (2021: £1,649,374).

The total carrying amount of financial assets for the Company is £15,642,062 (2021: £16,250,785), consisting of trade and other receivables of £14,283,831 (2021: £12,393,563), investment in shares in Incanthera Plc £688,351 (2021: £1,208,327), investment in warrants in Incanthera Plc £1,229 (2021: £207,508), derivative financial asset £334,821 (2021: £913,656) and cash and cash equivalents of £542,712 (2021: £1,524,730).

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

16 Cash and cash equivalents

	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Cash and cash equivalents	667,813	1,649,374	542,712	1,524,730

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less at varying rates of interest over the period between 0.0% and 0.5%.

The directors consider that the carrying value of these assets approximates to their fair value.

The credit risk on liquid funds is limited because the counterparty is a bank with a high credit rating.

Included within the above is £50,000 held separately in a Royal Bank of Scotland bank account in respect of a charge held over cash balances with reference to the Company's credit card facility.

17 Financial liabilities – borrowings

- Group

	31 December 2022 £	31 December 2021 £
Total borrowings within one year comprises:		
Bank overdraft	111	105
Other loans	-	595
	111	700

18 Trade and other payables

	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Trade payables	1,071,140	1,155,896	102,991	645,936
Other taxes and social security	180,122	268,927	-	-
Accruals and other creditors	199,951	158,781	196,173	158,781
	1,451,213	1,583,604	299,164	804,717

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

19 Share capital

At 31 December 2022, the Company had no limit on its authorised share capital.

Allotted, called up and fully paid	2022 No.	2021 No.	2022 £	2021 £
At start of year:				
Ordinary shares of £0.10 each		250,221,297		25,022,130
Ordinary shares of £0.01 each	284,984,933		2,849,849	
Deferred shares of £0.09 each	284,984,933		25,648,644	
Movements during year:				
Shares issued on 23 December 2021		34,763,636		3,476,364
Shares issued on 16 August 2022	42,418,182		424,182	
Shares issued on 30 August 2022	1,000,000		10,000	
Shares issued on 5 September 2022	2,000,000		20,000	
Shares issued on 13 September 2022	3,000,000		30,000	
At end of year	618,388,048	284,984,933	28,982,675	28,498,494

During the financial year, the Company issued in total 48,418,182 new ordinary shares of £0.01 each.

Details of new shares issued during the financial year 2022 are summarised as follows:

On 28 June 2022 the existing ordinary shares of 10 each were subdivided into an ordinary share of 1p value and a deferred share of 9p value. The authorised share capital of the Company remained the same despite the creation of 284,969,866 ordinary shares.

On 16 August 2022 the Company issued 21,400,000 new ordinary shares with nominal amount of £214,000, with share premium of £800,000 and £14,000 deducted from reserves in relation to value payment shares, as explained below. The gross proceeds amounted to £1,000,000 and were deferred under the Sharing Agreement. Share issues costs of £35,000 have been deducted from reserves.

On 16 August 2022 the Company issued 1,818,182 new ordinary shares with nominal amount of £18,182 and gross proceeds of £90,909 with share premium of £72,727.

On 16 August 2022 the Company issued 19,000,000 new ordinary shares with nominal amount of £190,000 and £760,000 share premium and gross proceeds of £950,000, with £46,125 of share issue costs deducted from reserves.

On 16 August 2022 the Company issued 200,000 new ordinary shares with nominal amount of £2,000 and gross proceeds of £10,000 with share premium of £8,000.

On 30 August 2022 L1 Capital Global Opportunities Master Fund ("L1") exercised warrant options for 1,000,000 new ordinary shares with nominal amount of £10,000 and gross proceeds of £50,000 with share premium of £40,000.

On 5 September 2022 L1 Capital Global Opportunities Master Fund ("L1") exercised warrant options for 2,000,000 new ordinary shares with nominal amount of £20,000 and gross proceeds of £100,000 with share premium of £80,000.

On 13 September 2022 L1 Capital Global Opportunities Master Fund ("L1") exercised warrant options for 3,000,000 new ordinary shares with nominal amount of £30,000 and gross proceeds of £150,000 with share premium of £120,000.

The total costs incurred in relation to the issue of new equity capital amounted to £165,679 which was debited against share premium.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

20 Share based payments

Equity-settled and warrants

The Company adopted a new share option plan in March 2017 to replace the previous scheme, which had expired.

Details of the share options and warrants outstanding during the period are as follows:

	Number of share options	Weighted average exercise price (£) of share options	Number of warrants options	Weighted average exercise price (£) of warrants options	Total number of options (Share options and Warrants options)
Outstanding as at 31 December 2021	17,112,500	0.58	93,682,604	0.11	110,795,104
Expired during 2022	-	-	-	-	-
Lapsed during 2022	-	-	-	-	-
Granted during 2022	6,750,000	0.08	57,768,304	0.09	64,518,304
Outstanding as at 31 December 2022	23,862,500	0.33	151,450,908	0.10	175,313,408
Exercisable as at 31 December 2021	12,412,500	0.52	93,682,604	0.11	106,095,104
Granted and exercisable during 2022	6,750,000	0.08	57,768,304	0.09	64,518,304
Lapsed during 2022	-		-	-	-
Exercisable as at 31 December 2022	19,162,500	0.30	151,450,908	0.10	170,613,408

The options and warrants outstanding as at 31 December 2022 had a weighted average remaining contractual life of 9 years.

Warrants issued in 2022 had a contractual life of 10 years.

The options and warrants outstanding as at 31 December 2022 had exercise prices between £0.05 and £1.530 (2021: £0.10 and £1.530).

Equity-settled share option scheme

The total value of options granted during 2017, 2020 and 2022 was calculated using the Economic Research Institute's Black-Scholes pricing model. The inputs into the pricing model were as follows:

Option grant date	30 March 2017	13 July 2017	24 November 2017	1 December 2017	25 November 2020	22 December 2022	22 December 2022
Option value	£833,000	£400,950	£3,928,838	£707,760	£913,958	£42,317	£35,122
Share price at grant date	£0.5025	£0.5675	£0.9862	£1.5300	£0.129	£0.0189	£0.0189
Exercise price	£0.5025	£0.5675	£0.9862	£1.5300	£0.20	£0.11	£0.05
Volatility	47%	47%	51%	52%	144%	143%	143%
Vesting period	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Expected life	7 years	7 years	7 years	7 years	7 years	7 years	7 years
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%
Risk free interest rate	0.382%	0.382%	0.382%	0.382%	-0.024%	0.032%	0.032%

Expected volatility was determined by calculating the historical volatility of the Company's share price to the date of the grant over a 3 year period. Expected life was determined by examining the exercise history of the Company's option holders. No market-based conditions were used as inputs into the pricing model.

The total value of options granted during 2020 was calculated as above at £913,958. Of this amount, £25,388 has been charged in the financial statements for the year ended 31 December 2020.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

20 Share based payments (continued)

Equity-settled share option scheme (continued)

For the year ended 31 December 2021, the Company has charged £616,427 for the value of share options in relation to grant from 2020. Out of this amount £311,774 was related to an accelerated charge in respect of leaving employees (including directors).

For the year ended 31 December 2022, the Company has charged £159,868 for the value of share options in relation to grant from 2020 and 2022. The remaining balance of £189,713 will be charged over the next 3 financial years ending 31 December 2025.

The total value of options granted during 2017 was calculated as above at £5,870,548. The total of this amount has been already charged in the financial statements in prior years and there is no remaining amount to be charged in the year ending 31 December 2022. (2021: £nil).

The total value of all other options granted in previous years has been fully charged in the financial statements in prior years.

Warrants

Warrant holder/grant date	Exercise price	No of warrants	Expected life
01/04/20 Stanford Capital	£0.10	915,205	10 years
10/06/20 L1 Capital	£0.05	28,204,279	3 years
10/06/20 Lind Capital	£0.05	22,204,279	3 years
02/09/20 SI Capital Limited	£0.11	1,213,920	10 years
02/09/20 Stanford Capital	£0.11	1,213,920	10 years
23/12/21 Alora Pharmaceuticals, LLC	£0.11	21,818,182	10 years
23/12/21 Lanstead Capital Investors LP	£0.11	40,000,000	10 years
23/12/21 Chelverton Asset Management	£0.11	2,727,273	10 years
16/08/22 Lanstead Capital Investors LP	£0.055	30,000,000	10 years
16/08/22 Stanford Capital	£0.05	2,000,000	10 years
16/08/22 Stanford Capital	£0.05	500,000	10 years
16/08/22 SI Capital Limited	£0.05	500,000	10 years

The above warrants have been granted in connection to the funding raised in 2020, 2021 and 2022.

The warrants granted in 2020 have been valued based on estimated cost of service and it was calculated at £173,000. The warrants granted in 2021 were measured at fair value at the date of grant and were calculated at £1,349,000. The warrants granted in 2022 have been measured both using an estimate of fair value of services and where issued to Lanstead in exchange for not changing the benchmark of the previous sharing agreement, at the estimated change in value of that instrument that would otherwise have occurred. These have been calculated at £369,359.

The warrants issued to L1 Capital and Lind Capital in 2020 were initially at an exercise price of £0.11. Following the share issue during 2022, the exercise price was changed to £0.05p and the number of warrants to each party increased proportionately from 12,870,127 to 28,204,279, some of which have since been exercised.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

21 Cash used in operations

	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Operating loss	(3,028,952)	(6,586,955)	(1,567,079)	(4,260,273)
Depreciation and amortisation	117,563	114,119	4,312	4,459
Loss on sale of fixed assets	939	-	939	-
Share-based payments	159,874	616,423	129,799	568,157
(Increase)/decrease in trade and other receivables	(296,384)	(265,201)	37,900	(22,880)
(Decrease)/increase in trade and other payables	(132,392)	896,798	(505,554)	483,767
(Gain)/loss on foreign exchange	(45,554)	2,370	-	(7,277)
Cash used in operations	(3,224,906)	(5,222,446)	(1,899,683)	(3,234,047)

22 Related party transactions

a) Group

D Dimitriou received part of his remuneration through a consultancy company owned by him, Dragon Finance AG. During the year ImmuPharma AG was charged £nil (2021: £258,738) for the provision of management services by Dragon Finance AG. During the prior year, until his resignation in July 2021, D Dimitriou was a director of ImmuPharma (France) SA and ImmuPharma plc. All amounts received by D Dimitriou via Dragon Finance AG are incorporated in the remuneration table in the Directors Report on page 34.

Until the CEO appointment in July 2021, T McCarthy received £151,667 for the provision of Chairman's fees through a service company owned by him, Unnamed Ltd. No such fees have been paid for the year ended 31 December 2022. The comparative amounts received by T McCarthy via Unnamed Ltd are incorporated in the remuneration table in the Directors' Report on page 33. T McCarthy is also Chairman on Incanthera Ltd. As of 31 December 2022 ImmuPharma held 9,903,349 shares in Incanthera plc, representing a 12.97% position in the share capital of Incanthera plc.

During the year, ImmuPharma plc was charged £84,000 (2021: £84,000) for the provision of consultancy services by Just B Communications Limited, a company owned by L Baderoon.

During the year, an amount of £nil (2021: £124,297) was paid to the wife of Dr R Zimmer in respect of services provided to ImmuPharma plc, ImmuPharma (France) SA and Ureka Pharma SAS. During the year ImmuPharma AG was charged £nil (2021: £590,938) for the provision of consultancy services by Luca and Associates AG, a company which Dr R Zimmer is connected to. Of the amount of £590,938, £514,390 related to payments made to terminate the arrangement in the prior year. An amount of £nil (2021: £55,196) was also paid to the daughter of Dr R Zimmer in respect of services provided to ImmuPharma (France) and Ureka Pharma SAS.

b) Company

During the year ended 31 December 2022, management charges of £nil (2021: £304,480) were rendered by ImmuPharma plc to ImmuPharma (France) SA. This amount was due to the Company at 31 December 2022. The Company also loaned the sum of £344,839 (2021: £328,039) to ImmuPharma (France) SA during the year ended 31 December 2022. The total balance due to the Company from ImmuPharma (France) SA at 31 December 2022 was £10,509,899 (2021: £9,601,086).

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

22 Related party transactions (continued)

b) Company (continued)

During the year ended 31 December 2022, management charges of £97,983 (2021: £76,120) were rendered by ImmuPharma plc to Ureka Pharma SAS. This amount was due to the Company at the 31 December 2022. The Company also loaned the sum of £830,309 (2021: £526,695) to Ureka Pharma SAS during the year ended 31 December 2022. The total balance due to the Company from Ureka Pharma SAS at 31 December 2022 was £3,667,549 (2021: 2,559,263).

During the year ended 31 December 2022, management charges of £nil (2021: £86,448) were rendered by ImmuPharma plc to ImmuPharma AG. The total balance due to the Company from Immupharma AG at 31 December 2022 was £nil (2021: £88,932).

23 Financial instruments

The Group's financial instruments comprise of cash and cash equivalents, investment in Incanthera plc, derivative financial asset, borrowings and items such as trade payables, which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

The Group's operations expose it to a variety of financial risks including liquidity risk, interest rate risk, equity price risk and foreign exchange rate risk. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The Company's finance department implements the policies set by the Board of Directors.

The principal financial instruments used by the Group from which financial instrument risk arises are as follows:-

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Trade and other receivables	723,583	373,253
Shares in listed entity	688,350	1,208,327
Warrants in listed entity	1,229	207,508
Derivative financial asset	334,821	913,656
Cash and cash equivalents	667,813	1,649,374
Total financial assets	2,415,796	4,352,118
Financial liabilities – borrowings due within 1 year	111	700
Trade and other payables	1,451,213	1,583,604
Total financial liabilities	1,451,324	1,584,304

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2021

23 Financial instruments (continued)

Liquidity risk

Group

The Group actively maintains a mixture of long term and short-term debt finance that is designed to ensure it has sufficient available funds for operations and planned expansions. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

The following table shows the contractual maturities of the Group's financial liabilities, all of which are measured at amortised cost:

	Trade and other payables £	Borrowings £	Total £
At 31 December 2022			
6 months or less	1,451,213	111	1,451,324
6 – 12 months	-	-	-
1 – 2 years	-	-	-
2 – 5 years	-	-	-
Total contractual cash flows	1,451,213	111	1,451,324
Carrying amount of financial liabilities measured at amortised cost	1,451,213	111	1,451,324

	Trade and other payables £	Borrowings £	Total £
At 31 December 2021			
6 months or less	1,583,604	700	1,584,304
6 – 12 months	-	-	-
1 – 2 years	-	-	-
2 – 5 years	-	-	-
Total contractual cash flows	1,583,604	700	1,584,304
Carrying amount of financial liabilities measured at amortised cost	1,583,604	700	1,584,304

Company

The Company's financial liabilities comprise trade and other payables with a carrying amount equal to gross cash flows payable of £116,278 (2021: £645,936), accrued purchases with a carrying amount of £182,885 (2021: £110,698), all of which are payable within 6-12 months.

Interest rate risk

Group

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets comprise cash and cash equivalents denominated in Sterling, the Euro, the Swiss Franc and the US Dollar which earn interest at a variable rate. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

During the year, the Group's cash and cash equivalents earned interest at a variable rate between 0.0% and 0.5% (2021: 0.0% and 0.5%).

As at 31 December 2022, if LIBOR had increased by 0.5% with all other variables held constant, the post-tax loss and equity would have been higher by £3,819 (2021: £18,728). Conversely, if LIBOR had fallen by 0.5% with all other variables held constant, the post-tax loss and equity would have been lower by £3,819 (2021: £18,728).

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2021

23 Financial instruments (continued)

Interest rate risk (continued)

Group (continued)

Details of the terms of the Group's borrowings are disclosed in note 17.

The Group also has non-interest bearing borrowings, which are carried at amortised cost, and therefore the risk is the change in the fair value of the borrowings. Changes in the market interest rates of these liabilities do not affect loss or equity and therefore no sensitivity analysis is required under IFRS 7.

Company

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets comprise of cash and cash equivalents denominated in Sterling, which earn interest at a variable rate.

During the year, the Company's cash and cash equivalents earned interest at a variable rate between 0.0% and 0.5% (2021: 0.0% and 0.5%).

As at 31 December 2022, if LIBOR had increased by 0.5% with all other variables held constant, the post-tax loss would have been lower and equity would have been higher by £3,348 (2021: £16,739). Conversely, if LIBOR had fallen by 0.5% with all other variables held constant, the post-tax loss would have been higher and equity would have been lower by £3,348 (2021: £16,739).

Foreign exchange rate risk

Group

The Group is exposed to foreign exchange rate risk as a result of having cash balances in Euros, Swiss Francs and US Dollars. During the year, the Group did not enter into any arrangements to hedge this risk, as the directors did not consider the exposure significant given the short-term nature of the balances. The Group will review this policy as appropriate in the future.

As at 31 December 2022, if the Euro had weakened 10% against Sterling with all other variables held constant, the post-tax profit and equity would have been lower by £14,523 (2021: £8,730). Conversely, if the Euro had strengthened 10% against Sterling with all other variables held constant, the post-tax profit and equity would have been higher by £14,523 (2021: £8,730).

As at 31 December 2022, if the US Dollar had weakened 10% against Sterling with all other variables held constant, the post-tax profit and equity would have been lower by £13 (2021: £100). Conversely, if the US Dollar had strengthened 10% against Sterling with all other variables held constant, the post-tax profit and equity would have been higher by £13 (2021: £100).

As at 31 December 2022, if the Swiss Franc had weakened 10% against Sterling with all other variables held constant, the post-tax profit and equity would have been lower by £1,032 (2021: £5,800). Conversely, if the Swiss Franc had strengthened 10% against Sterling with all other variables held constant, the post-tax profit and equity would have been higher by £1,032 (2021: £5,800).

Company

The Company is exposed to foreign exchange rate risk through the payment of non-Sterling amounts, intercompany balances in Euros and Swiss Francs and as a result of having cash balances in Euros and US Dollars. The Company's convertible loan notes are also held in US Dollars. During the year, the Company did not enter into any arrangements to hedge this risk, as the directors did not consider the exposure significant. The Company will review this policy as appropriate in the future.

As at 31 December 2022, if the Euro had weakened 10% against Sterling with all other variables held constant, the post-tax profit and equity would have been lower by £4,423 (2021: £2,600). Conversely, if the Euro had strengthened 10% against Sterling with all other variables held constant, the post-tax profit and equity would have been higher by £4,423 (2021: £2,600).

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2021

23 Financial instruments (continued)

Foreign exchange rate risk (continued)

Company (continued)

As at 31 December 2022, if the US Dollar had weakened 10% against Sterling with all other variables held constant, the post-tax profit and equity would have been lower by £13 (2021: £100). Conversely, if the US Dollar had strengthened 10% against Sterling with all other variables held constant, the post-tax profit and equity would have been higher £13 (2021: £100).

Equity price risk

Group and Company

The Group holds the investment in shares in Incanthera plc, trading on AQSE, described in further detail in Note 12. The Group and Company are exposed to equity price risk as the sale of any Incanthera plc shares will fluctuate depending on the future share price. If ImmuPharma sold its shares in Incanthera for 10% less than the Incanthera plc share price at year end, this would indicate a reduction in investment value of £68,823 which would increase the Group's and Company's loss by £68,823. If ImmuPharma sold its shares for 10% more than the Incanthera's share price at year end, this would indicate an increase in fair value of £68,823 which would decrease the Group's and Company's loss by £68,823.

The Group has also entered into a derivative transaction during the year 2022, details of which can be found at note 14. The risk associated with this transaction is the variable consideration receivable, which depends on the Company's share price. During the year, the Group did not enter into any arrangements to hedge this risk, as the directors did not consider the exposure significant given the short term nature of the balance. The Group will review this policy as appropriate in the future.

If the Company's share price had weakened 10% with all other variables held constant, the post-tax loss would have been higher and equity would have been lower by £35,761. Conversely, if the Company's share price had strengthened by 10% with all other variables held constant, the post-tax loss would have been lower and equity would have been higher by £35,761.

The following is a comparison by category of the carrying amounts and fair values of the Group's financial assets and liabilities at 31 December 2022. Set out below the table is a summary of the methods and assumptions used for each category of instrument.

	Carrying amount 2022 £	Fair Value 2022 £	Carrying amount 2021 £	Fair Value 2021 £
Trade and other receivables at amortised cost	723,583	723,583	427,199	427,199
Derivative financial asset	334,821	334,821	913,656	913,656
Shares in listed entity	688,350	688,350	1,208,327	1,208,327
Warrants in listed entity	1,229	1,229	207,508	207,508
Financial liabilities at amortised cost	1,451,213	1,451,213	1,583,604	1,583,604
	3,199,196	3,199,196	4,340,294	4,340,294

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2021

23 Financial instruments (continued)

Equity price risk (continued)

Trade and other receivables at amortised cost
The fair value approximates to the carrying amount because of the short maturity of these instruments.

Derivative financial asset
The asset is recorded at fair value and is calculated based on ImmuPharma's share price at the year end.

Financial liabilities at amortised cost
The fair value approximates to the carrying amount because the majority are associated with variable-rate interest payments that are re-aligned to market rates at intervals of less than one year.

Shares in listed entity
The balances are recorded at fair value and are determined by using published price quotations in the AQSE market.

Warrants in listed entity
The balances are recorded at fair value and are determined by using a Black-Scholes valuation model.

Fair value measurement
The Group measures the fair value of its financial assets and liabilities in the Statement of Financial Position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2 fair value measurements are those derived from inputs, other than quoted prices included within level 1, that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2021

23 Financial instruments (continued)

Equity price risk (continued)

Fair value measurement (continued)

The following table presents the Group's financial assets that are measured at fair value at 31 December 2022:

	Level 1 £	Level 2 £	Level 3 £	Total £
Shares in listed entity	-	688,350	-	688,350
Warrants in listed entity		1,229		1,229
Derivative financial asset	-	334,821	-	334,821
As at 31 December 2022	-	1,024,400	-	1,024,400

Summary of financial assets held at level 2 fair value:

	Warrants in listed entity £	Shares in listed entity £	Total £
As at 1 January 2022	207,508	1,208,327	1,415,835
Additions	-	-	-
Revaluation at fair value	(206,279)	(519,977)	(726,256)
As at 31 December 2022	1,229	688,350	689,579

The fair value has been assessed at 31 December 2022 and is based on the ImmuPharma Plc shareholding of 12.97% of Incanthera plc.

	Derivative financial asset £
Fair value brought forward	913,656
Fair value at inception	1,000,000
Payments received under Sharing Agreement	(360,343)
Net losses recognised in Income Statement	(1,218,492)
As at 31 December 2022	334,821

The consideration receivable is variable depending on the Company's share price and the derivative financial asset is revalued through the Income Statement with reference to the Company's closing share price. The valuation methodology and inputs are detailed in note 14.

Capital Risk

Group and Company

The Group and Company considers its capital under management to be its cash and cash equivalents and share capital and reserves. The Group and Company's overall objective in managing its capital is to support the strategic objectives of the business: the development of potential new drugs. Decisions regarding the management of capital are taken by the Board in conjunction with regular strategic planning and budget reviews.

Glossary of Technical Terms

'biomarkers'	measurable biological responses used as predictors of clinical effects.
'CRO'	contract research organisation.
'drug-like'	having the potential to become a drug product candidate due to its physical and chemical characteristics.
'Lupus'	an autoimmune inflammatory disease of unknown etiology.
'PDCT'	peptide to drug converting technology.
'peptide'	a molecule comprised of a series of amino acids (or a small subpart of a protein).
'Pharma'	abbreviation for "Pharmaceutical"; sometimes in the industry "pharma" also denotes a pharmaceutical company.
'Phase 0'	the stage of development of a drug candidate before the first administration to man, during which all mandatory data required by regulatory bodies such as the FDA or the EMEA is generated and filed.
'Phase 1'	the stage of development of a drug candidate during which it is administered to man (usually healthy volunteers) for the first time. Phase I studies are designed to assess primarily the safety and tolerability of the drug candidate and gather information on its ADME. This phase is also used whenever possible to evaluate surrogate markers which are indicative of the clinical efficacy of the drug candidate.
'Phase 2'	the stage of development of a drug candidate during which therapeutic studies are conducted in limited numbers of patients using data generated in Phase I studies to determine dose regimen and primary efficacy, and to examine therapeutic outcomes and monitor safety in patients.
'Phase 3'	the stage of development of a drug candidate during which it is tested in large scale pivotal trials on, typically, between 200 to 4000 patients to demonstrate overall efficacy, tolerability and safety with a dose regimen as determined in Phase II. The drug candidate must generally prove to be statistically better than placebo or the current best therapy in terms of efficacy, safety or quality of life.