ImmuPharma

ImmuPharma plc
Report and Consolidated Financial Statements
For the Year Ended 31 December 2023

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Chairman's Report

Chairman's Report

The first part of 2023 was a period of further progress for ImmuPharma, as we continued to focus on progressing our late-stage pipeline assets specifically, within our P140 autoimmune technology platform. The end of 2023 culminated in a significant update which centred on progressing the systemic lupus erythematosus (SLE) international Phase 3 study. It was confirmed that Simbec-Orion has been appointed as the Contract Research Organisation ("CRO") to carry out the study, following extensive due-diligence and a six-month tender process, involving three different CROs.

In addition, a Phase 3 dose-range study, rather than a Phase 2/3 adaptive study, is the preferred design. Importantly, the direct Phase 3 route is faster to filing for approval whilst also incorporating the Food and Drug Administration (FDA's) request for demonstration of a dose-ranging in the pivotal program.

The international SLE Phase 3 dose-range study design and protocol is substantially different from the previous Phase 3 clinical trials completed by ImmuPharma in 2018. Dosing will be significantly higher and subcutaneous injection, once a month, will be administered with a highly convenient and patient friendly autoinjector. The doses are safe and well. Two planned interim analyses during the study will allow early detection of the effectiveness of P140.

Recent further insights into P140's mechanism of action ("MOA") confirms its position as the only non-immunosuppressing molecule in clinical development in the industry. The favourable impact of P140 on immune system homeostasis also support P140 as a new potential standard of care not only for SLE sufferers, but for patients suffering from a multitude of autoimmune diseases that are caused by the same underlying malfunction. This also agrees with many preclinical animal models of autoimmune diseases where P140 has clearly demonstrated efficacy.

Positive progress with P140 was also announced in May 2023 for another autoimmune disease with high medical need disease, chronic idiopathic demyelinating polyneuropathy ("CIDP"). The Company received positive feedback from the Food and Drug Administration (FDA) at a Pre-Investigational New Drug Application (pre-IND) meeting for a late-stage Phase 2/3 adaptive clinical program. CIDP is a rare disease and will qualify as orphan indication following full-IND submission.

Based on the progress of the clinical programs the Company is also actively in discussions with a number of potential commercial partners for programmes across the Company's development portfolio.

In September 2023, ImmuPharma also completed a successful fundraising comprising gross proceeds of £130,683 via the Winterflood Retail Access Platform ("WRAP"), in addition to £1.35 million being raised in a Subscription and Direct Subscription in August 2023.

SLE/P140 New dose strategy, study design and MOA clarity

There are an estimated 1.5 million people suffering from SLE in the US (Source: SLE Foundation of America), 5 million in the US/Europe but 16 million globally. 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 P140 has the potential to be a novel specific drug therapy for the treatment of SLE by specifically restoring an imbalanced immune system and halting disease progression in many autoimmune diseases, of which SLE is a well-known example.

To this end, the whole P140 program was re-examined in 2021/22, and the Board decided that it required a completely different approach, not only to commence a new Phase 3 study in SLE, but also to be clear on the product offering and target product profile. The three pillars of strength and confidence in our new program are dose, design and MOA.

After three FDA guidance meetings, further human and animal pharmacokinetics studies and reconciliation with efficacy demonstrated in the animal models, it was concluded that the previous dose used in clinical studies was significantly too low. The new Phase 3 study will include a dose-range over 20 times higher than the previous Phases 3 which used 200 micrograms.

The design of the pivotal Phase 3 study includes a dose-range. This design is faster to complete than a Phase 2/3 adaptive study, while at the same time incorporating all the key objectives. We confidently expect the efficacious dose to be within this dose-range and we expect no adverse events that could lead to product label warnings seen with all other approved drugs and standard of care, which are all immunosuppressants. The study design allows two interim analyses, so there will be short term updates on clinical activity of the drug. P140 is not an immunosuppressant, so a key objective will be to taper the use of steroids which are currently the standard of care. The study will also include analysis of certain biomarkers in relation to efficacy.

Chairman's Report (continued)

The lack of immunosuppression is explained by our refined MOA. All other molecules currently in development possess varying degrees of immunosuppression, which give rise to side effects and limit the dose that can be used to achieve efficacy.

New MOA evidence shows that P140 restores the tolerance systems by enabling tolerogenic antigen presenting cells (like dendritic cells) to function properly. As malfunction of the tolerance systems seems to be the root cause of most if not all autoimmune diseases, it explains why P140 is so broadly efficient across most autoimmune indications in animal models. P140 is the only non-immunosuppressive molecule in the industry in clinical development for the treatment of SLE. These insights and new internal data will provide the potential to significantly fortify the intellectual property position of P140.

This target product profile of P140 is a new gold standard therapy, conveniently self-administered by the patient with the autoinjector, once a month, which is safe and well tolerated unlike standard of care or any other molecule in development which are all immunosuppressants with significant safety warnings and quality of life impacts. The new Phase 3 design will aim to study the ability to significantly reduce or remove the need or harmful standard of care therapy i.e. oral steroids or other immunosuppressants.

Simbec-Orion

Simbec-Orion is an experienced, full-service Contract Research Organisation, with offices across the UK, Europe, and the United States, specialising in Rare & Orphan conditions. Simbec-Orion has previous direct experience in SLE trials including conducting ImmuPharma's last Phase 3 study completed in 2018 and more recently conducted ImmuPharma's Pharmacokinetics ("PK") study completed in 2022.

P140 and Avion Pharmaceuticals | Background

On 28 November 2019, ImmuPharma and Avion signed an exclusive Trademark, License and Development Agreement for P140 (P140/Lupuzor™), with Avion agreeing to fund a new international Phase 3 trial and commercialising in the US. The agreement also provides Avion an option on any other P140 indications.

Since then, there have been three guidance meetings with the FDA on the SLE program. At the first meeting the FDA requested ImmuPharma complete a clinical PK study of P140.

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.

Following successful completion of the clinical PK study in 2022 the FDA guided on a new dosing regimen and following the receipt of comprehensive guidance from the FDA in June 2023, in conjunction with our US partner Avion, a Phase 2/3 adaptive clinical trial of P140 (Lupuzor™) in patients with SLE was agreed.

Chairman's Report (continued)

Importantly however, after further deliberation between our clinical team, Avion and our CRO, Simbec-Orion, taking into account the further positive findings within the MOA of P140 (Lupuzor™), a Phase 3 study is the optimum route forward.

The new design of the international Phase 3 study includes a dose-range. We confidently expect the efficacious dose to be within this dose-range and we expect no adverse events that could lead to product label warnings seen with all other approved drugs and standard of care, which are all immunosuppressants. The study design allows two interim analyses, so there will be short term updates on clinical activity of the drug. P140 is not an immunosuppressant, so a key objective will be to taper the use of steroids which are currently standard of care. The study will also include analysis of certain biomarkers in relation to efficacy.

Chronic inflammatory demyelinating polyradiculoneuropathy (CIDP)/P140

A new major opportunity for P140 is for the treatment of CIDP, a rare acquired autoimmune disorder of peripheral nerves with high medical need. It is a neurological disorder characterised 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.

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

In May 2023, ImmuPharma received positive guidance from FDA following the PIND meeting that confirms the route for a Phase 2/3 adaptive clinical study of P140 in CIDP.

The FDA feedback recognises that P140 is suitable to be studied in another disease indication in addition to SLE and this strongly supports the underlying science and mechanism of action of P140 across several auto-immune/inflammatory diseases and is a significant breakthrough for the P140 platform.

The Phase 2/3 adaptive clinical trial will be the first pivotal stage study of P140 in patients with CIDP: a rare neurological disease with high medical need.

An IND application is now being prepared for submission to the FDA, incorporating all guidance points. An application for Orphan Drug status for CIDP will be also submitted in parallel to the full IND application.

Simbec-Orion has been appointed as the CRO for this program.

The CIDP market is expected to reach global sales of US$2.7bn by 2029.

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.

Chairman's Report (continued)

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

ImmuPharma is a biopharmaceutical company that specialises in the usage and development of biopolymers, specifically peptides.

Our research strategy is based on two strategic axes: research based on external collaboration aimed at discovering new active ingredients, which has led to the development of our most advanced project in terms of clinical development: P140, an active peptide against the auto-immune disease, SLE and internal research based on the use of molecular programming technologies, which has notably led to the development of the BioAMB (antifungal) and BioCIN (antibacterial) projects.

This research, for original biopolymer-based active compounds, has led us to collaborate with the world-renowned Centre National de la Recherche Scientifique, (CNRS) in France and Imperial College London. These collaborations enable us to access innovative research with substantial embedded value and to work with many leading scientists and clinicians.

ImmuPharma has exclusive rights to all of its intellectual property assets. Since a major Board and management restructuring, the team has refocused its key pipeline portfolio to maximise long-term shareholder value.

Our late-stage to preclinical pipeline is focused on two core therapeutic areas; autoimmunity & inflammation and anti-infectives.

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 is a peptide discovered by Professor Sylviane Muller and licensed to the Company by our long standing collaboration partner, the CNRS.

Due to its "restorative" action on the immune system, P140 is a technology platform that can be applied across many autoimmune and inflammatory conditions. The Company is currently in clinical development of P140 for the treatment of SLE and CIDP.

P140 (Lupuzor™) for SLE

Lupuzor™, (forigerimod or P140) has commenced an international, Phase 3, dose-range pivotal study for systemic lupus erythematosus (SLE).

P140 is a peptide technology platform that targets autoimmune diseases such as SLE. Like all autoimmune diseases there is currently no cure against SLE. There are 2 approved monoclonal antibody treatments that are prescribed, but in only 3% of SLE patients, otherwise, treatments are mostly steroids. Overall, the treatments are mainly immunosuppressants which can have significant side effects.

- P140 has the potential to be a new standard of care therapy for the treatment of SLE.
- P140 binds to heat shock protein 8 (HSPA8), which is over-expressed in abnormal antigen presenting cells.

Chairman's Report (continued)

- P140 "restores" the immune system back to normal, by enabling tolerogenic antigen presenting cells to function properly. P140 is not an immunosuppressant unlike other molecules in development.
- P140 is extremely safe, well-tolerated and patient friendly, and potentially can be self-administered through a subcutaneous injection, once a month for SLE.

P140 for CIDP

P140 (forigerimod) shows compelling pre-clinical data in Chronic Inflammatory Demyelinating Polyneuropathy ("CIDP"), a progressive inflammatory condition of the nerves.

P140's efficacy has been proven in early pre-clinical models of CIDP.

A phase 2/3 adaptive trial is planned in 2024. Applications for full FDA IND and orphan drug designation are being prepared for submission. Full FDA IND approval and orphan drug designation is expected following the result of the Pre IND meeting.

P140 offers the potential to:

- reduce the frequency of CIDP disease flares
- reduce the need for hospital Intravenous Immunoglobulin Therapy (IVIg) therapy
- simple auto-injection 1/month by patient at home
- reduce costs for patient and healthcare system

P140 – Other indications

A number of additional autoimmune-related indications have been identified within the P140 platform. 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, periodontitis and IBD. There have been no new significant drug classes addressing these indications for many years.

What next?...

ImmuPharma has built up invaluable scientific knowledge by developing a peptide compound which can potentially treat a range of auto-immune diseases. Building on this experience, we are developing a new active peptide, targeting specific autoimmune pathologies. This new research programme is perfectly aligned with our strategic priorities. It's a very exciting project that should create further opportunities for the Company.

Anti-Infection

Anti-infectives were 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.

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.

Chairman's Report (continued)

BioAMB | for systemic fungal infections

BioAMB is a groundbreaking amphotericin-B variant that promises both efficiency and safety.

Although AMB is highly effective, currently marketed AMB formulations may cause serious kidney toxicity and other severe reactions. BioAMB is not a typical reformulation but a Bio-drug entity which releases AMB as the active agent.

BioAMB aims to:

- Significantly reduce toxicity and improve tolerance to amphotericin-B therapy
- Use a simple injection vs IV infusion
- Improve the frequency & duration of therapy
- Provide a more powerful alternative to existing 1st line azole antifungal therapy where there is increasing resistance.

BioCIN | for severe bacterial infections

BioCIN is an innovative vancomycin-based treatment for efficient, safe, anti-infection treatment.

Vancomycin, a generic drug, is a last resort therapy for the treatment of sepsis and lower respiratory tract, skin, and bone infections caused by Gram-positive bacteria and the killer bug methicillin-resistant Staphylococcus aureus (MRSA).

Marketed since 1954, it is poorly absorbed from the gut and currently requires carefully controlled IV therapy over many hours.

BioCIN aims to:

- Significantly reduce toxicity and improve tolerance to vancomycin therapy
- Use a simple injection &/or oral admin vs IV infusion
- Improve the frequency & duration of therapy
- Improve efficacy through improved tolerance

Interest in Incanthera Plc

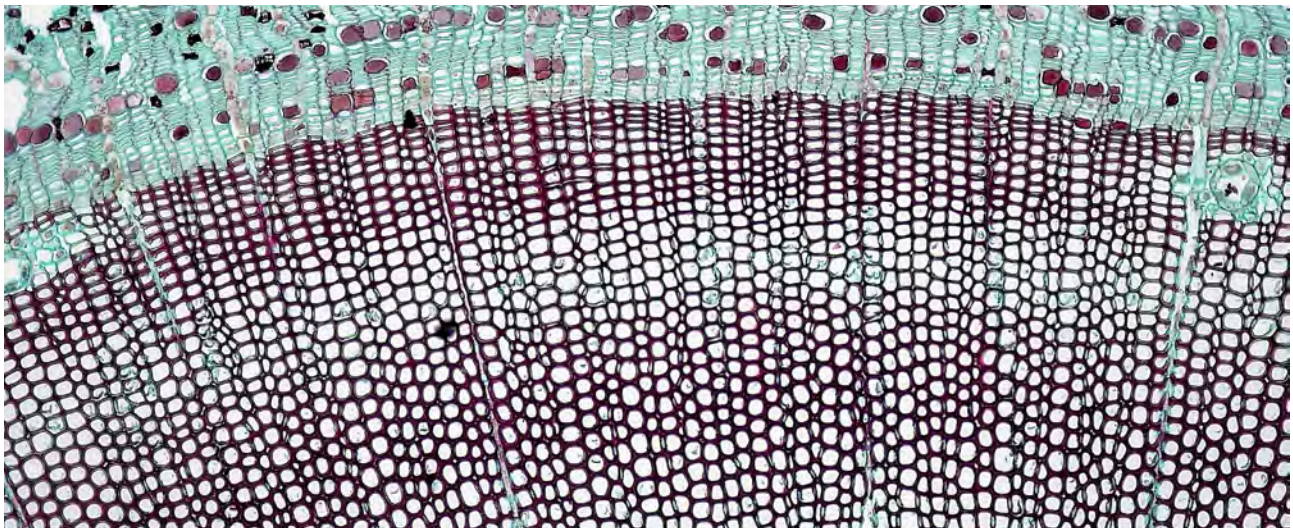
As at 31 December 2023, ImmuPharma had a 12.73% interest in Oncology specialist, Incanthera plc, which trades on Aquis Stock Exchange ("AQSE") under the ticker (TIDM:INC).

ImmuPharma also has 7,272,740 warrants options in Incanthera at an exercise price of 9.5p pence. As announced in August 2023, the term of these Warrants has been extended by 12 months to 6 September 2024, being the same price at which new shares were issued in the Placing accompanying Incanthera's listing in 2020.

On 18 December 2023, Incanthera announced a significant commercial skincare deal with Marionnaud (part of the A.S. Watson Group) initially across Europe and further roll outs in Asia. It confirmed that this deal is expected to generate significant revenues and profitability for Incanthera, in 2024 and beyond.

In conjunction, Incanthera announced that it had concluded a successful fundraise of £1,000,000, with new and existing institutional investors, which was oversubscribed, and was priced at £0.07, a premium of 11.1% to the mid-market price at the close of trading on Friday 15 December 2023.

As a major shareholder in Incanthera during the year, we believe this is a significant milestone, which highlights the enormous opportunities within Incanthera's revolutionary skincare range and as such ImmuPharma remains supportive of Incanthera.



Chairman's Report (continued)

More recently in April 2024, Incanthera provided an update to the agreement with Marionnaud.

Under the terms of the deal, Skin + CELL, the brand name of Incanthera's luxury skin care range, will be initially launched in c. 100 of Marionnaud's stores in Switzerland and Austria, followed by a planned roll out into the remaining 1,100 European stores, with subsequent anticipated roll outs into major Asian markets.

Incanthera has announced that the first order from Marionnaud has now doubled from 25,000 units to 50,000 units due to the strong demand anticipated by Marionnaud's management and that this first order, on track to be delivered during Q2 2024, will generate c. £2m revenue for Incanthera.

Incanthera also confirms that it projects revenues of £10m and profitability, for the financial year ("FY") to 31 March 2025, growing to revenues of £33m and increased profitability, in the following FY to 31 March 2026.

More insight into Incanthera's technology and deal with Marionnaud is illustrated through the initiation of a Research Note by Stanford Capital Partners, which will shortly be available on the Incanthera plc website www.incanthera.com.

On 3 June 2024 the Company sold its investment in shares in Incanthera plc. All of the 9,904,319 shares held at the year end were sold at 15p per share realising gross proceeds of £1.5 million. ImmuPharma continues to hold 7,272,740 warrants in Incanthera plc.

Capital subscription

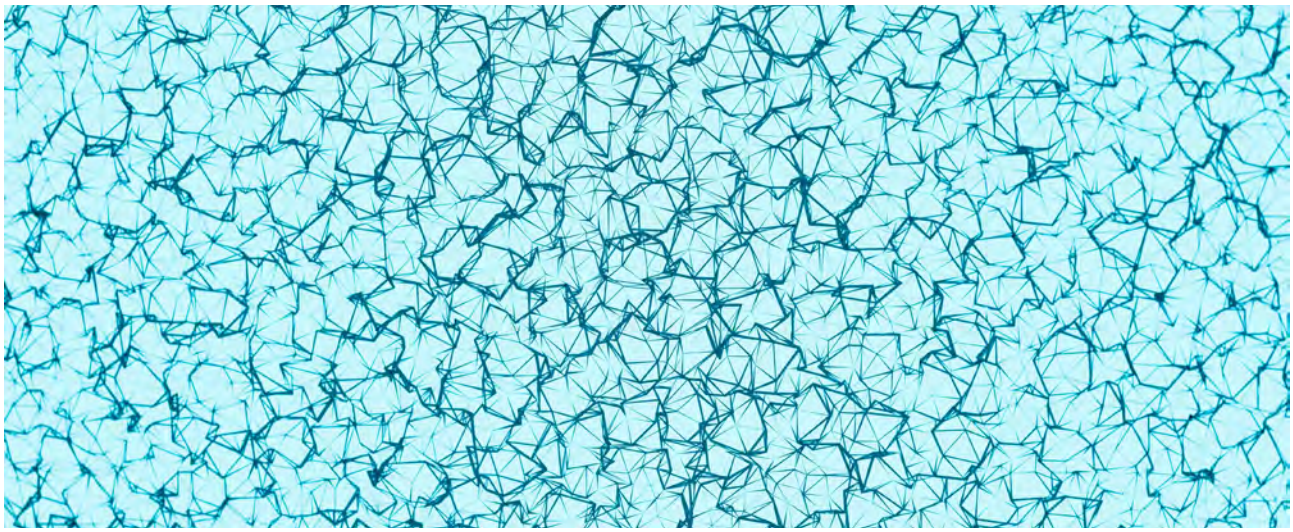
On 31 August 2023, ImmuPharma announced subscriptions to raise £1.44 million through the issue of 76,500,000 new ordinary shares of 1 pence each in the Company ("Ordinary Shares") at a price of 2 pence per Ordinary Share ("Issue Price") utilising existing authorities to allot shares. This comprised a subscription subject to a Sharing Agreement of £1.0 million ("Subscription") and Direct Subscriptions of £0.44 million. The Company also entered into a sharing agreement ("Sharing Agreement") with finance provider and existing shareholder, Lanstead Capital Investors L.P. ("Lanstead") in relation to £1.0 million of the amount subscribed by them under the Subscription.

Further on 7 September 2023, the Company confirmed that it had conditionally raised gross proceeds of £130,683 through the issue of 6,534,150 New Ordinary Shares at a price of 2 pence to existing retail investors of the Company, via the Winterflood Retail Access Platform ("WRAP"), in addition to the £1.44 million raised in the Subscription and Direct Subscription.

Following admission of shares on 12 September 2023, the Company currently has 416,437,265 Ordinary Shares in issue. Since the Company currently holds no shares in treasury, the total number of voting rights in the Company will therefore be 416,437,265.

Variation of terms of the 2021 Warrants and the 2022 Warrants

In August 2023, there were a total of 101,042,350 warrants in issue. Of these, 64,545,455 warrants, with an exercise price of 11p and an exercise period ending 23 December 2031 ("2021 Warrants"), were issued under a warrant deed in December 2021 (see RNS notification headed "Subscription and Placing to raise £3.55million" dated 20 December 2021). The holders of these 2021 Warrants are Lanstead (40,000,000), Alora Pharmaceuticals, LLC (21,818,182) and an Institutional shareholder (2,727,273).



Chairman's Report (continued)

A further 30,000,000 warrants, with an exercise price of 5.5p and an exercise period ending 15 August 2032 ("2022 Warrants") were issued under a warrant deed in August 2022 (see RNS notification headed "Subscription/ Placing to raise £1.1m; Broker Option" dated 3 August 2022). The holder of these 2022 Warrants is Lanstead (30,000,000).

These warrants are currently significantly "out of the money".

The warrant deeds (between the Company and the respective counter-parties – the holders of warrants) have been varied, such that the exercise price of the 2021 Warrants and 2022 Warrants is reduced from 11 pence and 5.5 pence respectively to 2 pence.

The 2021 Warrants and 2022 Warrants will then be exercisable at the earlier of (i) the five day volume weighted average price of Ordinary Shares attaining 4 pence or (ii) 12 months following First Admission or (iii) a takeover offer is announced for the Company. The reduction in the warrant exercise prices was agreed with all the warrant holders and from the Company's perspective, there will be a higher probability of receiving additional funding from the exercise of these warrants as the share price appreciates and the warrants are 'in the money'.

Following Second Admission the 101,042,350 warrants in issue represent 18.29 per cent of the fully diluted share capital (as enlarged following full exercise of these warrants and outstanding options and assuming full take up of the Retail Offer).

The Company issued 500,000 new Ordinary Shares to SPARK, and 3,750,000 new Ordinary Shares to SCP at an issue price of 2 pence per share in lieu of fees ("Fee Shares"). The Fee Shares were issued credited as fully paid and will rank pari passu in all respects with the Company's existing issued Ordinary Shares.

Current Activities and Outlook

As a Board, we remain focused on bringing our two key late stage clinical assets, P140 (Lupuzor™) and CIDP, closer to the market, as well as securing partnering deals for our earlier stage assets, specifically within our anti-infectives program.

It has however taken longer than we anticipated to be at this crucial stage of development as we are now, particularly within our late stage asset of P140 (Lupuzor™) for SLE.

We however have made significant scientific progress over the last year and most importantly, following further detailed analysis of the protocol of the P140 (Lupuzor™) study; new insights into the MOA of P140, combined with the outstanding safety profile of the drug, we have compelling evidence that moving directly into a pivotal Phase 3 study for P140 (Lupuzor™), is the most appropriate route forward and as a result, we have a high level of confidence of the success of this study.

The second half of 2023 was an extremely busy but focused period for the team and I acknowledge the frustration of shareholders for the protracted period of time to reach decisions, including the appointment of the CRO Simbec-Orion for the P140 (Lupuzor™) Phase 3 study.

I thank everyone for their continued patience. We look forward to providing further updates on the progress of this study, together with progress on CIDP and our earlier stage programs throughout 2024.

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.

As a major shareholder in Incanthera, we are delighted with its progress over the last year and in particular its deal with Marionnaud, for its innovative luxury skincare product range.

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

4 June 2024

Financial Review

Financial Review

The financial results of the ImmuPharma Group in this report cover the year ended 31 December 2023. 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 2023 was £3.2 million, up from £3.0 million for the year ended 31 December 2022. The research and development expenditure was £2.0 million, in line with £2.0 million in 2022. Administrative expenses were £1.0 million (2022: £0.8 million).

Finance income has increased from £28k in 2022 to £122k in 2023. Finance costs amounted to £0.4 million, down from £1.5 million in 2022, caused largely by the comparative fair value calculations on the Lanstead derivative financial asset. The loss after tax for the year was £2.9 million, a decrease from £3.8 million in 2022.

The amounts recognised directly in the Statement of Comprehensive Income include the total fair value loss of £46k (2022: fair value loss of £726k) which comprises the following components: fair value loss on shares held in Incanthera plc of £45k (2022: fair value loss of £520k) and fair value loss on Incanthera's warrants of £1k (2022: fair value loss of £206k). Total comprehensive loss for the year was £3.0 million, a decrease from £4.5 million in 2022.

Statement of Financial Position

The Group cash and cash equivalents at 31 December 2023 amounted to £0.2 million (2022: £0.7 million) with the decrease caused by the cash used in operating activities including research and development expenditure related to PK study offset by cash inflows from financing and investing activities. Trade and other payables increased to £1.7 million (2022: £1.5 million) and was largely due to PK study related expenditure. The total value of the financial asset equated to £0.6 million, comprising of shares in Incanthera of £0.6 million (2022: £0.7 million) and warrants in Incanthera of £1 (2022: £1k). At 31 December 2023 the Lanstead derivative financial asset amounted to £0.6 million (2022: £0.3 million). The increase was a result of the fair value calculation performed at year end, reflecting the new sharing agreement in the period offset by amounts received and losses recognised, further details can be seen in note 14.

Results

The Group recorded a loss for the year of £2.9 million (2022: £3.8 million). Basic and diluted loss per share was 0.81p (2022: 1.26p). In accordance with the Group's loss making position, no dividend is proposed.

Total Voting Rights & Warrants

The Company had a total of 701,422,198 ordinary shares in issue at 31 December 2023. The Company's issued share capital now comprises 416,437,265 Ordinary Shares with one voting right each and 284,984,933 deferred shares with no rights to vote. Total warrants outstanding equal: 101,042,908.

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
4 June 2024

Strategic Report

Strategic Report

The Board of ImmuPharma present their Strategic Report for the Group for the year ended 31 December 2023.

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 with high medical need.

ImmuPharma utilises an outsourcing model where development activities are assigned to contract research organisations ("CROs"), maintaining comparatively lower 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, P140 is a first-in class, non-immunosuppressing, convenient and safe peptide treatment for autoimmune disease, which is in late-stage development for the treatment of SLE and CIDP. Preclinical analysis also suggests therapeutic activity for many other autoimmune diseases that share the same mechanism of action. ImmuPharma and Avion Pharmaceuticals LLC ("Avion") signed on 28 November 2019, an exclusive Licence and Development Agreement and Trademark Agreement for P140 (Lupuzor™) to complete clinical development and commercialise it in the United States.

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 and high medical needs.

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. This strategy is exemplified by the corporate deal with Avion Pharmaceuticals signed in 2019, encompassing an exclusive agreement for P140 (Lupuzor™), our lead drug candidate for the treatment of SLE, to complete development and commercialise in US territories.

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.

Product Pipeline

Autoimmunity and Inflammation

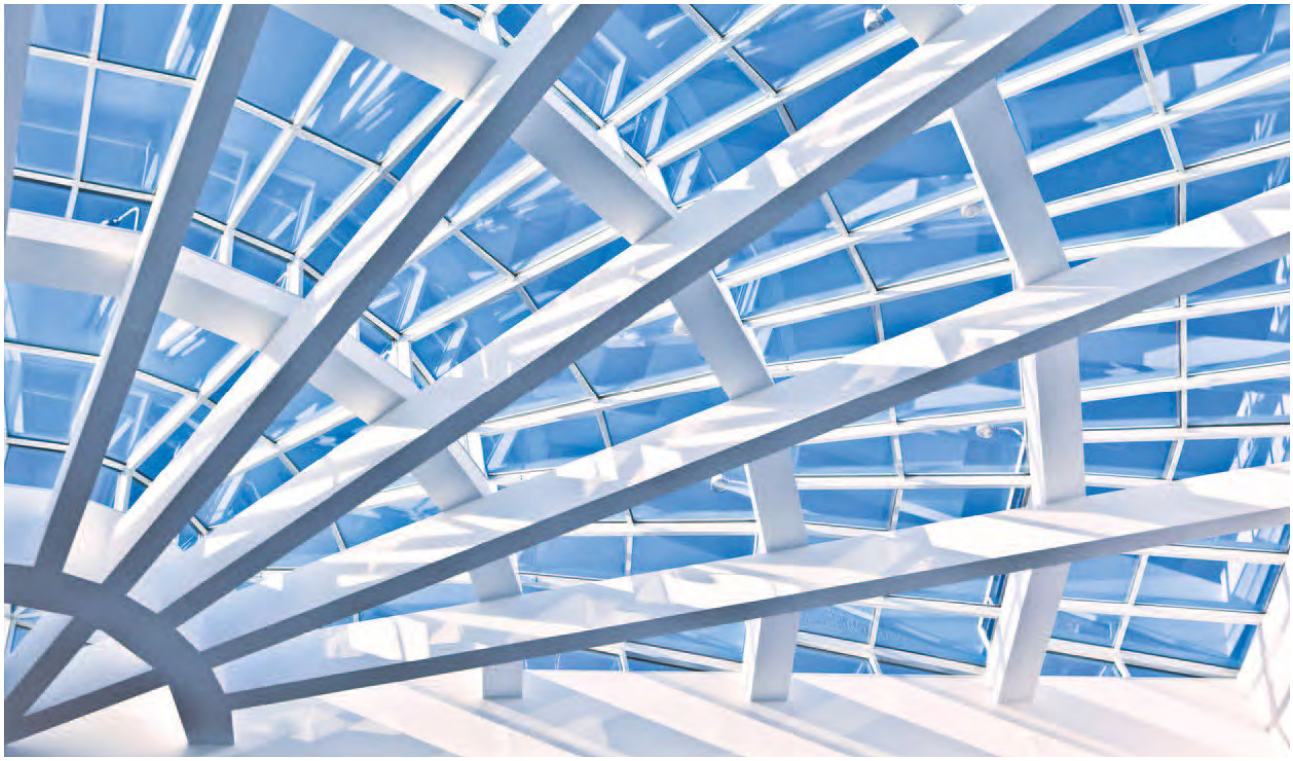
P140 in SLE

ImmuPharma's lead product candidate, P140, is in Phase 3 for SLE and Phase 2/3 adaptive stage for CIDP. Both diseases are autoimmune diseases that share similar cellular causes that P140 can address therapeutically.

SLE is a chronic, life-threatening autoimmune, inflammatory disease with a pattern of flares and remission. SLE 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 1.5 million people suffering from SLE in the US (source: Lupus Foundation of America), and an estimated 16 million globally. Current 'standard of care' treatments, including oral steroids and other immunosuppressants, can potentially have either serious side effects for patients or limited effectiveness. GlaxoSmithKline's Benlysta was approved for SLE in 2011 and Saphnelo in 2021. Despite product label warnings associated with using these drugs, Benlysta and Saphnelo currently command global annualised sales of ~ $2billion. The market sales of these two drugs combined represent only ~3- 5% of volume market share in the US. The target product profile of P140 suggests global peak sales estimate of $10bn in SLE using conservative assumptions. Standard of care for SLE is still oral steroid therapy.



Strategic Report (continued)

P140 (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 P140. On 28 November 2019, ImmuPharma and Avion Pharmaceuticals signed an exclusive trademark, licence, and development agreement for P140 to fund a new optimised international Phase 3 trial for P140 and commercialising P140 in the US.

The agreement with Avion provides milestone payments and tiered double-digit royalties to ImmuPharma. Avion also have an option on any other P140 indications. Since the agreement there have been two guidance meetings with the FDA on the SLE 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.

P140 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 P140. Simbec-Orion is a full service international Clinical Research Organisation (CRO) specialising in rare and orphan conditions and has previous direct experience of SLE 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 SLE. Since then, there have been three guidance meetings with the FDA on the SLE program. At the first meeting the FDA requested ImmuPharma complete a clinical PK study of P140. Subsequently additional animal PK studies, dose analyses and insights into the MOA of P140 led to a new international Phase 3 dose range study design.

Strategic Report (continued)

The reworking of the new SLE 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.

There is a substantial personal and pharmacoeconomic 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.

Strategic Report (continued)

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.

As discussed in the Chairman's report, ImmuPharma has finalised a protocol for an international Phase 2/3 adaptive clinical study which will be submitted for an IND application and application for orphan drug designation in H12024. 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 Neuroimmunology 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)

This CIDP clinical study has much shorter treatment duration timelines than SLE meaning that this clinical trial could potentially complete ahead of the P140 Phase 3 trial in SLE.

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, several new indications have been revealed. They all share the same common cause at the mechanistic level of the immune 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.

The new ongoing fortification of IP for P140 will allow the significant exclusivity for P140 well into the future in order to advance its potential into many autoimmune disease indications.

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.

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).

Strategic Report (continued)

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.

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 liposomal AMB (excluding non-liposomal) in 2023 were $492million (Gilead reported sales). 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.

Strategic Report (continued)

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 operations. The Company and Group also have net current liabilities at year end.

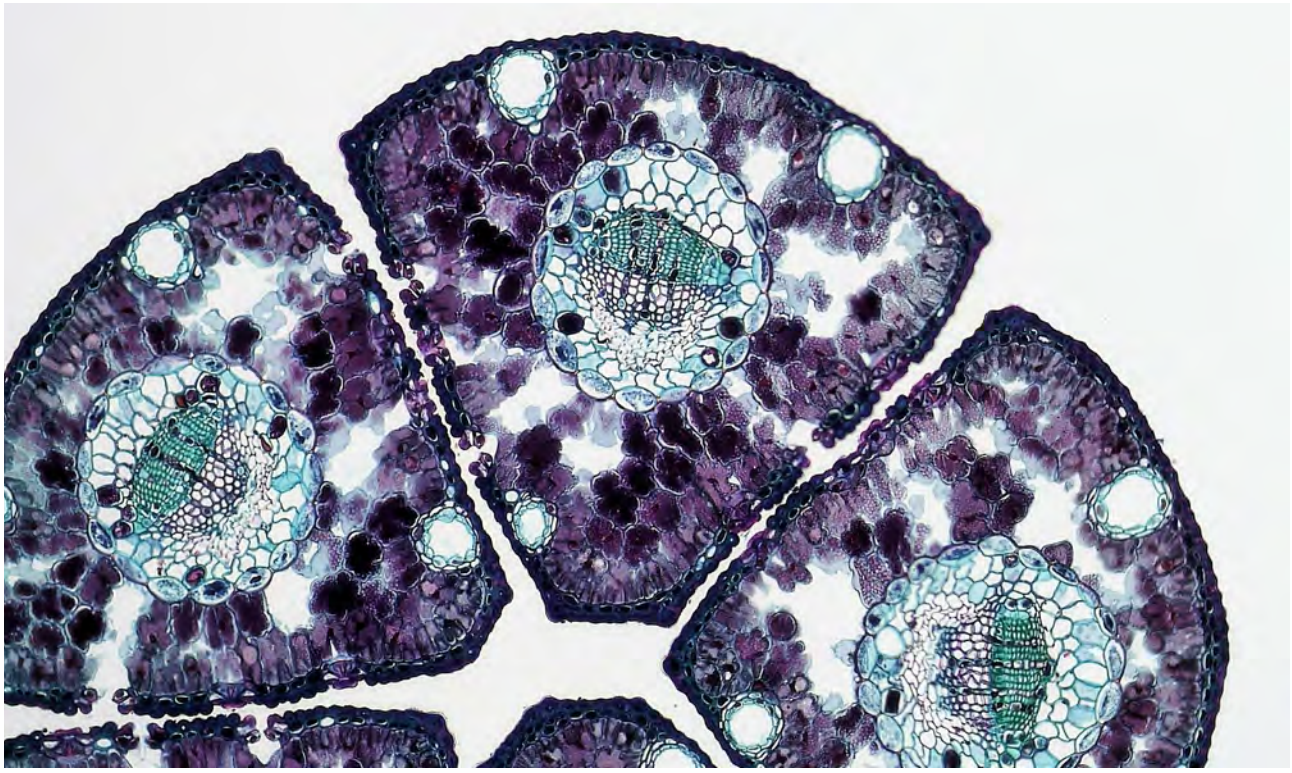
The directors have prepared cashflow forecasts covering a period of more than 12 months from the date of the approval of these financial statements. These forecasts include a number of cash inflows to the Company and Group including the variable cash receipts under the Lanstead Sharing Agreement. The forecasts also include receipts from the realisation of investments held which has now occurred post year end – see note 24. No new equity fundraising has been assumed. These cash inflows have a level of uncertainty in respect of timing of receipt and/or absolute quantum which have been modelled through sensitivity analysis. Certain directors of the company continue to defer salaries and the forecasts assume that this will continue over the forecast period. These uncertainties are such that potential actions, to further reduce the cost base of operations; to secure alternative funds; or to realise gains on warrants held, 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™	• Accelerated presence at major partnering conferences globally and identification new potential partners. • Active discussions ongoing with many companies globally for P140 – licensing/partnering.
Develop potential product portfolio	• Significant PK and MOA activities provide better study design for SLE/CIDP with greater confidence of clinical outcome and realisation of broader reach for P140 across many autoimmune diseases. • New insights and data on P140 allow fortification of IP. • Radiopharmaceutical development agreement with OranoMed.
Maintain strong cash position	• Consolidated cash balance at 31 December 2023 was £0.2 million. • Shares subscriptions and placement of £1.57 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 16-21.

Our people

Being a small group with only on average 5 employees, there is a high level of visibility between Board and employees. For further details, please see page 29-31.

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 41-42 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 41-42 for stakeholder engagement.

Business Conduct

The Board seeks to maintain a reputation for high standards of business conduct. For further details, please see pages 36-39 for corporate governance.

Shareholders

Shareholder communication is conducted regularly via press releases, Proactive Investor platform, annual and interim reports, and the AGM. For further details, please see pages 41-42 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 P140 for SLE 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. New insights into the MOA and internal data provides scope to develop new IP for P140. The patent life for P140 will be significantly extended.	↔

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, which it expects will reach market in the future. In August 2023 ImmuPharma secured the fundraising of £1.6m (before expenses). It also has a good oversight on all major cash expenditures, including budgeting, internal cash forecasting and quarterly reporting.	↔

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 2023, 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)

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
4 June 2024

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 Laurence Reilly, MBA
Senior Non-Executive Director – Appointed August 2023

Laurence joined the Board August 2023. He brings extensive experience in managing late-stage clinical programs through to approval, in addition to commercial and business development experience. He is currently Vice President of Research & Investments, working with Royalty Pharma, focussing on acquisition of biopharmaceutical royalties and funding of innovation across the biopharmaceutical industry. He has also served as Chief Medical Officer for Cellectar Biosciences, New Jersey. Prior to founding his consulting practice, Dr Reilly served as Chief Scientific Officer and Vice President at Avillion, where he was responsible for clinical and strategic oversight of co-development programs and partnering with both large pharma and biotech, including Pfizer, Merck KGaA and AstraZeneca. He previously served as a Clinician – Clinical Development & Medical Oversight at Pfizer and at Lundbeck as Medical & Scientific Advisor. Dr Reilly earned his medical degree from the University of Liverpool Medical School, U.K., and practiced as Neurosurgery Resident at Queen Elizabeth University Hospital in Birmingham. He also holds a Masters Degree in Law from De Montfort University, U.K.

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)

Dr Sébastien R. Goudreau Ph.D.
Non-Executive Director

Sébastien joined the Board in August 2023. Born in Sherbrooke, Québec, Canada, Dr Goudreau obtained his PhD in Chemistry at the Université of Montréal as a NSERC fellow before moving to Switzerland to conduct postdoctoral studies at the ETH Zürich as an FRQNT fellow. He then moved back to Canada for one year where he co-founded FindMolecule inc. and worked for the pharma industry. In 2014 he joined ImmuPharma as research director and established the research laboratories of Ureka in Bordeaux. After the merger of ELRO with Ureka in 2019, Dr Goudreau became Chief Scientific Officer of Ureka Pharma and in 2021, he became Chief Executive Officer of ImmuPharma Biotech following the merger of Ureka and ImmuPharma France SA. Notably, Dr Goudreau and his team are credited for the discovery and development of, among others, URK 614, BioGlucagon, and BioAMB.

Dr Sanjeev Pandya, MBA
Senior Non-Executive Director – Resigned August 2023

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 orthopaedic surgeon in the NHS and various Third World countries. He has a medical degree from Trinity College, Cambridge and an MBA from INSEAD. Sanjeev stepped down from his role in August 2023.

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

On 7 October 2022 ImmuPharma appointed Ward Williams as a Company Secretary. Ward Williams is an 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, now ImmuPharma Biotech

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 P140. 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 Laurence Reilly – Senior Non-Executive Director
Lisa Baderoon – Head of Investor Relations and Non-Executive Director
Dr Sebastien Goudreau – Non-Executive Director

Secretary
Ward Williams Limited

Investor Relations
Lisa Baderoon

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Auditors
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Chartered Accountants
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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,
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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 5 directors, 2 of which are executive and 3 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, page 38 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 2023 in relation to strategy and performance were revolving around product pipeline (see Strategic Report on pages 16-21 for more information), P140 regulatory progress, including the P140/Lupuzor Phase 3 study (see Chairman's report on pages 3-10 for further details) and capital subscriptions (see Chairman's report on page 9 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

Corporate Governance Report (continued)

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.

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 41-42.

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 13-27. 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
Laurence Reilly	Senior Non-Executive Director	X	Audit, Remuneration
Lisa Baderoon	Head of Investor Relations and Non-Executive Director	X	Audit, Remuneration
Sebastien Goudreau	Non-Executive Director	X	Audit

Brief biographies of each Director are set out on pages 29-31. 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.

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, taking into consideration their independence 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 2023, the Board met 8 times with the attendance records of the directors as follows:

Tim McCarthy, Chief Executive Officer and Chairman – 8/8

Tim Franklin, Chief Operational Officer – 8/8

Laurence Reilly, Senior Non-Executive Director – 3/3

Lisa Baderoon, Head of Investor Relations and Non-Executive Director – 8/8

Sebastien Goudreau, Non-Executive Director – 3/8

Sanjeev Pandya, Non-Executive Director – 5/5

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 pages 29-31.

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 37, 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 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.

The directors acknowledge their responsibilities for the Group's system of internal financial controls. In the previous year, they 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 2023 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.

The Board ensured a robust internal assessment and review on the re-appointment of the external auditor based on their legacy work for ImmuPharma, including

Corporate Governance Report (continued)

their knowledge of our business as a non-revenue based company and particularly our current financial position, and future revenue generation in respect to moving our drug pipeline forward including our late stage drug, Lupuzor for Lupus and also future partnering opportunities which may also bring in further revenues to ImmuPharma. ImmuPharma, as a statutory obligation for an AIM company, also includes the re-appointment of the auditor within resolutions proposed to shareholders as part of the Annual General Meeting and as such take the votes approving the re-appointment, as completed last year and again for the next AGM, as a firm and conclusive indication of the support for re-appointment of the auditor.

The Board of ImmuPharma, on an ongoing basis, during the financial year and prior years, review and agree auditor rotation strategies based on the current relationship with the incumbent auditor and any issues or not, which could compromise the relationship or create conflicts going forward. If there are suggestions by Board members to review the ongoing relationship with the incumbent auditor and to seek tenders for services with alternative auditors, this again will be agreed by the Board members and will highlight key criteria required, in respect to services essential to the robust audit process required for a company such as ImmuPharma.

There are no such current restrictions except a key understanding of the requirements to audit a public company listed on AIM, the sector in which we work, Biotech/Healthcare and that fees are reasonable in respect to the works carried out. References from existing clients of the auditors and understanding if there are any concerns over the managing of their own business (bad press or current outstanding litigations) will also be considered.

A robust interrogation of the services provided by the auditors are taken by the Board and Audit Committee during the financial review of the Company during year end reporting which includes regular discussions with ImmuPharma's Finance Manager and updates / reviews at the monthly Board Meetings during the period of financial review post year end. Further guidance and approval may also be sought from the Company's Nominated Advisor, SPARK, to provide comfort that certain processes are being carried out correctly and meet necessary regulatory requirements.

Regular reports are issued to the Board and audit committee to satisfy the team that a comprehensive review of the audit work is being carried out satisfactorily and adheres to the stringent regulatory requirements required by publicly listed company such as ImmuPharma. Where needed, the Board and the audit committee will seek guidance and review by the Company's Nominated Advisor, to ensure that procedures are being actioned with due care and attention.

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 2023 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 2023.

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 51.

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 24-26.

Subsequent Events

There were no subsequent events.

Directors

The following directors of the Company have held office since 1 January 2023:

Tim McCarthy
Tim Franklin
Lisa Baderoon
Laurence Reilly (Appointed 11 August 2023)
Sebastien Goudreau (Appointed 11 August 2023)
Sanjeev Pandya (Resigned 11 August 2023)

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 2023 (AGM conducted via live broadcast with Q&A embedded into "Investor Meets Company" platform). • Business Development & Investor conferences; – Biotech Showcase, San Francisco USA, January 2023, BioEurope Spring, Basel< March 2023, BioEquity Europe, Dublin May 2023, BioEurope, Munich November 2023. • 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 Europe. In 2023 the Company supported research activities with CNRS to support its P140 platform. Clinical key opinion across France, Germany and Italy were actively involved in supporting the development of P140 clinical trials. Stage one of a pre-clinical project program for BioAMB was completed with Charles River Laboratories.

Directors' Report (continued)

Key Stakeholders and concerns	Board Considerations	Key Outcomes
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.
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 2023:

Director	Salary/Fees £	Total remuneration 2023 £	Total remuneration 2022 £
Tim McCarthy	294,000	294,000	106,500
Tim Franklin	252,000	252,000	92,500
Sanjeev Pandya	46,869	46,869	54,000
Lisa Baderoon	132,000	132,000	132,000
Laurence Reilly	19,553	19,553	–
Sebastien Goudreau	1,173	1,173	–
Total	745,595	745,595	385,000

The Company does not operate a health plan or company car plan. There were no bonus payments to directors in 2023. For further information, please refer to Note 22.

The following share options were outstanding to the directors of ImmuPharma plc as at 31 December 2023 (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 2023	Share options outstanding 2022
Tim McCarthy	500,000	–	1,000,000	1,500,000	1,500,000	3,600,000	8,100,000	8,100,000
Tim Franklin	–	–	–	–	1,500,000	3,150,000	4,650,000	4,650,000
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	13,850,000

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

4 June 2024

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 whether international accounting standards have been followed 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 2023 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 and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 value 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 values of £51.8 million investments in subsidiaries and £3.6 million receivables due from group undertakings are 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 £51.8 million investments in subsidiaries and £3.6 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 three reporting components. The parent company financial statements were audited by us.

Two out of the three components were subject to audit, including the parent, which as above was audited by us. The remaining component subject to audit was based in France and the audit was 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 assessment and directed their planned audit approach. In addition to this meeting, we sent detailed instructions to the component audit team and reviewed their key audit working papers. We also held a closing call with the component auditor.

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

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

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.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matter described below to be the key audit matters to be communicated in our report.

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 Biotech and amounts owed by this company. The carrying value of the investment in and receivable due from this company is underpinned by the future financial viability of the company, which 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 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 Biotech. • 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.

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

Our application of materiality

The materiality for the group financial statements as a whole ("group FS materiality") was set at £272,000. This has been determined with reference to the benchmark of the group's gross operating 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 8.5% of the group's gross operating expenditure.

The materiality for the parent company financial statements as a whole ("parent FS materiality") was set at £176,000. 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 £176,000, 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 £114,000, 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 parent company do not currently 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 group and parent company also have net current liabilities at year end.

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 group and parent company including the variable cash receipts under the Lanstead Sharing Agreement. The forecasts also include receipts from the realisation of investments held, which has now occurred post year end - see note 24. No new equity fundraising has been assumed. These cash inflows have a level of uncertainty in respect of timing of receipt and/or absolute quantum which have been modelled through sensitivity analysis. Certain directors of the company continue to defer salaries and the forecasts assume that this will continue over the forecast period. These uncertainties are such that potential actions to further reduce the cost base of operations; to secure alternative funds; or to realise gains on warrants held, 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.

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

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 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 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.

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.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities set out on page 43, 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 group and 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.

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.

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

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.

This area was 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 area 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 EC2V 7BG
Chartered Accountants

45 Gresham Street
London

4 June 2024

Consolidated Income Statement

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Continuing operations			
Revenue	1 & 3	–	–
Research and development expenses		(2,022,305)	(2,022,507)
Administrative expenses		(1,020,345)	(846,571)
Share based payment expense		(140,238)	(159,874)
Other operating income		119,881	–
Operating loss	5	(3,063,007)	(3,028,952)
Finance costs	6	(358,915)	(1,455,966)
Finance income	7	3,025	28,585
Loss before taxation		(3,418,897)	(4,456,333)
Tax	8	497,102	648,902
Loss for the year		(2,921,795)	(3,807,431)
Attributable to:			
Equity holders of the parent company		(2,921,795)	(3,807,431)
Loss per ordinary share			
Basic and diluted	9	(0.81)p	(1.26)p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Loss for the financial period		(2,921,795)	(3,807,431)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Fair value loss on investment	12	(44,569)	(519,977)
Fair value loss on warrants owned	12	(1,228)	(206,279)
Total items that will not be reclassified subsequently to profit or loss		(45,797)	(726,256)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		857	79,104
Total items that may be reclassified subsequently to profit or loss		857	79,104
Other comprehensive loss for the period		(44,940)	(647,152)
Total comprehensive loss for the period		(2,966,735)	(4,454,583)

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	31 December 2023 £	31 December 2022 £
Non-current assets			
Intangible assets	10	447,571	473,892
Property, plant and equipment	11	102,075	389,716
Derivative financial asset	14	184,784	82,563
Financial assets	12	643,782	689,579
Total non-current assets		1,378,212	1,635,750
Current assets			
Trade and other receivables	15	467,780	723,583
Derivative financial asset	14	432,797	252,258
Cash and cash equivalents	16	208,481	667,813
Current tax asset		234,141	695,297
Total current assets		1,343,199	2,338,951
Current liabilities			
Financial liabilities – borrowings	17	–	(111)
Trade and other payables	18	(1,665,122)	(1,451,213)
Total current liabilities		(1,665,122)	(1,451,324)
Net current (liabilities)/assets		(321,923)	887,627
Net assets		1,056,289	2,523,377
EQUITY			
Ordinary shares	19	29,813,018	28,982,676
Share premium		29,317,444	28,788,377
Merger reserve		106,148	106,148
Other reserves		5,902,591	5,761,496
Retained earnings		(64,082,912)	(61,115,320)
Total equity		1,056,289	2,523,377

The financial statements were approved by the Board of Directors and authorised for issue on 4 June 2024.

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 2023

	Share capital £	Share premium £	Merger reserve £	Other reserves – Acquisition reserve £	Other reserves – Translation reserve £	Other reserves – Share based payment reserve £	Other reserves – Warrant reserve £	Retained earnings £	Total equity £
At 1 January 2022	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
Loss for the financial year	–	–	–	–	–	–	–	(2,921,795)	(2,921,795)
Exchange differences on translation of foreign operations	–	–	–	–	857	–	–	–	857
Transactions with owners:	–	–	–	–	–	140,238	–	–	140,238
Share based payments									
New issue of equity capital	830,342	782,842	–	–	–	–	–	–	1,613,184
Costs of new issue of equity capital	–	(253,775)	–	–	–	–	–	–	(253,775)
Fair value loss on investments	–	–	–	–	–	–	–	(44,569)	(44,569)
Fair value loss on share warrants	–	–	–	–	–	–	–	(1,228)	(1,228)
At 31 December 2023	29,813,018	29,317,444	106,148	(3,541,203)	(1,264,696)	8,990,131	1,718,359	(64,082,912)	1,056,289
Equity holders of the parent company	29,813,018	29,317,444	106,148	(3,541,203)	(1,264,696)	8,990,131	1,718,359	(64,082,912)	1,056,289

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Cash flows from operating activities			
Cash used in operations	21	(2,320,679)	(3,224,906)
Tax received		958,258	879,877
Interest paid	6	(1,986)	(2,036)
Net cash used in operating activities		(1,364,407)	(2,347,065)
Investing activities			
Purchase of property, plant and equipment		–	(106,009)
Proceeds from sale of property, plant and equipment		185,737	–
Interest received	7	3,025	28,585
Net cash generated from/(used in) investing activities		188,762	(77,424)
Financing activities			
Settlements from Sharing Agreement		362,688	362,500
Gross proceeds from issue of new share capital		1,480,683	2,350,909
Share capital issue costs		(121,275)	(165,679)
Funds deferred per Sharing Agreement		(1,000,000)	(1,000,000)
Net cash generated from financing activities		722,096	1,547,730
Net decrease in cash and cash equivalents		(453,549)	(876,759)
Cash and cash equivalents at beginning of year	16	667,813	1,649,374
Effects of exchange rates on cash and cash equivalents		(5,783)	(104,802)
Cash and cash equivalents at end of year (excluding overdraft)	16	208,481	667,813

Company Statement of Financial Position

For the year ended 31 December 2023

	Notes	31 December 2023 £	31 December 2022 £
Non-current assets			
Property, plant and equipment	11	5,377	8,427
Financial assets	12	643,782	689,579
Derivative financial asset	14	184,784	82,563
Trade and other receivables	15	3,648,686	14,177,448
Investment in subsidiaries	13	51,797,926	41,141,463
Total non-current assets		56,280,555	56,099,480
Current assets			
Trade and other receivables	15	88,026	106,387
Derivative financial asset	14	432,797	252,258
Cash and cash equivalents	16	109,156	542,712
Total current assets		629,979	901,357
Current liabilities			
Trade and other payables	18	(1,074,256)	(299,163)
Total current liabilities		(1,074,256)	(299,164)
Net current (liabilities)/assets		(444,277)	602,194
Net assets		55,836,276	56,701,674
EQUITY			
Ordinary shares	19	29,813,018	28,982,676
Share premium		29,317,444	28,788,377
Merger reserve		19,093,750	19,093,750
Other reserves		8,990,131	8,849,893
Warrant reserve		1,718,359	1,718,359
Retained earnings		(33,096,426)	(30,731,381)
Total equity		55,836,276	56,701,674

The Company's loss for the year ended 31 December 2023 was £2,319,248 (2022: loss of £2,047,921).

The financial statements were approved by the Board of Directors and authorised for issue on 4 June 2024.

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 2023

	Share capital £	Share premium £	Merger Reserve £	Other reserves – Share based payment reserve £	Convertible option reserve £	Warrant reserve £	Retained earnings £	Total Equity £
At 1 January 2022	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:	–	–	–	159,874	–	–	–	159,874
Share based payments								
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
Loss for the financial year		–	–	–	–	–	(2,319,246)	(2,319,246)
Transactions with owners:	–	–	–	140,238	–	–	–	140,238
Share based payments								
New issue of equity capital	830,342	782,842	–	–	–	–	–	1,613,184
Costs of new issue of equity capital	–	(253,775)	–	–	–	–	–	(253,775)
Fair value loss on investments	–	–	–	–	–	–	(44,569)	(44,569)
Fair value loss on share warrants	–	–	–	–	–	–	(1,228)	(1,228)
At 31 December 2023	29,813,018	29,317,444	19,093,750	8,990,131	–	1,718,359	(33,096,424)	55,836,276

Company Statement of Cash Flows

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Cash flows from operating activities			
Cash used in operations	21	(1,007,605)	(1,899,683)
Tax received		115,751	573,511
Interest paid		(1,870)	(1,653)
Net cash used in operating activities		(893,724)	(1,327,825)
Investing activities			
Finance income		3,025	907
Loans issued to subsidiary undertakings		(264,953)	(1,273,131)
Repayment of loans from subsidiary undertaking		–	98,515
Net cash used in investing activities		(261,928)	(1,173,709)
Financing activities			
Settlements from Sharing Agreement		362,688	362,500
Gross proceeds from issue of new share capital		1,480,683	2,350,909
Share capital issue costs		(121,275)	(165,679)
Funds deferred per Sharing Agreement		(1,000,000)	(1,000,000)
Net cash generated from financing activities		722,096	1,547,730
Net decrease in cash and cash equivalents		(433,556)	(953,804)
Cash and cash equivalents at beginning of year	16	542,712	1,524,730
Effects of exchange rates on cash and cash equivalents		–	(28,214)
Cash and cash equivalents at end of year	16	109,156	542,712

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023

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 material 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 Company and Group also have net current liabilities at year end.

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. The forecasts also include receipts from the realisation of investments held which has now occurred post year end – see note 24. No new equity fundraising has been assumed. These cash inflows have a level of uncertainty in respect of timing of receipt and/or absolute quantum which have been modelled through sensitivity analysis. Certain directors of the company continue to defer salaries and the forecasts assume that this will continue over the forecast period. These uncertainties are such that potential actions, to further reduce the cost base of operations; to secure alternative funds; or to realise gains on warrants held, 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.

Material 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 2023

1 Accounting policies (continued)

Material 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 2023, the Group and the Company held 12.73% 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 2023 and is based on the share price and holding at 31 December 2023 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 9,904,319 shares amounted to £643,781 being the fair value of the investment in Incanthera plc as of 31 December 2023. Fair value loss of £44,569 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 2023, the Company completed a calculation of fair value of the derivative financial asset that resulted in a finance loss of £354,552. The year end share price has been considered to be the best estimate for future share prices and has been included within the fair value calculation. 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. Fair value loss of £1,228 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 2023

1 Accounting policies (continued)

Material 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 2023, the Company's investment in its subsidiary, ImmuPharma Biotech was £51,797,926 following a merger of ImmuPharma (France) SA and Ureka Pharma SAS during the year. See note 13 for further details. The directors have assessed the carrying value of the Company's investment in subsidiaries, over a period of more than 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. Please see note 13 for further information.

- 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 2023, ImmuPharma Plc was due £3,648,686 from its subsidiary ImmuPharma Biotech. At that date, ImmuPharma Biotech had net liabilities of £2,964,101 and is not in a position to repay this balance until progress is made on the drug pipeline.

  When taking into consideration the product pipeline of the subsidiary explained in detail within the Strategic Report on pages 16-21, the directors have reviewed the future prospects of ImmuPharma Biotech using the information available at 31 December 2023 and the directors believe that going forward, there is sufficient value in ImmuPharma Biotech's underlying activities, such that they are confident that the subsidiary will generate sufficient cash to enable these balances to be repaid. As a result, no impairment has been charged in 2023. Please see note 13 for further information.

- 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 2023 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.

- IFRS 17 Insurance Contracts
- IAS 12 Income taxes: Deferred tax related to assets and liabilities arising from a single transaction
- IAS 12 Income taxes: temporary recognition exception to accounting for deferred taxes arising from the implementation of the international tax reform (Pillar Two Model Rules)

The following new and amended Standards and Interpretations effective for the financial year beginning 1 January 2023 have been adopted. The adoption of these standards has impacted these accounts.

- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of accounting estimates
- IAS 1 Presentation of Financial Statements: Disclosure initiative – accounting policies

New and amended Standards and Interpretations issued and effective for periods beginning on or after 1 January 2024

- IAS 1 Presentation of Financial Statements: Classification of Liabilities
- IAS 1 Presentation of Financial Statements: Non-current liabilities with Covenants
- IFRS 16 Leases: Lease liability in a sale and leaseback

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

1 Accounting policies (continued)

Basis of consolidation

Both the consolidated and the Company's financial statements are for the year ended 31 December 2023 and present comparative information for the year ended 31 December 2022. All intra-group transactions, balances, income and expenditure are eliminated upon consolidation.

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. The tax credit is recognised for amounts received during the year or for an estimated claim to be received where there is a history of receiving these amounts. 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.

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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

1 Accounting policies (continued)

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.

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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

1 Accounting policies (continued)

Equity and Warrant Reserve (continued)

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.

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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

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. The variable cash receipts under Lanstead Sharing Agreement are managed via funds held through escrow accounts.

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 2023

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 (2022: £nil) originates in France and £nil (2022: £nil) originates in Switzerland. Of the loss before taxation, £1,270,436 (2022: £1,403,295) originates in France, with loss before taxation of £2,146,728 (2022: £3,049,478) and loss of £1,734 (2022: £3,560) originating in the United Kingdom and Switzerland respectively.

Of the total non-current assets, £544,263 (2022: £855,172) originates in France and £833,947 (2022: £780,577) 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 2023 No.	Group Year ended 31 December 2022 No.	Company Year ended 31 December 2023 No.	Company Year ended 31 December 2022 No.
Drug research and development, and commercial operations	3	11	2	2
Administration and management	2	2	–	1
	5	13	2	3

The aggregate remuneration comprised:

	Group Year ended 31 December 2023 £	Group Year ended 31 December 2022 £	Company Year ended 31 December 2023 £	Company Year ended 31 December 2022 £
Wages and salaries	994,845	687,788	661,595	385,615
Social security costs	211,419	251,202	85,925	53,481
Pension costs	732	1,444	732	1,444
Share-based payment	140,238	159,868	140,238	129,799
	1,347,234	1,100,302	888,490	570,339

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

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 and Company Year ended 31 December 2023 £	Group and Company Year ended 31 December 2022 £
Salaries and fees	745,595	301,000
	745,595	301,000

Please refer to information in the Directors' Report on page 40 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 and Company Year ended 31 December 2023 £	Group and Company Year ended 31 December 2022 £
Salaries and benefits	294,000	106,500
	294,000	106,500

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 and Company Year ended 31 December 2023 £	Group and Company Year ended 31 December 2022 £
Short-term employee benefits (salaries and benefits)	745,595	301,000
Share based payments	25,813	129,799
Directors' emoluments	771,408	430,799

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

5 Operating loss

– Group

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Operating loss is stated after charging:		
Share based payments charge	140,238	159,869
Depreciation of property, plant and equipment		
– owned	4,569	85,049
Amortisation of intangible assets		
– patents	33,038	32,514
Services provided by Company auditors:		
– Audit services	126,000	95,000
– Other services relating to tax compliance services	–	8,420
– Audit services – interim review	–	5,000
Audit services provided by other auditors	17,532	21,563

6 Finance costs

– Group

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Interest payable on loans and overdraft	1,986	2,036
Loss on foreign exchange	2,356	16,079
Loss on derivative financial asset (note 14)	354,573	1,218,492
Warrants issue costs	–	219,359
	358,915	1,455,966

7 Finance income

– Group

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Bank interest receivable	3,025	907
Other income	–	27,678
	3,025	28,585

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

8 Taxation

– Group

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Current tax:		
Corporation tax	(497,102)	(648,902)
Total current tax credit for the year	(497,102)	(648,902)

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 2023 £	Year ended 31 December 2022 £
Loss before taxation	(3,418,879)	(4,456,333)
Tax on loss (at the average rate 19%) (2022: 19%)	(649,587)	(846,703)
Effects of:		
Expenses not allowable for tax purposes	575	1,753
Depreciation in excess of capital allowances	7,145	21,750
Rate differences	329	676
Research and development tax credit	(497,102)	(648,902)
Current year losses carried forward	641,538	822,524
Current tax credit for year	(497,102)	(648,902)

As at 31 December 2023, the Group has unused tax losses of £49,666,768 (2022: £49,025,230) 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 2023 £	Year ended 31 December 2022 £
Loss		
Loss for the purposes of basic loss per share being net loss after tax attributable to equity shareholders	(2,921,795)	(3,807,431)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	362,004,551	302,912,903
Basic loss per share	(0.81)p	(1.26)p
Diluted loss per share	(0.81)p	(1.26)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 2023

10 Intangible Assets

– Group

	Research and development £	Patents £	Total £
Cost			
At 1 January 2022	404,095	450,609	854,704
Exchange rate movements	–	25,764	25,764
At 1 January 2023	404,095	476,373	880,468
Exchange rate movements	–	(11,056)	(11,056)
At 31 December 2023	404,095	465,317	869,412
Amortisation			
At 1 January 2022	–	377,151	377,151
Exchange rate movements	–	(3,089)	(3,089)
Charge for the period	–	32,514	32,514
At 1 January 2023	–	406,576	406,576
Exchange rate movements	–	(17,773)	(17,773)
Charge for the period	–	33,038	33,038
At 31 December 2023	–	421,841	421,841
Net book amount			
At 31 December 2023	404,095	43,476	447,571
At 31 December 2022	404,095	69,797	473,892

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 2023

11 Property, plant and equipment

– Group

	Fixtures, fittings and equipment £
Cost	
At 1 January 2022	1,098,894
Exchange rate movements	56,436
Additions	106,009
Disposals	(1,174)
At 1 January 2023	1,260,165
Exchange rate movements	(14,720)
Disposals	(1,053,132)
At 31 December 2023	192,313
Depreciation	
At 1 January 2022	745,898
Exchange rate movements	39,735
Charge for the period	85,049
Depreciation eliminated on disposal	(235)
At 1 January 2023	870,447
Exchange rate movements	(12,265)
Charge for the period	4,569
Depreciation eliminated on disposal	(772,513)
At 31 December 2023	90,238
Net book amount	
At 31 December 2023	102,075
At 31 December 2022	389,716

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

11 Property, plant and equipment (continued)

– Company

	Fixtures, fittings and equipment £
Cost	
At 1 January 2022	74,199
Additions	–
Disposals	(1,178)
At 1 January 2023	73,021
Additions	–
Disposals	(4,426)
At 31 December 2023	68,595
Depreciation	
At 1 January 2022	60,517
Charge for the period	4,312
Depreciation eliminated on disposals	(235)
At 1 January 2023	64,594
Charge for the period	3,050
Depreciation eliminated on disposals	(4,426)
At 31 December 2023	63,218
Net book amount	
At 31 December 2023	5,377
At 31 December 2022	8,427

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

12 Financial assets

– Group and Company

	Shares in listed entity £	Warrants in listed entity £	Total £
Valuation			
At 31 December 2022	688,350	1,229	689,579
Fair value movement	(44,569)	(1,228)	(45,797)
At 31 December 2023	643,781	1	643,782

As of 31 December 2023 ImmuPharma plc held 9,904,319 shares in Incanthera plc, representing a 12.73% 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, because the AQSE as previously defined is not considered sufficiently active to denote Level 1. The fair value of ImmuPharma's 9,904,319 shares held in Incanthera Plc equated to £643,781 as at 31 December 2023 (2022: £688,350), which has resulted in a fair value loss of £44,569 recognised through other comprehensive income.

Warrants in Incanthera Plc

ImmuPharma holds 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 £1,228 for the year. On 18 August 2023, the expiry of these warrants was extended by 1 year to 6 September 2024. All other terms remained the same. At 31 December 2023, the fair value amounting to £1 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 2023:

- Expected volatility of share price – 11.6% (2022: 26.5%)
- Risk free rate – 3.480% (2022: 3.619%)
- Market value of share price at year end 6.5p (2022: 6.95p)

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

13 Investment in subsidiaries

– Company

	Shares in subsidiary undertakings £
Cost and fair value	
At 31 December 2022	41,141,463
Additions	10,656,463
At 31 December 2023	51,797,926

Details of the Company's subsidiaries as at 31 December 2023 are as follows:

Name of company	Holding	% voting rights and shares held	Nature of business & country of incorporation	Registered Office Address
ImmuPharma Biotech	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

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

On 30 September 2023, a merger took place between ImmuPharma (France) SA and Ureka Pharma SAS (formerly Ureka Sarl) to form ImmuPharma Biotech. A proportion of the balance owed to Immupharma PLC has been settled via issue of new shares in Immupharma Biotech. Refer to note 22 for details of balances owing to the company at the year end.

The Company assessed the fair value of its Investment in Subsidiaries as at 31 December 2023 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, which is predicated on the successful completion of the Phase 3 trial for this lead program, subsequent FDA approval and commercialisation of the drug. Further assumptions included the discount rate, growth rate, exchange rate and tax rate. 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 2023

14 Derivative financial asset

	Group and Company 31 December 2023 £	Group and Company 31 December 2022 £
Balance brought forward	334,821	913,656
Value of derivative at inception	1,000,000	1,000,000
Settlements received	(362,688)	(360,343)
Loss recognised through income statement	(354,552)	(1,218,492)
	617,581	334,821

	31 December 2023 £	31 December 2022 £
Due within one year	432,797	252,258
Due after one year	184,784	82,563
At 31 December	617,581	334,821

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. In the placement completed in August 2023, the Company issued 50,000,000 new ordinary shares to Lanstead at a price of 2p 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 and 4,750,000 in August 2023 to Lanstead as value payments in connection with the Share Subscriptions and the Sharing Agreements. The settlements from remaining agreements (December 2021, August 2022 and August 2023) will continue until 2025, completing in June 2024, October 2024 and October 2025 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 2023, the Company completed a calculation of fair value of the derivative financial asset that resulted in a finance loss of £354,552 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 2023

15 Trade and other receivables

Current

	Group 31 December 2023 £	Group 31 December 2022 £	Company 31 December 2023 £	Company 31 December 2022 £
Trade debtors	–	166,320	–	–
Other debtors	451,546	483,081	75,504	32,202
Prepayments	16,234	74,182	12,522	74,185
	467,780	723,583	88,026	106,387

Non-current

	Group 31 December 2023 £	Group 31 December 2022 £	Company 31 December 2023 £	Company 31 December 2022 £
Amounts owed by group undertakings	–	–	3,648,686	14,177,448
	–	–	3,648,686	14,177,448

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 subsidiary (2022: subsidiaries). As of 31 December 2023, 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 company. Amounts owed by group undertakings of £3,648,686 (2022: £14,177,448) 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 £1,937,626 (2022: £2,206,915), consisting of trade and other receivables of £467,780 (2022: £723,583), investment in Incanthera Plc £643,782 (2022: £506,685), derivative financial asset £617,583 (2022: £308,834) and cash and cash equivalents of £208,481 (2022: £667,813).

The total carrying amount of financial assets for the Company is £5,107,231 (2022: £15,642,062), consisting of trade and other receivables of £3,736,712 (2022: £14,283,831), investment in shares in Incanthera Plc £643,781 (2022: £688,350), investment in warrants in Incanthera Plc £1 (2022: £1,229), derivative financial asset £617,581 (2022: £334,821) and cash and cash equivalents of £109,156 (2022: £542,712).

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

16 Cash and cash equivalents

	Group 31 December 2023 £	Group 31 December 2022 £	Company 31 December 2023 £	Company 31 December 2022 £
Cash and cash equivalents	208,481	667,813	109,156	542,712

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 cash deposit with reference to the Company's credit card facility.

17 Financial liabilities – borrowings

– Group

	31 December 2023 £	31 December 2022 £
Total borrowings within one year comprises:		
Bank overdraft	–	111
	–	111

18 Trade and other payables

	Group 31 December 2023 £	Group 31 December 2022 £	Company 31 December 2023 £	Company 31 December 2022 £
Trade payables	776,186	1,071,140	309,291	102,991
Other taxes and social security	120,418	180,122	–	–
Accruals and other creditors	768,518	199,951	764,965	196,173
	1,665,122	1,451,213	1,074,256	299,164

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 2023

19 Share capital

At 31 December 2023, the Company had no limit on its authorised share capital.

Allotted, called up and fully paid	2023 No.	2022 No.	2023 £	2022 £
At start of year:				
Ordinary shares of £0.01 each	333,403,115	284,984,933	3,334,031	2,849,849
Deferred shares of £0.09 each	284,984,933	284,984,933	25,648,644	25,648,644
Movements during year:		48,418,182		484,182
Ordinary shares issued on 22 August 2023	76,500,000		765,000	
Ordinary shares issued on 7 September 2023	6,534,150		65,343	
At end of year				
Ordinary shares of £0.01 each	416,437,265	284,984,933	4,164,374	2,849,849
Deferred shares of £0.09 each	284,984,933	284,984,933	25,648,644	25,648,644

Details of new shares issued during the financial year 2023 are summarised as follows:

On 22 August 2023 the Company issued 50,000,000 new ordinary shares with nominal amount of £500,000, with share premium of £500,000 and £47,500 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 £49,575 have been deducted from reserves.

On 22 August 2023 the Company issued 26,500,000 new ordinary shares with nominal amount of £265,000 and gross proceeds of £435,000 with share premium of £217,500 and £146,000 of share issue costs deducted from reserves.

On 7 September 2023 the Company issued 6,534,150 new ordinary shares with nominal amount of £65,342 and £65,342 share premium and gross proceeds of £130,683, with £10,700 of share issue costs deducted from reserves.

The total costs incurred in relation to the issue of new equity capital amounted to £253,775 which was debited against share premium.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

20 Share based payments

Equity- settled options and warrants

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	Weighted average exercise price (£) of warrants	Total number of options (Share options and Warrants options)
Outstanding as at 31 December 2022	23,862,500	0.33	151,450,908	0.10	175,313,408
Expired during 2023	–	–	50,408,558	0.05	50,408,558
Lapsed during 2023	7,337,500	0.20	–	–	7,337,500
Granted during 2023	–	–	–	–	–
Outstanding as at 31 December 2023	16,525,000	0.27	101,042,350	0.08	117,567,350
Exercisable as at 31 December 2022	19,162,500	0.30	151,450,908	0.10	170,613,408
Granted and exercisable during 2023	–	–	–	–	–
Expired during 2023	–	–	50,408,558	0.05	50,408,558
Lapsed during 2023	13,125,000	0.20	–	–	13,125,000
Exercisable as at 31 December 2023	6,037,500	0.25	101,042,350	0.08	107,079,850

The options and warrants outstanding as at 31 December 2023 had a weighted average remaining contractual life of 8 years.

The options and warrants outstanding as at 31 December 2023 had exercise prices between £0.02 and £1.53 (2022: £0.05 and £1.53).

Equity-settled share option scheme

The total value of options granted during 2017, 2020 and 2022 was calculated using the 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.

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).

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

20 Share based payments (continued)

Equity-settled share option scheme (continued)

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.

For the year ended 31 December 2023, the Company has charged £140,238 for the value of share options in relation to grant from 2020 and 2022. The remaining balance of £49,475 will be charged over the next 2 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 2023. (2022: £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
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	£0.02	21,818,182	10 years
23/12/21 Lanstead Capital Investors LP	£0.02	40,000,000	10 years
23/12/21 Chelverton Asset Management	£0.02	2,727,273	10 years
16/08/22 Lanstead Capital Investors LP	£0.02	30,000,000	10 years
16/08/22 Stanford Capital	£0.05	2,000,000	10 years
16/08/22 Stanford Capital	£0.01	500,000	10 years
16/08/22 SI Capital Limited	£0.01	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 (28,204,279 and 22,204,279 respectively) lapsed during the year. Both companies had exercised warrants August 2022.

The warrants issued in 2021 to Alora Pharmaceuticals LLC, Lanstead Capital Investors LP and Chelverton Asset Management, with an initial exercise price of £0.11p, along with the warrants issued in 2022 to Lanstead Capital Investors LP, with an initial exercise price of £0.55p were amended in the year to an exercise price of £0.02p.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

21 Cash used in operations

	Group 31 December 2023 £	Group 31 December 2022 £	Company 31 December 2023 £	Company 31 December 2022 £
Operating loss	(3,063,007)	(3,028,952)	(1,763,564)	(1,567,079)
Depreciation and amortisation	37,607	117,563	3,050	4,312
Loss on sale of fixed assets	94,882	939	–	939
Share-based payments	140,238	159,874	112,676	129,799
Decrease/(increase) in trade and other receivables	255,803	(296,384)	183,155	37,900
Increase/(decrease) in trade and other payables	213,798	(132,392)	775,093	(505,554)
Gain on foreign exchange	–	(45,554)	(318,015)	–
Cash used in operations	(2,320,679)	(3,224,906)	(1,007,605)	(1,899,683)

22 Related party transactions

a) Group

T McCarthy, CEO and Chairman, is also Chairman of Incanthera Ltd. As of 31 December 2023 ImmuPharma held 9,904,319 shares in Incanthera plc, representing a 12.73% position in the share capital of Incanthera plc.

ImmuPharma also holds warrants for 7,272,740 shares at 9.5p per share of Incanthera plc. On 18 August 2023, the expiry of these warrants was extended by 1 year to 6 September 2024. All other terms remained the same.

During the year, ImmuPharma plc was charged £84,000 (2022: £84,000) for the provision of consultancy services by Just B Communications Limited, a company owned by L Baderoon. The amount of £105,000 was owing to Just B Communications Limited at the year end.

At 31 December 2023, certain salary payments to directors had been deferred and are included within accruals. These were £171,500 in respect of T McCarthy, £147,000 in respect of T Franklin and £51,500 in respect of L Baderoon.

b) Company

During the year ended 31 December 2023, management charges of £149,307 (2022: £97,983) were rendered by ImmuPharma plc to ImmuPharma Biotech, a company formed following the merger of ImmuPharma (France) SA and Ureka Pharma SAS. This amount was due to the Company at 31 December 2023. As part of the merger of the subsidiaries, £10,715,628 of balances owed to the company were offset against new shares in ImmuPharma Biotech issued to ImmuPharma plc. The Company also loaned the sum of £264,954 (2022: £1,175,148) to ImmuPharma Biotech during the year ended 31 December 2023. The total balance due to the Company from ImmuPharma Biotech at 31 December 2023 was £3,648,686 (2022: ImmuPharma (France) SA: £10,509,899, Ureka Pharma SAS: £3,667,549).

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

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 2023 £	Year ended 31 December 2022 £
Trade and other receivables	467,780	723,583
Shares in listed entity	643,781	688,350
Warrants in listed entity	1	1,229
Derivative financial asset	617,581	334,821
Cash and cash equivalents	208,481	667,813
Total financial assets	1,937,624	2,415,796
Financial liabilities – borrowings due within 1 year	–	111
Trade and other payables	1,665,122	1,451,213
Total financial liabilities	1,665,122	1,451,324

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 2023			
6 months or less	1,665,122	–	1,665,122
6 – 12 months	–	–	–
1 – 2 years	–	–	–
2 – 5 years	–	–	–
Total contractual cash flows	1,665,122	–	1,665,122
Carrying amount of financial liabilities measured at amortised cost	1,665,122	–	1,665,122

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

23 Financial instruments (continued)

Liquidity risk (continued)

	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

Company

The Company's financial liabilities comprise trade and other payables with a carrying amount equal to gross cash flows payable of £309,291 (2022: £116,278), accrued purchases with a carrying amount of £764,965 (2022: £182,885), 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% (2022: 0.0% and 0.5%).

As at 31 December 2023, if LIBOR had increased by 0.5% with all other variables held constant, the post-tax loss and equity would have been higher by £1,809 (2022: £3,819). 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 £1,809 (2022: £3,819).

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% (2022: 0.0% and 0.5%).

As at 31 December 2023, 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 £1,408 (2022: £3,348). 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 £1,408 (2022: £3,348).

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

23 Financial instruments (continued)

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 2023, 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 £8,173 (2022: £14,523). 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 £8,173 (2022: £14,523).

As at 31 December 2023, 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 (2022: £13). 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 (2022: £13).

As at 31 December 2023, 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 £1,014 (2022: £1,032). 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 £1,014 (2022: £1,032).

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. 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 2023, 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 £64 (2022: £4,423). 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 £64 (2022: £4,423).

As at 31 December 2023, 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 (2022: £13). 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 (2022: £13).

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 £64,435 which would increase the Group's and Company's loss by £64,435. 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 £64,435 which would decrease the Group's and Company's loss by £64,435.

The Group has also entered into a derivative transaction during the year 2023, 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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

23 Financial instruments (continued)

Equity price risk (continued)

Group and Company (continued)

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 £36,269. 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 £36,269.

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 2023. Set out below the table is a summary of the methods and assumptions used for each category of instrument.

	Carrying amount 2023 £	Fair Value 2023 £	Carrying amount 2022 £	Fair Value 2022 £
Trade and other receivables at amortised cost	467,780	467,780	723,583	723,583
Derivative financial asset	617,582	617,582	334,821	334,821
Shares in listed entity	643,781	643,781	688,350	688,350
Warrants in listed entity	1	1	1,229	1,229
Financial liabilities at amortised cost	1,665,122	1,665,122	1,451,213	1,451,213
	3,394,266	3,394,266	3,199,196	3,199,196

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);

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2023

23 Financial instruments (continued)

Equity price risk (continued)

Fair value measurement (continued)

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.

The following table presents the Group's financial assets that are measured at fair value at 31 December 2023:

	Level 1 £	Level 2 £	Level 3 £	Total £
Shares in listed entity	–	643,781	–	643,781
Warrants in listed entity	–	1	–	1
Derivative financial asset	–	617,581	–	617,581
As at 31 December 2023	**–**	**1,261,363**	**–**	**1,261,363**

Summary of financial assets held at level 2 fair value:

	Warrants in listed entity £	Shares in listed entity £	Total £
As at 1 January 2023	1,229	688,350	689,579
Revaluation at fair value	(1,228)	(44,569)	(45,797)
As at 31 December 2023	**1**	**643,781**	**643,782**

The fair value has been assessed at 31 December 2023 and is based on the ImmuPharma Plc shareholding of 12.73% of Incanthera plc.

	Derivative financial asset £
Fair value brought forward	334,821
Fair value at inception	1,000,000
Payments received under Sharing Agreement	(362,688)
Net losses recognised in Income Statement	(354,552)
As at 31 December 2023	**617,581**

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.

24 Post balance sheet events

On 3rd June 2024 the company sold its investment in shares in Incanthera plc. The 9,904,319 shares held at the year end were sold at 15p per share realising gross proceeds of £1.5 million.

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. 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.

For your notes

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