NeoImmuneTech, Inc.

Separate Financial Statements
December 31, 2022 and 2021

NeoImmuneTech, Inc.
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December 31, 2022 and 2021

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Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
NeoImmuneTech, Inc.

Opinion

We have audited the accompanying separate financial statements of NeoImmuneTech, Inc. (the Company), which comprise the separate statements of financial position as at December 31, 2022 and 2021, and the related separate statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of NeoImmuneTech, Inc. as at December 31, 2022 and 2021, and its separate financial performance and its separate cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

We have also audited, in accordance with Korean Standards on Auditing, the Company Internal Control over Financial Reporting as at December 31, 2022, based on Conceptual Framework for Designing and Operating Internal Control over Financial Reporting established by the Operating Committee of Internal Control over Financial Reporting in Korea (the ICFR Committee), and we expressed an unqualified opinion in our audit report dated March 23, 2023.

Basis for Opinion

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the separate financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of prepaid expenses and accrued expenses related to research and development

Why it is determined as a Key Audit Matter

As at December 31, 2022, the balances of the Company's prepaid expenses and accrued expenses related to research and development are USD 3,749 thousand and USD 9,523 thousand, respectively (Notes 9 and 14).

The Company recognizes the consideration paid in excess of the goods or services received in relation to research and development as prepaid expenses, and recognizes research and development expenses, which are incurred but not paid as those are not billed by the end of the reporting period, as accrued expenses.

The management's judgment is involved in the process of measuring the services the Company received during the current period for each contract, and most of the process of comparing costs incurred to bills and payments is performed on a manual basis, therefore, there is a risk of potential misstatements. We focused on this area because the potential misstatements in recognition of prepaid expenses and accrued expenses have a significant effect on the separate financial statements.

How our audit addressed the Key Audit Matter

Our audit procedures to address the key audit matters include the following procedures:

- Evaluated the appropriateness of accounting policies to recognize prepaid expenses and accrued expenses related to research and development.
- Obtained understanding of and evaluated the effectiveness of design and operation of relevant internal controls.
- Tested the evidence documents including contracts on a sample basis to assess the occurrence, accuracy and cut-off related to research and development expenses.
- Evaluated the reasonableness of management's determination in the probability of receiving goods or services and the period for expense recognition to assess the asset feasibility and liquidity classification of prepaid expenses on a sample basis.
- Tested the evidence documents for paid transactions and unpaid liabilities after end of the reporting period on a sample basis to assess the completeness and cut-off related to research and development expenses.

Other Matter

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such separate financial statements may differ from those generally accepted and applied in other countries.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with Korean IFRS, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 Korean Standards on Auditing 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 separate financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kwang-Shik Jang, Certified Public Accountant.

March 23, 2023
Seoul, Korea

Samil PricewaterhouseCoopers

This report is effective as of March 23, 2023, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

NeoImmuneTech, Inc.
Separate Statements of Financial Position
December 31, 2022 and 2021

(in USD)	Notes	2022	2021
Assets			
Current assets			
Cash and cash equivalents	4,6,7	$ 89,126,770	$ 127,951,841
Other current financial assets	4,6,8	1,110,988	13,203
Other current assets	9,26	465,527	10,220,474
		90,703,285	138,185,518
Non-current assets			
Property and equipment	10	2,610,914	1,983,095
Right-of-use assets	11	1,244,305	1,485,664
Intangible assets	12,26,27	5,171,369	5,559,291
Investment in subsidiary	13	6,896,688	9,443,370
Other non-current financial assets	4,6,8	408,182	62,843
Other non-current assets	9	3,415,302	2,930,584
		19,746,760	21,464,847
Total assets		$ 110,450,045	$ 159,650,365
Liabilities			
Current liabilities			
Other payables	4,6,26	$ 2,554,445	$ 2,120,286
Current portion of long-term lease liabilities	4,11,25,26	315,427	309,286
Other current financial liabilities	4,6,14	9,522,688	14,073,039
Other current liabilities	15	563,266	527,831
		12,955,826	17,030,442
Non-current liabilities			
Long-term lease liabilities	4,11,25,26	1,199,627	1,417,956
		1,199,627	1,417,956
Total liabilities		14,155,453	18,448,398
Equity			
Share capital	1,16	1,977	1,972
Capital surplus	16	229,341,467	228,833,366
Other components of equity	17,19	15,825,049	11,572,340
Accumulated deficit	18	(148,873,901)	(99,205,711)
Total equity		96,294,592	141,201,967
Total liabilities and equity		$ 110,450,045	$ 159,650,365

The above separate statements of financial position should be read in conjunction with the accompanying notes.

NeoImmuneTech, Inc.
Separate Statements of Comprehensive Loss
Years Ended December 31, 2022 and 2021

(in USD)	Notes	2022	2021
Operating income		$ -	$ -
Operating expenses	20,26	40,520,764	41,688,374
Operating loss		(40,520,764)	(41,688,374)
Other income	6,21	143	7,444
Other expenses	6,21	7,607,071	5,545
Finance income	6,22	864,030	413,501
Finance costs	6,22,26	2,404,528	760,079
Loss before income tax		(49,668,190)	(42,033,053)
Income tax expense	23	-	-
Loss for the year		(49,668,190)	(42,033,053)
Other comprehensive income (loss)		-	-
Total comprehensive loss for the year		$ (49,668,190)	$ (42,033,053)
Loss per share attributable to the shareholders of the Company			
Basic loss per share	24	$ (2.51)	$ (2.21)
Diluted loss per share	24	(2.51)	(2.21)

The above separate statements of comprehensive loss should be read in conjunction with the accompanying notes.

NeoImmuneTech, Inc.
Separate Statements of Changes in Equity
Years Ended December 31, 2022 and 2021

(in USD)

	Notes	Share Capital	Capital Surplus	Other Components of Equity	Accumulated Deficit	Total Equity
Balance at January 1, 2021		$ 1,655	$ 130,926,775	$ 4,066,296	$ (57,172,658)	$ 77,822,068
Total comprehensive loss						
Loss for the year		-	-	-	(42,033,053)	(42,033,053)
Transactions with owners						
Proceeds from new share issuance		313	97,113,005	-	-	97,113,318
Exercise of share options		4	793,586	(258,090)	-	535,500
Share-based payment	19	-	-	7,764,134	-	7,764,134
Balance at December 31, 2021		$ 1,972	$ 228,833,366	$ 11,572,340	$ (99,205,711)	$ 141,201,967
Balance at January 1, 2022		$ 1,972	$ 228,833,366	$ 11,572,340	$ (99,205,711)	$ 141,201,967
Total comprehensive loss						
Loss for the year		-	-	-	(49,668,190)	(49,668,190)
Transactions with owners						
Exercise of share options		5	508,101	(190,458)	-	317,648
Share-based payment	19	-	-	4,443,167	-	4,443,167
Balance at December 31, 2022		$ 1,977	$ 229,341,467	$ 15,825,049	$ (148,873,901)	$ 96,294,592

The above separate statements of changes in equity should be read in conjunction with the accompanying notes.

NeoImmuneTech, Inc.
Separate Statements of Cash Flows
Years Ended December 31, 2022 and 2021

(in USD)	Notes	2022	2021
Cash flows from operating activities			
Cash used in operating activities	25	$ (34,743,100)	$ (28,809,655)
Interest paid		(108,314)	(164,102)
Net cash outflow from operating activities		(34,851,414)	(28,973,757)
Cash flows from investing activities			
Interest received		752,962	249,980
Increase in loans		(1,197,226)	-
Acquisition of property and equipment		(1,231,851)	(1,967,178)
Increase in deposits provided		(250,000)	-
Acquisition of investment in subsidiary		-	(3,000,000)
Net cash outflow from investing activities		(1,926,115)	(4,717,198)
Cash flows from financing activities			
Proceeds from new share issuance		-	97,113,318
Exercise of share options		317,648	535,500
Payments of principal of lease liabilities		(212,188)	(378,180)
Net cash inflow from financing activities		105,460	97,270,638
Effect of exchange rate changes in cash and cash equivalents		(2,153,002)	(472,919)
Net increase (decrease) in cash and cash equivalents		(38,825,071)	63,106,764
Cash and cash equivalents at the beginning of the financial year	7	127,951,841	64,845,077
Cash and cash equivalents at the end of the year	7	$ 89,126,770	$ 127,951,841

The above separate statements of cash flows should be read in conjunction with the accompanying notes.

1. General Information

NeoImmuneTech, Inc. (the Company) was established on January 29, 2014. The Company is engaged in researching, developing, manufacturing and selling cancer immunotherapy. The Company's headquarter is domiciled in Delaware, USA, and its major operation is in Maryland, USA.

On March 16, 2021, the Company listed its Depositary Receipts (DR, issued 5 DR per share) on the KOSDAQ of the Korea Stock Exchange. As at December 31, 2022, the Company's total number of authorized shares is 50,000,000 shares with a par value of USD 0.0001. The Company's major shareholders are as follows:

Shareholder	Number of shares	Percentage of ownership (%)
Genexine, Inc.	4,187,200	21.2
Se Hwan Yang	1,120,000	5.7
Others	14,458,293	73.1
	19,765,493	100.0

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

The Company prepares financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying separate financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

The separate financial statements of the Company have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 3.

2.2 Changes in Accounting Policies and Disclosures

2.2.1 New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2022.

(a) Amendment to Korean IFRS 1116 Leases - Covid-19 - Related Rent Concessions beyond June 30, 2021

The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before June 30, 2022. A lessee shall apply the practical expedient consistently to eligible contracts with similar characteristics and in similar circumstances. The amendment does not have a significant impact on the financial statements.

(b) Amendments to Korean IFRS 1103 Business Combination – Reference to the Conceptual Framework

The amendments update a reference of definition of assets and liabilities to be recognized in a business combination in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korea IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS 2121 *Levies*. The amendments also clarify that contingent assets should not be recognized at the acquisition date. The amendment does not have a significant impact on the financial statements.

(c) Amendments to Korean IFRS 1016 Property, Plant and Equipment - Proceeds before intended use

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment does not have a significant impact on the financial statements.

(d) Amendments to Korean IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts : Cost of Fulfilling a Contract

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendment does not have a significant impact on the financial statements.

(e) Annual improvements to Korean IFRS 2018-2021

Annual improvements of Korean IFRS 2018-2021 Cycle should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The amendment does not have a significant impact on the financial statements.

- Korean IFRS 1101 *First time Adoption of Korean International Financial Reporting Standards* – Subsidiaries that are first-time adopters

- Korean IFRS 1109 *Financial Instruments* – Fees related to the 10% test for derecognition of financial liabilities

- Korean IFRS 1041 *Agriculture* – Measuring fair value

2.2.2 New and amended standards not yet adopted by the Company

New accounting standards and amendments that have been published but not mandatory for December 31, 2022 reporting periods and have not been early adopted by the Company are as follows.

(a) Amendments to Korean IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

(b) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policies. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

(c) Korean IFRS 1008 Accounting policies, changes in accounting estimates and errors - Definition of Accounting Estimates

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

(d) Korean IFRS 1012 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

2.3 Subsidiaries

Investment in subsidiary is accounted at cost in the separate financial statements of the Company in accordance with Korean IFRS 1027 *Separate Financial Statements*.

If there is objective evidence of impairment for the investment in a subsidiary, the Company recognizes the difference between the recoverable amount of the subsidiary and its carrying amount as impairment loss.

2.4 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The separate financial statements are presented in US dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of net investment hedges, or are attributable to monetary part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognized in other comprehensive income.

2.5 Financial Assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income, and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Company reclassifies debt investments when, and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of non-designated equity investment are recognized in profit or loss.

(b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

A. Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into one of the following three measurement categories:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'finance income or costs' and impairment losses are presented in 'other expenses'.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of comprehensive income within 'other income or expenses' in the year in which it arises.

B. Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments, which held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'finance income' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'other income and expenses' in the statement of comprehensive income as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(c) Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and lease receivables, the Company applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

(d) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Company has retained substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received.

(e) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.6 Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of all property and equipment, except for land, is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	Useful lives
Furniture and office equipment	5 years
Leasehold improvements	5

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.7 Intangible Assets

Intangible asset of the Company is a right-to-use of intellectual property, initially recognized at its historical cost and presented at cost less accumulated amortization and accumulated impairment losses.

The Company amortizes a-right-to-use of intellectual property with a limited useful life of 20 years, using the straight-line method.

The Company entered into a license-in agreement regarding new drug development. The Company recognized upfront fees paid pursuant to the agreement as intangible asset since the Company determined that it is probable that future economic benefits associated with the acquired right-to-use of intellectual property will flow into the Company.

2.8 Impairment of Non-financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 Other Payables and Accrued Expenses

Liabilities that have been billed for the goods or services received before the end of the reporting period but have not been paid are recognized as other payables, and liabilities that incurred for the goods or services received but are not paid because those are not billed by the end of the reporting period, are recognized as accrued expenses. The process of measuring the services received involves management's judgment. The amounts are unsecured, are usually paid within 30 days of being billed, and are presented as current liabilities.

2.10 Financial Liabilities

(a) Classification and measurement

The Company's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Company classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as 'other payables', and 'borrowings' in the statement of financial position.

(b) Derecognition

Financial liabilities are removed from the statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

2.11 Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognized as interest expense.

2.12 Current and Deferred Tax

The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Company recognizes current income tax on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the Company has a legally enforceable right to offset and intends either to settle on a net basis.

2.13 Share-based Payments

Equity-settled share-based payment is recognized at fair value of equity instruments granted, and employee benefit expense or investment in subsidiary is recognized over the vesting period. At the end of each period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are recognized as share capital (nominal value) and capital surplus (share premium).

2.14 Revenue Recognition

The Company has not recognized any revenue as there have been no sales of goods or rendering services in the ordinary course of business until the year ended December 31, 2022.

Revenue from the sale of goods is recognized when the control of the products has transferred to the customer.

The Company’s contract with customers for the license-out may include upfront payment at the point of entering into contract and milestone payment upon achievement of certain conditions. Revenue is recognized either at the point time or over the period, depending on the timing of performance obligation is satisfied.

2.15 Leases

The Company leases various offices, lab equipment and office equipment. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is lessee, the Company applies the practical expedient which has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Company determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Company should consider a termination penalty in determining the period for which the contract is enforceable.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable

- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

- Amounts expected to be payable by the Company (the lessee) under residual value guarantees

- The exercise price of a purchase option if the Company (the lessee) is reasonably certain to exercise that option, and

- Payments of penalties for terminating the lease, if the lease term reflects the Company (the lessee) exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and

- makes adjustments specific to the lease, for example term, country, currency and security.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

2.16 Segment Reporting

Operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. In accordance with Korean IFRS 1108 *Segment Reporting*, the Company has one operating segment.

2.17 Approval of Issuance of the Financial Statements

The separate financial statements 2022 were approved for issue by the Board of Directors on February 14, 2023 (US Eastern time) and are subject to change with the approval of shareholders at their Annual General Meeting.

3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Company to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Company's accounting policies. Estimates and assumptions 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. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant notes.

(a) Lease

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of offices and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee (Note 11).

(b) Intangible assets

The Company recognizes upfront fees and milestone fees paid in connection with license-in agreement as intangible asset when the payments of fees meet the definition of intangible asset and recognition criteria. The Company performs an assessment on the indication of impairment of intangible asset at the end of each reporting period. If any indication of impairment exists, the Company performs impairment assessment by estimating the recoverable amount of the right-to-use of intellectual property (Note 12).

(c) Investment in subsidiary

The requirements of Korean IFRS 1036 *Impairment of Assets* are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in subsidiary. If any indication of impairment exists, the Company performs impairment assessment by comparing the recoverable amount of the investment in subsidiary with its carrying amount. Any reversal of such impairment loss is recognized in accordance with Korean IFRS 1036 to the extent that the recoverable amount of the investment subsequently increases (Note 13).

(d) Share-based payment

The Company measures the cost of equity-settled share-based payment transaction based on the fair value of common shares and share options at the grant date. The fair values of common shares and share option are estimated by using appropriate valuation models and assumptions for various inputs (Note 19).

(e) Income taxes

Current and deferred tax is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. However, actual future final income tax may not correspond to the related asset and liabilities recognized as the end of the reporting period and such differences may affect current and deferred tax assets and liabilities recognized at the time final income tax effect is determined.

A deferred tax asset is recognized for unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. The Company has recognized no deferred tax assets based on the assessment that the likelihood of utilizing unused tax losses to be carryforward is remote (Note 23).

4. Financial Risk Management

4.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk) and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize any adverse effects on the Company's financial performance.

4.1.1 Market Risk

(a) Foreign exchange risk

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in US dollar, was as follows:

(in USD)	2022		2021
	KRW	GBP	KRW
Foreign currency assets			
Cash and cash equivalents	$ 23,561,373	$ -	$ 38,590,353
Foreign currency liabilities			
Other payables	382,318	21,698	1,687
Foreign currency assets (liabilities), net	$ 23,179,055	$ (21,698)	$ 38,588,666

The table below summarizes the impact of increases/decreases in the exchange rate on the Company's equity and post-tax profit for the year. The analysis is based on the assumption that the indexes has increased/decreased by 10% with all other variables held constant. The Company is primarily exposed to changes in KRW exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from KRW denominated financial instruments.

(in USD)		Impact on post-tax profit		Impact on equity	
		2022	2021	2022	2021
KRW/ US dollar	Increase 10%	$ 2,317,906	$ 3,858,867	$ 2,317,906	$ 3,858,867
	Decrease 10%	(2,317,906)	(3,858,867)	(2,317,906)	(3,858,867)

(b) Interest rate risk

Interest rate risk is defined as the risk that the interest income or expenses arising from deposits and borrowings which will fluctuate because of changes in future market interest rate. The interest rate risk mainly arises on floating rate deposits and borrowings. The objective of interest rate risk management lies in maximizing corporate value by minimizing uncertainty in interest rates fluctuations and net interest expense.

At the end of the reporting period, as the Company has floating rate deposits, interest income increases when interest rates increase.

The table below summarizes the impact of increases/decreases in the interest rate on the Company's equity and post-tax profit for the year. The analysis is based on the assumption that the interest rate has increased/decreased by 0.1% (10 basis points) with all other variables held constant.

(in USD)	Impact on post-tax profit		Impact on equity	
	2022	**2021**	**2022**	**2021**
Increase	$ 87,413	$ 116,783	$ 87,413	$ 116,783
Decrease	(87,413)	(116,783)	(87,413)	(116,783)

4.1.2 Credit Risk

The Company is exposed to credit risk which arises during the investing activities where other parties fail to discharge an obligation. Credit risk usually arises from cash and cash equivalents and financial assets at fair value through profit or loss. As the Company makes deposits to the financial institutions whose credit ratings are high, credit risk from the financial institutions is limited.

The maximum exposures to credit risk as at December 2022 and 2021, are as follows:

(in USD)	**2022**	**2021**
Cash and cash equivalents	$ 89,126,770	$ 127,951,841
Other current financial assets	1,110,988	13,203
Other non-current financial assets	408,182	62,843
	$ 90,645,940	$ 128,027,887

4.1.3 Liquidity Risk

Liquidity risk represents the risk that the Company may encounter difficulties in fulfilling its obligations to repay financial liabilities or in being able to have additional funding for its normal business operations due to liquidity shortage. The Company secures and maintains the appropriate level of liquidity and accordingly manages the liquidity risk in advance by forecasting the projected cash flows from operating, investing and financing activities for each quarter and an annual fiscal year.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Details of the Company's liquidity risk analysis as at December 2022 and 2021, are as follows:

(in USD)	2022						
	Less than 6 months	**Between 6 to 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**	**Carrying amount**
Other payables	$ 2,554,445	$ -	$ -	$ -	$ -	$ 2,554,445	$ 2,554,445
Accrued expenses	9,522,688	-	-	-	-	9,522,688	9,522,688
Lease liabilities (Note 11)	162,355	164,561	334,867	1,051,978	91,898	1,805,659	1,515,054
	$ 12,239,488	$ 164,561	$ 334,867	$ 1,051,978	$ 91,898	$ 13,882,792	$ 13,592,187

(in USD)	2021						
	Less than 6 months	**Between 6 to 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**	**Carrying amount**
Other payables	$ 2,120,286	$ -	$ -	$ -	$ -	$ 2,120,286	$ 2,120,286
Accrued expenses	14,073,039	-	-	-	-	14,073,039	14,073,039
Lease liabilities (Note 11)	160,295	160,207	326,916	1,026,631	452,113	2,126,162	1,727,242
	$ 16,353,620	$ 160,207	$ 326,916	$ 1,026,631	$ 452,113	$ 18,319,487	$ 17,920,567

5. Fair Value

5.1 Fair Value Hierarchy

Items that are measured at fair value are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

There are no financial instruments that are measured at fair value or its fair value is disclosed as at December 31, 2022 and 2021. Assets and liabilities whose carrying amount is a reasonable approximation of fair value are excluded from the fair value disclosure. During the year ended December 31, 2022, there have been no significant changes in the business and economic environment affecting the fair value of the Company's financial assets and liabilities.

6. Financial Instruments by Category

6.1 Carrying Amounts of Financial Instruments by Category

Carrying amounts of financial assets by category as at December 31, 2022 and 2021, are as follows:

(in USD)	2022 Financial assets at amortized	2021 Financial assets at amortized
Cash and cash equivalents	$ 89,126,770	$ 127,951,841
Other current financial assets	1,110,988	13,203
Other non-current financial assets	408,182	62,843
	$ 90,645,940	$ 128,027,887

Carrying amounts of financial liabilities by category as at December 31, 2022 and 2021, are as follows:

(in USD)	2022 Financial liabilities at amortized	2021 Financial liabilities at amortized
Other payables	$ 2,554,445	$ 2,120,286
Other current financial liabilities	9,522,688	14,073,039
	$ 12,077,133	$ 16,193,325

6.2 Net Gains or Losses by Category of Financial Instruments

Net gains or losses on each category of financial instruments for the years ended December 31, 2022 and 2021, are as follows:

(in USD)	2022	2021
Financial assets at amortized cost		
Interest income	$ 858,938	$ 326,610
Gain on foreign currency translation	4	1,839
Loss on foreign currency translation	(2,160,030)	(474,758)
Financial liabilities at amortized cost		
Gain on foreign currency transaction	5,088	2,841
Loss on foreign currency transaction	(125,218)	(121,208)
Gain on foreign currency translation	-	25
Loss on foreign currency translation	(9,853)	(11)

7. Cash and Cash Equivalents

Cash and cash equivalents as at December 31, 2022 and 2021, consist of:

(in USD)	2022	2021
Bank deposits	$ 89,126,770	$ 127,951,841

There are no restricted cash and cash equivalents as at December 31, 2022 and 2021.

8. Other Financial Assets

Other financial assets as at December 31, 2022 and 2021, are as follows:

(in USD)	2022	2021
Other receivables	$ 43	$ 13,203
Accrued income	11,817	-
Deposits provided	317,112	62,843
Employee loans	1,190,198	-
	1,519,170	76,046
Less: non-current portion	(408,182)	(62,843)
Current portion	$ 1,110,988	$ 13,203

None of the other financial assets are either past due or impaired.

9. Other Assets

Other assets as at December 31, 2022 and 2021, are as follows:

(in USD)	2022	2021
Prepaid expenses	$ 3,880,829	$ 13,151,058
Less: non-current portion	(3,415,302)	(2,930,584)
Current portion	$ 465,527	$ 10,220,474

Prepaid expenses related to research and development of the total prepaid expenses were USD 3,749,198 (2021: USD 13,048,322).

10. Property and Equipment

Details of property and equipment as at December 31, 2022 and 2021, are as follows:

(in USD)	2022			2021		
	Cost	Accumulated depreciation	Book amount	Cost	Accumulated depreciation	Book amount
Lab equipment	$ 3,066,371	$ (619,203)	$ 2,447,168	$ 1,933,632	$ (74,613)	$ 1,859,019
Furniture and office equipment	318,773	(224,307)	94,466	304,050	(186,211)	117,839
Leasehold improvements	29,545	(21,342)	8,203	24,074	(17,837)	6,237
Vehicles	73,439	(12,362)	61,077	-	-	-
	$ 3,488,128	$ (877,214)	$ 2,610,914	$ 2,261,756	$ (278,661)	$ 1,983,095

Changes in property and equipment for the years ended December 31, 2022 and 2021, are as follows:

(in USD)	2022				
	Furniture and office equipment	Leasehold improvements	Lab equipment	Vehicles	Total
Beginning net book amount	$ 117,839	$ 6,237	$ 1,859,019	$ -	$ 1,983,095
Acquisitions	32,441	5,471	1,132,739	73,439	1,244,090
Disposals	(5,421)	-	-	-	(5,421)
Depreciation	(50,393)	(3,505)	(544,590)	(12,362)	(610,850)
Ending net book amount	$ 94,466	$ 8,203	$ 2,447,168	$ 61,077	$ 2,610,914

(in USD)	2021			
	Furniture and office equipment	Leasehold improvements	Lab equipment	Total
Beginning net book amount	$ 134,638	$ 11,051	$ -	$ 145,689
Acquisitions	33,546	-	1,933,632	1,967,178
Disposals	(730)	-	-	(730)
Depreciation	(49,615)	(4,814)	(74,613)	(129,042)
Ending net book amount	$ 117,839	$ 6,237	$ 1,859,019	$ 1,983,095

11. Leases

Right-of-use assets as at December 31, 2022 and 2021, consist of:

(in USD)	2022			2021		
	Cost	Accumulated depreciation	Book amount	Cost	Accumulated depreciation	Book amount
Buildings	$ 2,114,773	$ (876,586)	$ 1,238,187	$ 2,114,773	$ (640,742)	$ 1,474,031
Office equipment	10,488	(4,370)	6,118	31,250	(19,617)	11,633
	$ 2,125,261	$ (880,956)	$ 1,244,305	$ 2,146,023	$ (660,359)	$ 1,485,664

Changes in right-of-use assets for the years ended December 31, 2022 and 2021, are as follows:

(in USD)	2022		
	Buildings	Office equipment	Total
Beginning balance	$ 1,474,031	$ 11,633	$ 1,485,664
Depreciation	(235,844)	(5,515)	(241,359)
Ending balance	$ 1,238,187	$ 6,118	$ 1,244,305

(in USD)	2021			
	Buildings	Lab equipment	Office equipment	Total
Beginning balance	$ 1,709,875	$ 737,344	$ 11,520	$ 2,458,739
Acquisitions	-	1,280,924	10,488	1,291,412
Depreciation	(235,844)	(204,066)	(10,375)	(450,285)
Termination of lease	-	(1,814,202)	-	(1,814,202)
Ending balance	$ 1,474,031	$ -	$ 11,633	$ 1,485,664

Lease liabilities as at December 31, 2022 and 2021, are as follows:

(in USD)	2022	2021
Lease liabilities		
Current	$ 315,427	$ 309,286
Non-current	1,199,627	1,417,956
	$ 1,515,054	$ 1,727,242

Changes in lease liabilities for the years ended December 31, 2022 and 2021, are as follows:

(in USD)	**2022**	**2021**
Beginning balance	$ 1,727,242	$ 2,705,583
Acquisitions of lease assets	-	1,291,412
Termination of lease	-	(1,809,387)
Payments of lease liabilities	(320,502)	(542,282)
Interest expenses	108,314	164,102
Exchange differences	-	(82,186)
Ending balance	$ 1,515,054	$ 1,727,242

The separate statement of comprehensive loss shows the following amounts relating to leases:

(in USD)	**2022**	**2021**
Depreciation of right-of-use assets (included in depreciation of operating expenses)		
Buildings	$ 235,844	$ 235,844
Lab equipment	-	204,066
Office equipment	5,515	10,375
	$ 241,359	$ 450,285
Interest expense relating to lease liabilities (included in finance cost)	$ 108,314	$ 164,102
Expense relating to short-term leases (included in rental expenses of operating expenses)	50,460	-
Expense relating to leases of low-value assets that are not short-term leases (included in office supplies expenses of operating expenses)	10,013	3,612

The total cash outflow for leases in 2022 was USD 381,736 (2021: USD 545,894).

12. Intangible Assets

Details of intangible assets as at December 31, 2022 and 2021, are as follows:

(in USD)	2022			2021		
	Cost	Accumulated amortization	Book amount	Cost	Accumulated amortization	Book amount
Right-to-use of intellectual property	$ 7,500,000	$ (2,328,631)	$ 5,171,369	$ 7,500,000	$ (1,940,709)	$ 5,559,291

The Company acquired a right-to-use of intellectual property (license) for NT-I7 from Genexine, Inc., in June 2015 and retains a right-to-use of the technology until 2036, the year of expiration for the patent of NT-I7 (Note 27).

Changes in intangible assets for the years ended December 31, 2022 and 2021, are as follows:

(in USD)	2022		
	Beginning balance	Amortization	Ending balance
Right-to-use of intellectual property	$ 5,559,291	$ (387,922)	$ 5,171,369

(in USD)	2021		
	Beginning balance	Amortization	Ending balance
Right-to-use of intellectual property	$ 5,947,213	$ (387,922)	$ 5,559,291

13. Investment in Subsidiary

Details of investment in subsidiary as at December 31, 2022 and 2021, are as follows:

(in USD)

Name of entity	Location	Percentage of ownership (%)	2022	2021
NeoImmuneTech Co., Ltd.	Korea	100	$ 6,896,688	$ 9,443,370

Changes in investment in subsidiary for the years ended December 31, 2022 and 2021, are as follows:

(in USD)	2022	2021
Beginning balance	$ 9,443,370	$ 2,441,041
Increase[1]	5,054,871	7,002,329
Impairment[2]	(7,601,553)	-
Ending balance	$ 6,896,688	$ 9,443,370

[1] The amount of investment in subsidiary as at December 31, 2022, includes the share-based payments amounting to USD 5,054,871 (2021: USD 4,002,329) recognized during the year ended December 31, 2022, in relation to the Company's share options granted to the employees of the subsidiary.
[2] As at December 31, 2022, the Company recognized impairment loss due to the recoverable amount of investment in subsidiary was less than the carrying amount.

The sensitivity of the impact on profit or loss due to changes in the principal assumptions for measuring the recoverable amount of subsidiary is:

(in USD)	Impact on profit or loss		
	Changes in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate (17.16%)	1%	$ (280,008)	$ 311,559
Long-term growth rate (0%)	1%	$ 147,940	$ (131,648)

14. Other Financial Liabilities

Details of other financial liabilities as at December 31, 2022 and 2021, are as follows:

(in USD)	**2022**	**2021**
Accrued expenses[1]	$ 9,522,688	$ 14,073,039
Less: non-current portion	-	-
Current portion	$ 9,522,688	$ 14,073,039

[1] Entire amount of accrued expenses are related research and development expenses.

15. Other Liabilities

Details of other liabilities as at December 31, 2022 and 2021, are as follows:

(in USD)	**2022**	**2021**
Accrued expenses	$ 563,266	$ 527,831
Less: non-current portion	-	-
Current portion	$ 563,266	$ 527,831

16. Share Capital and Capital Surplus

As at December 31, 2022, the Company's total number of authorized shares is 50,000,000 shares and the total number of ordinary shares issued is 19,765,493 shares with a par value of USD 0.0001 per share.

Changes in share capital and capital surplus for the years ended December 31, 2022 and 2021, are as follows:

(in USD and number of shares)	2022		
	Beginning balance	**Increase in ordinary shares**[1]	**Ending balance**
Outstanding shares	19,716,402	49,091	19,765,493
Share capital	$ 1,972	$ 5	$ 1,977
Capital surplus	$ 228,833,366	$ 508,101	$ 229,341,467

[1] It is due to the exercise of share options granted to employees.

(in USD and number of shares)	2021		
	Beginning balance	**Increase in ordinary shares**[1]	**Ending balance**
Outstanding shares	16,545,068	3,171,334	19,716,402
Share capital	$ 1,655	$ 317	$ 1,972
Capital surplus	$ 130,926,775	$ 97,906,591	$ 228,833,366

[1] On March 16, 2021, the Company newly listed its Depositary Receipts (DR) on the KOSDAQ of the Korea Stock Exchange, and issued 3,133,334 new shares (15,666,670 DR) for KRW 117,500 million (USD 102,965 thousand). The cost directly attributed to issuance of the new share amounting to KRW 6,639 million (USD 5,852 thousand) was deducted directly from the capital surplus increased upon issuance of the new share. Furthermore, 38,000 shares (190,000 DR) were increased due to the exercise of share options (Note 19).

17. Other Components of Equity

Details of other components of equity as at December 31, 2022 and 2021, consist of:

(in USD)	**2022**	**2021**
Share options	$ 15,825,049	$ 11,572,340

18. Accumulated Deficit

Accumulated deficit as at December 31, 2022 and 2021, consists of:

(in USD)	2022	2021
Accumulated deficit before disposition	$ (148,873,901)	$ (99,205,711)

The disposition of accumulated deficit for the year ended December 31, 2022, is expected to be approved at the shareholders' meeting on March 31, 2023. The disposition date for the year ended December 31, 2021, was March 31, 2022.

Statements of disposition of accumulated deficit for the years ended December 31, 2022 and 2021, are as follows:

(in USD)	2022	2021
Undisposed accumulated deficit carried over from prior year	$ (99,205,711)	$ (57,172,658)
Loss for the year	(49,668,190)	(42,033,053)
Accumulated deficit available for disposition	(148,873,901)	(99,205,711)
Undisposed accumulated deficit to be carried forward	$ (148,873,901)	$ (99,205,711)

19. Share-based Payments

The Company granted share option to selected employees based on the approval of the Board of Directors Compensation Committee. Details are as follows:

- Type of shares to be issued as share-based payments: registered ordinary shares
- Grant method: issuance of new ordinary shares
- Vesting conditions and exercise of options (share options are exercisable if service conditions are met):
  - 3rd tranche of share options: The share options are exercisable if the employees render services for two years after the grant date.
  - 4th tranche of share options: The share options are vested and exercisable if the employees render services for two years, three years or four years after the grant date.
  - 5th~9th tranche of share options: The share options are exercisable if the employees render services for two years or three years after the grant date.

Share options	Grant date	Number of options granted[1]	Vesting condition
1st tranche	2016.06.24	14,300 shares	Vested immediately
2nd tranche	2017.02.15	31,000 shares	Vested immediately
3rd tranche	2018.07.30	10,500 shares	Rendering of services for two years
4th tranche	2019.08.30	160,000 shares	Rendering of services for two years, three years or four years
5th tranche	2021.03.16	341,113 shares	Rendering of services for two years or three years
6th tranche	2021.03.31	101,500 shares	Rendering of services for two years or three years
7th tranche	2021.09.28	67,700 shares	Rendering of services for two years or three years
8th tranche	2022.03.31	59,800 shares	Rendering of services for two years or three years
9th tranche	2022.09.30	62,913 shares	Rendering of services for two years or three years
		848,826 shares	

[1] The number represents remaining share options as at December 31, 2022, and exercised or expired shares before current year end are excluded. The above quantity and exercise price are based on one share of the Company, and one share of the Company corresponds to the 5 DR currently trading in the KOSDAQ.

The 1st tranche of share options of 140,000 shares and the 2nd tranche of share options of 60,000 shares were granted on June 24, 2016 and June 15, 2017, respectively, and entire shares were vested from the date of grant until January 2019. Total of 95,700 shares (2022: 11,629 shares) and 29,000 shares (2022: 20,311 shares) of the 1st and 2nd tranche of share options, respectively, have been exercised by the end of the reporting period.

The 3rd tranche of share options of 37,500 shares granted on July 30, 2018 were all vested on July 30, 2020, of which total of 26,651 shares (2022: 11,151 shares) have been exercised by the end of the reporting period.

Of the 4th tranche of share options of 632,000 shares granted on August 30, 2019, 235,000 shares and 462,000 shares were vested on August 31, 2021 and 2022, respectively. Total of 20,000 shares (2022: 6,000 shares) of 4th tranche of share options have been exercised by the end of the reporting period.

Changes in the number of share options outstanding and their related weighted average exercise prices for the years ended December 31, 2022 and 2021, are as follows:

	Number of options *(in shares)*		Average exercise price per share option *(in USD)*	
	2022	**2021**	**2022**	**2021**
Beginning balance	1,162,313	721,000	$ 42.1	$ 21.6
Granted	164,513	640,088	24.4	61.0
Exercised[1]	(53,700)	(38,000)	7.7	14.1
Forfeited [2]	(269,300)	-	39.6	-
Forfeited[3]	(155,000)	(160,775)	25.0	31.7
Ending balance	848,826	1,162,313	$ 44.6	$ 42.1
Exercisable at the end of the reporting period	205,800	324,500	$ 19.5	$ 18.6

[1] As a result of exercise of 53,700 shares of share options with net settlement arrangements, 49,901 shares were issued as new shares, and 4,609 shares of share options were withheld for employee tax obligations.

[2] Share options granted were forfeited due to resignation of the employees prior to vesting.

[3] Share options granted were expired due to not being exercised within 90 days, which is the contractual limit for days to exercise vested share options upon termination of employment.

The weighted average remaining contractual maturity of share options outstanding at the end of the reporting period is 10.30 years (2021: 9.30 years) and the exercise prices are between USD 3~63.2 (2021: USD 3~63.2) per share.

The share options granted are measured at fair value at the grant date, and the increase in equity based on such fair value of share options is correspondingly recognized as salaries, research and development expenses, investment in subsidiary or commission expenses over the vesting periods.

The Company recognized share-based payments based on the fair value of stock option measured using the binomial model approach. The related assumptions and variables to measure the share-based payments are as follows:

(in USD)	**2022**	**2021**
Fair value of share options granted during the year	\$ 6.20 ~ \$ 19.33	\$ 27.23 ~ \$ 41.69
Share price at grant date	\$ 11.60 ~ \$ 30.23	\$ 42.73 ~ \$ 63.20
Price volatility[1]	59.46% ~ 66.30%	70.7% ~ 72.9%
Contractual maturity of share options[2]	10 years	10 years
Risk-free interest rate	2.94% ~ 4.09%	1.09% ~ 2.13%

[1] The 2 years price volatility of listed benchmark companies was used.
[2] When measuring the fair value of share options, the Company applied the expected maturity in consideration of the effects of early exercise by employees due to restriction on transfer of share options and cessation of employment.

Share-based payments recognized for the years ended December 31, 2022 and 2021, are as follows:

(in USD)		**2022**		**2021**
Salaries	\$	229,943	\$	2,039,401
Research and development expenses		(1,265,409)		1,448,842
Investment in subsidiary		5,054,871		4,002,329
Commission expenses		423,762		273,562
	\$	4,443,167	\$	7,764,134

20. Breakdown of Expenses by Nature

Expenses by nature for the years ended December 31, 2022 and 2021, consist of:

(in USD)		**2022**		**2021**
Salaries	\$	4,442,970	\$	8,657,442
Employee benefits[1]		900,891		597,322
Depreciation		852,209		579,327
Amortization		387,922		387,922
Commission expenses		32,424,487		30,339,160
Others		1,512,285		1,127,201
	\$	40,520,764	\$	41,688,374

[1] Employee benefits include the considerations paid by the Company for its employees under 401k Plan in the United States and in relation to this, the amount recognized as expenses for the year ended December 31, 2022, is USD 137,729 (2021: USD 134,825).

Research and development expenses for the years ended December 31, 2022 and 2021, are as follows:

(in USD)		**2022**		**2021**
Salaries	$	3,376,914	$	2,880,637
Salaries (Share-based payments)		(1,265,409)		1,448,842
Commission expenses		27,811,549		25,477,140
Amortization		387,922		387,922
Depreciation		544,590		278,679
	$	30,855,566	$	30,473,220

21. Other Income and Expenses

(a) Other Income

(in USD)		**2022**		**2021**
Miscellaneous gains	$	143		7,444

(b) Other Expenses

(in USD)		**2022**		**2021**
Loss on valuation of investment in subsidiary	$	7,601,553	$	-
Loss on disposal of property and equipment		5,421		730
Loss on termination of lease		-		4,815
Miscellaneous loss		97		-
	$	7,607,071	$	5,545

22. Finance Income and Costs

(a) Finance Income

(in USD)		**2022**		**2021**
Interest income	$	858,938	$	326,610
Gain on foreign currency translation		4		84,050
Gain on foreign currency transactions		5,088		2,841
	$	864,030	$	413,501

(b) Finance Costs

(in USD)		**2022**		**2021**
Interest expenses	$	109,427	$	164,102
Loss on foreign currency translation		2,169,883		474,769
Loss on foreign currency transactions		125,218		121,208
	$	2,404,528	$	760,079

23. Tax Expense

Income tax expense for the years ended December 31, 2022 and 2021, consists of:

(in USD)		**2022**		**2021**
Current tax	$	-	$	-
Deferred tax		-		-
Income tax expense	$	-	$	-

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate as follows:

(in USD)		**2022**		**2021**
Loss before income tax expense	$	(49,668,190)	$	(42,033,053)
Tax with statutory tax rate applied		(13,667,444)		(11,291,848)
Tax effects of:				
Expenses not deductible for tax purposes		1,395,600		283,424
Impairment of investment in subsidiary		2,091,757		-
Unrecognized deferred tax assets		10,820,442		11,170,155
Others (effects of change in tax rate and others)		(640,355)		(161,731)
Income tax expense	$	-	$	-

The effective tax rates for the years ended December 31, 2022 and 2021, were not calculated as the loss before income tax incurred.

The movements in deferred tax assets and liabilities for the years ended December 31, 2022 and 2021, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

(in USD)	2022		
	Beginning balance	**Increase (decrease)**	**Ending balance**
Right-of-use assets	$ (399,112)	$ 56,710	$ (342,402)
Intangible assets	(152,939)	(34,560)	(187,499)
Property and equipment	(2,486)	(319,978)	(322,464)
	(554,537)	(297,828)	(852,365)
Lease liabilities	464,010	(47,105)	416,905
Share-based payment expenses	2,792,941	(2,612,197)	180,744
Gain/Loss on foreign currency translation	-	597,096	597,096
Research and development expenses	-	8,947,095	8,947,095
Accrued expenses	3,784,721	(1,132,247)	2,652,474
	7,041,672	5,752,642	12,794,314
Deferred tax assets (liabilities) due to temporary differences	6,487,135	5,454,814	11,941,949
Tax loss	21,037,718	3,180,968	24,218,686
Tax credit carried forward	868,349	11,788	880,137
Unrecognized deferred tax assets	(28,393,202)	(8,647,570)	(37,040,772)
Net deferred tax assets (liabilities)	$ -	$ -	$ -

(in USD)	2021		
	Beginning balance	**Increase (decrease)**	**Ending balance**
Right-of-use assets	$ (672,227)	$ 273,115	$ (399,112)
Intangible assets	(125,007)	(27,932)	(152,939)
Property and equipment	81	(2,567)	(2,486)
	(797,153)	242,616	(554,537)
Lease liabilities	739,714	(275,704)	464,010
Share-based payment expenses	1,664,351	1,128,590	2,792,941
Accrued expenses	1,805,566	1,979,155	3,784,721
	4,209,631	2,832,041	7,041,672
Deferred tax assets (liabilities) due to temporary differences	3,412,478	3,074,657	6,487,135
Tax loss	12,495,783	8,541,935	21,037,718
Tax credit carried forward	435,640	432,709	868,349
Unrecognized deferred tax assets	(16,343,901)	(12,049,301)	(28,393,202)
Net deferred tax assets (liabilities)	$ -	$ -	$ -

The analysis of deferred tax assets and liabilities as at December 31, 2022 and 2021, is as follows:

(in USD)	2022	2021
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	$ 852,365	$ 554,537
Deferred tax asset to be recovered within 12 months	-	-
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(852,365)	(554,537)
Deferred tax liability to be recovered within 12 months	-	-
Deferred tax assets (liabilities), net	$ -	$ -

Details of unrecognized deductible (taxable) temporary differences as deferred tax assets (liabilities) as at December 31, 2022 and 2021, are as follows:

(in USD)	2022	2021	Remarks
Unused net operating losses[1]	$ 88,236,586	$ 78,302,063	Uncertainty of sufficient future taxable profit
Tax credit carried forward[1]	880,137	868,349	Uncertainty of sufficient future taxable profit
Accrued expenses and others	43,152,174	24,109,554	Uncertainty of sufficient future taxable profit
Investment in subsidiary	(2,188,887)	(4,735,569)	Probable that the temporary difference will not be reversed

[1] The maturity of unused net operating losses and unused tax credit is as follows:

(in USD)	2022		2021	
	Tax loss[1]	Tax credit carried forward	Tax loss[1]	Tax credit carried forward
Less than 1 year	$ -	$ -	$ -	$ -
1 to 5 years	-	-	-	-
Over 5 years	88,236,586	880,137	78,302,063	868,349
	$ 88,236,586	$ 880,137	$ 78,302,063	$ 868,349

[1] Losses of USD 12,742,930 incurred before 2017 are available for deduction from the future taxable income over 20 years after incurred and will be expired in or before 2034, and losses of USD 75,493,656 incurred after 2018 have no maturity for expiration.

24. Loss per Share

Basic loss per share are calculated by dividing the loss attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the financial year.

(a) Basic loss per share

(in USD)	**2022**	**2021**
Loss attributable to the ordinary equity holders	$ (49,668,190)	$ (42,033,053)
Weighted average number of ordinary shares outstanding (in number of shares)	19,753,214	19,051,844
Basic loss per share	$ (2.51)	$ (2.21)

(b) Diluted loss per share

The Company did not issue any potential ordinary shares. Therefore, basic loss per share is identical to diluted loss per share.

25. Cash Flows

(a) Cash used in operations

(in USD)	**2022**	**2021**
Loss before income tax	$ (49,668,190)	$ (42,033,053)
Adjustments for:		
Interest expenses	109,427	164,102
Loss on termination of lease	-	4,815
Loss on foreign currency translation	2,169,883	474,769
Depreciation	852,209	579,327
Amortization	387,922	387,922
Salaries (share-based payments)	229,943	2,039,401
Research and development expenses (share-based payments)	(1,265,409)	1,448,842
Commission expenses (share-based payments)	423,762	273,562
Loss on valuation of investment in subsidiary	7,601,553	-
Loss on disposal of property and equipment	5,421	730
Research and development expenses	-	1,200,000
Interest income	(858,938)	(326,610)
Gain on foreign currency translation	(4)	(84,050)
Change in operating assets and liabilities:		
Decrease (increase) in other receivables	13,160	(13,203)
Decrease (increase) in prepaid expenses	9,754,947	(1,562,864)

(in USD)	2022	2021
Increase in long-term prepaid expenses	(394,824)	(94,411)
Increase in other payables	410,953	970,312
Increase in accrued expenses	35,435	293,820
Increase (decrease) in other non-current financial liabilities	(4,550,350)	7,487,228
Decrease in withholdings	-	(20,294)
Cash used in operating activities	$ (34,743,100)	$ (28,809,655)

(b) Significant transactions not affecting cash flows

Significant transactions not affecting cash flows for the years ended December 31, 2022 and 2021, are as follows:

(in USD)	2022	2021
Acquisitions of right-of-use assets	$ -	$ 1,291,412
Termination of lease	-	1,809,387
Share-based payment recognized as investment in subsidiary	5,054,871	4,002,329

(c) Changes in liabilities arising from financing activities

Changes in liabilities arising from financial activities for the years ended December 31, 2022 and 2021, are as follows:

(in USD)	Liabilities from financing activities
	Lease liabilities
At January 1, 2021	$ 2,705,583
Acquisitions – leases	1,291,412
Termination – leases	(1,809,387)
Cash flows	(378,180)
Other non-financial changes	(82,186)
At December 31, 2021	$ 1,727,242
At January 1, 2022	$ 1,727,242
Cash flows	(320,502)
Other non-financial changes	108,314
At December 31, 2022	$ 1,515,054

26. Related Party Transactions

Details of related parties that have sales and other transactions with the Company or have outstanding balances as at December 31, 2022 and 2021, are as follows:

Type	2022	2021	Relationship
Subsidiary	NeoImmuneTech Co., Ltd.	NeoImmuneTech Co., Ltd.	-
Other related parties	Genexine, Inc.	Genexine, Inc.	Significant influence over the Company

Sales and purchases with related parties for the years ended December 31, 2022 and 2021, are as follows:

(in USD)

Type	Name of entity	Accounts	2022	2021
Subsidiary	NeoImmuneTech Co., Ltd.	Share-based payments[1]	$ 5,054,871	$ 4,002,329
		Commission expenses	2,963,900	2,577,507
		Research and development expenses	5,032,439	2,833,107
		Acquisitions of right-of-use assets	-	1,280,924
		Acquisitions of property and equipment	1,132,739	1,933,632
		Interest expenses	-	42,618
Other related parties	Genexine, Inc.	Research and development expenses	11,048,856	1,181,870

[1] The amounts represent the share-based payments related to the Company's share options granted to the employees of the subsidiary and those amounts are included in investment in subsidiary.

Outstanding balances arising from sales/purchases of goods and services as at December 31, 2022 and 2021, are as follows:

(in USD)

Type	Name of entity	Accounts	2022	2021
Subsidiary	NeoImmuneTech Co., Ltd.	Other payables	$ 1,016,046	$ 880,321
Other related parties	Genexine, Inc.	Prepaid expenses	-	9,030,233
		Other payables	50,514	316,749

The Company paid USD 2,284,959 (2021: USD 1,319,889) to Genexine, Inc. for the purchase of medicines related to NT-I7 which are produced by a third-party contract manufacturer, of which USD 50,514 has not yet been paid at the end of the reporting period. As ownership and control of the related products has been transferred to the Company during the reporting period, prepaid expenses related to the purchase of medicines recorded at the end of the prior year were recognized as research and development expenses during the current period.

Fund transactions with related parties for the years ended December 31, 2022 and 2021, are as follows:

There are no fund transactions with related parties for the year ended December 31, 2022.

(in USD)		2021		
		Borrowing transactions[1]		Cash contricution[2]
Type	Name of entity	Borrowings	Repayments	
Subsidiary	NeoImmuneTech Co., Ltd.	$ 1,280,924	$ 224,743	$ 3,000,000

[1] The Company has used lab equipment owned by NeoImmuneTech Co., Ltd., a subsidiary of the Company, for the Company's own development purposes and paid the consideration for the use of lab equipment to the subsidiary, and present value of total consideration to be paid for the use of lab equipment is recognized as lease liabilities and right-of-use assets. Right-of-use assets and lease liabilities of USD 1,280,924 are recognized in respect to lease transaction. The repayment of lease liabilities during the year is USD 224,743 and interest expenses amount to USD 42,618. As the Company purchased the lab equipment used as a lessee during 2021, the lease contract was terminated. Upon termination of the lease, decreased lease liability amounted to USD 1,809,387.

[2] On April 8, 2021, the Company made an additional USD 3,000,000 investment in NeoImmuneTech Co., Ltd., a subsidiary.

The Company entered into purchase and supply agreements for a right-to-use of intellectual property with Genexine, Inc., a related party (Note 27).

The compensation paid or payable to key management, who have significant authority and responsibility in respect to operating of the Company, for employee services for the years ended December 31, 2022 and 2021, consists of:

(in USD)	2022	2021
Salaries and other compensations	$ 103,726	$ 331,760
Share-based payments	423,763	542,380
	$ 527,489	$ 874,140

27. Commitments

(a) Right-to-use of intellectual property

a) License for NT-I7

In June 2015, the Company acquired a right-to-use of intellectual property (license) for NT-I7 from Genexine, Inc., and retains a right-to-use of the technology until 2036, the year of expiration for the patent of NT-I7 (Note 12). At inception of license-in-agreement, the Company paid USD 4,500,000 to Genexine, Inc. (total acquisition amounts: USD 12,500,000, including USD 8,000,000 of milestone fees).

During the year ended December 31, 2018, the Company paid milestone fees amounting to USD 3,000,000 to Genexine, Inc. according to the agreement, as approved for the first and second IND of clinical trials. Also, the Company agrees to pay milestone fees at the completion of the future clinical trials as follows:

- At the completion of the first clinical trials: USD 2,000,000
- At the completion of the second clinical trials: USD 3,000,000

The Company has the right of distribution in America and Europe regions, and pays 35% of the considerations if the license will be transferred to other parties, and pays 35% of net income arising from sales of products related to license of NT-I7 as royalty to Genexine, Inc.

(b) Supply agreement

In December 2016, the Company entered into a supply agreement with Genexine, Inc. in which Genexine, Inc shall provide the Company with products related to NT-I7 which are produced by a third-party contract manufacturer.

(c) Joint clinical research

In April 2018, the Company entered into a joint clinical research agreement with Genexine and F.Hoffmann-La Roche Ltd (hereinafter referred to as "Roche") for three types of skin cancer (melanoma, Merkel Cell Carcinoma and cutaneous Squamous Cell Carcinoma) and committed to receive Roche's product of TECENTRIQ free of charge, which is required for clinical trials. In December 2018, the Company submitted clinical trial plans to the U.S. Food and Drug Administration (USFDA) as the sole owner. Clinical trials are in progress as Investigational New Drug ("IND") was approved by the USFDA in January 2019.

In December 2019, the Company entered into a joint clinical research agreement with MSD International GmbH (hereinafter referred to as "Merck") for five types of solid cancer (non-small cell lung cancer, small cell lung cancer, microsatellite stable colorectal cancer, triple negative breast cancer and pancreatic cancer) and committed to receive Merck's product of KEYTRUDA free of charge, which is required for clinical trials. Clinical trials are in progress as the IND for the joint clinical research was approved by the USFDA in January 2020.

In April 2020, the Company entered into a joint clinical research agreement with Bristol-Myers Squibb Company (hereinafter referred to as "BMS") for three types of gastric cancer (metastatic gastric cancer, gastro-esophageal junction cancer and esophageal adenocarcinoma) and committed to receive BMS's product of OPDIVO free of charge, which is required for clinical trials. Clinical trials are in progress as the IND for the joint clinical research was approved by the USFDA in July 2020.

In October 2020, the Company entered into a joint clinical research agreement with Roche on non-small cell lung cancer and committed to receive Roche's product of TECENTRIQ free of charge, which is required for clinical trials. Clinical trials are in progress as the IND for the joint clinical research was approved by the USFDA in October 2020.

(d) Contract with Subsidiary

On September 1, 2019, the Company has entered into a contract related to services from NeoImmuneTech Co., Ltd., a subsidiary of the Company. Under the agreement, NeoImmuneTech Co., Ltd. provides services to support the Company's research and development activities, including clinical trials and commercialization, and charges to the Company with a 10% profit added to the costs incurred. During 2022, the total amount charged to the Company for the services provided by NeoImmuneTech Co., Ltd. was USD 7,996,339 (2021: USD 5,410,614).

Independent Auditor's Report on
Internal Control over Financial Reporting

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
NeoImmuneTech, Inc.

Opinion on Internal Control over Financial Reporting

We have audited NeoImmuneTech, Inc.'s (the Company) Internal Control over Financial Reporting as at December 31, 2022, based on Conceptual Framework for Designing and Operating Internal Control over Financial Reporting established by the Operating Committee of Internal Control over Financial Reporting in Korea (the ICFR Committee).

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as at December 31, 2022, based on Conceptual Framework for Designing and Operating Internal Control over Financial Reporting established by the ICFR Committee.

We have also audited, in accordance with Korean Standards on Auditing, the separate financial statements of the Company, which comprise the separate statement of financial position as at December 31, 2022, and the related separate statements of comprehensive income, changes in equity and cash flow for the year then ended, and notes to the separate financial statements including a summary of significant accounting policies, and we expressed an unqualified opinion on those financial statements in our audit report dated March 23, 2023.

Basis for Opinion on Internal Control over Financial Reporting

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibility under these standards are further described in the *Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting* section of our report. We are independent of the Company in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of internal control over financial reporting and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for Internal Control over Financial Reporting

Management is responsible for designing, implementing and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting.

Those charged with governance have the responsibilities for overseeing internal control over financial reporting.

Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting

Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We conducted the audit in accordance with Korean Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

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

The engagement partner on the audit resulting in this independent auditor's report is Kwang-Shik Jang, Certified Public Accountant.

Seoul, Korea
March 23, 2023

Samil PricewaterhouseCoopers

This report is effective as at March 23, 2023, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the Company's internal control over financial reporting thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Report on the Effectiveness of the Internal Control over Financial Reporting

To Board of Directors and Auditor of

NeoImmuneTech, Inc.

We, as the Chief Executive Officer ("CEO") and the Internal Control over Financial Reporting ("ICFR") Officer of NeoImmuneTech, Inc. ("the Company"), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting for the year ended December 31, 2022.

The Company's management, including ourselves, is responsible for designing and operating ICFR. We assessed the design and operating effectiveness of the ICFR in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable financial statements. We followed the 'Best Practice Guideline' which is established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee") to evaluate the effectiveness of the ICFR design and operation.

Based on the assessment results, we believe that the Company's ICFR, as at December 31, 2022, is designed and operating effectively, in all material respects, in conformity with the Best Practice Guideline.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statement which cause material misunderstandings, and we have reviewed and verified this report with sufficient due care.

Date: Feb 10, 2023

Name: Se Hwan Yang
Chief Executive Officer

Name: Tae Woo Kim
Internal Control over Financial Reporting Officer