IMMUNOCELLULAR THERAPEUTICS, LTD

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

ImmunoCellular Therapeutics, Ltd.
Table of Contents
December 31, 2020

ImmunoCellular Therapeutics, Ltd.

Balance Sheet as of December 31, 2020
(Unaudited)

Assets		
Current assets:		
Cash and cash equivalents	$	1,446,181
Note receivable		50,000
Prepaid expenses and other current assets		173,719
Total current assets	$	1,669,900
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$	34,832
Total current liabilities		34,832
Shareholders' equity:		
Preferred stock, $0.0001 par value, 1,000,000 shares authorized; No shares outstanding as of December 31, 2020		-
Common stock, $0.0001 par value; 50,000,000 shares authorized; 4,195,213 shares issued and outstanding as of December 31, 2020		420
Additional paid-in capital		121,235,533
Accumulated deficit		(119,600,885)
Total shareholders' equity		1,635,068
Total liabilities and shareholders' equity	$	1,669,900

The accompanying notes are an integral part of these unaudited financial statements.

ImmunoCellular Therapeutics, Ltd.

Statement of Operations for the Year Ended December 31, 2020
(Unaudited)

Operating expenses	
General and administrative expenses	$ 535,767
Total operating expenses	(535,767)
Other income	
Interest income	407
Total other income	407
Loss before provision for income taxes	(535,360)
Provision for income taxes	-
Net loss	$ (535,360)
Net loss per share, basic and diluted	$ (0.13)
Weighted average number of shares outstanding basic and diluted	4,195,213

The accompanying notes are an integral part of these unaudited financial statements.

ImmunoCellular Therapeutics, Ltd.

Statement of Shareholders' Equity for the Year Ended December 31, 2020
(Unaudited)

	Preferred Stock		Common Stock				
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance at January 1, 2020	-	$ -	4,195,213	$ 420	$ 121,235,533	$ (119,065,525)	$2,170,428
Net loss	-	-	—	—	—	(535,360)	(535,360)
Balance at December 31, 2020	-	$ -	4,195,213	$ 420	$ 121,235,533	$ (119,600,885)	$1,635,068

`

The accompanying notes are an integral part of these unaudited financial statements.

ImmunoCellular Therapeutics, Ltd.

Statement of Cash Flows for the Year Ended December 31, 2020
(Unaudited)

Cash flows from operating activities:	
Net loss	$ (535,360)
Adjustments to reconcile net loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Prepaid expenses and other current assets	28,531
Accounts payable	(1,452)
Net cash used in operating activities	(508,281)
Cash flows from financing activities:	
Advances on note receivable	(50,000)
Net cash used in financing activities	(50,000)
Decrease in cash and cash equivalents	(558,281)
Cash and cash equivalents, beginning of year	2,004,462
Cash and cash equivalents, end of year	$ 1,446,181
Supplemental cash flows disclosures:	
Interest expense paid	$ -
Income taxes paid	$ -

The accompanying notes are an integral part of these unaudited financial statements.

ImmunoCellular Therapeutics, Ltd.
Notes to Financial Statements
For the Year Ended December 31, 2020
(Unaudited)

1. Nature of Organization

ImmunoCellular Therapeutics, Ltd. (the Company) is seeking to enter into a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or similar business combination with one or more businesses or entities (the "Business Combination").

Although the Company is not limited to a particular industry or sector for purposes of consummating a Business Combination, the Company intends to focus its search on target businesses operating in North America in the life sciences and healthcare industries. The Company lacks any on-going operations and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

The Company's management has broad discretion with respect to the completion of a Business Combination and there is no assurance the Company will be able to compete a Business Combination successfully.

Previously, the Company was primarily engaged in the acquisition of certain intellectual property, together with development of its immunotherapy product candidates and the recent clinical testing activities for one of its immunotherapy product candidates. The Company had begun phase 3 testing of its lead product candidate, ICT-107. The Company had two other product candidates, ICT-140 and ICT-121, both with investigational new drug (IND) applications with the US Food and Drug Administration (FDA). Additionally, the Company acquired the rights to technology to develop certain Stem-to-T-cell immunotherapies for the treatment of cancer. Previously, the Company suspended development of these product candidates and sold the intellectual property rights in 2019. Since that time, the Company has not actively pursued the development of any intellectual property and has been seeking a Business Combination.

The Company is subject to significant risks and uncertainties, and its ability to complete a "Business Combination" and obtain profitable operations cannot be assured.

2. Summary of Significant Accounting Policies and Going Concern

Liquidity and going concern - The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. During the year ended December 31, 2020, the Company incurred a net loss of $535,360 and used cash in operations of $508,281. Through December 31, 2020, the Company has incurred accumulated losses of $119,600,885 and as of December 31, 2020, the Company had $1,446,181 of cash. In order to continue as a going concern, the Company will need to complete a Business Combination, which cannot be assured. The Company does not expect to raise any additional capital in the foreseeable future. These factors raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the financial statements are issued. These financial statements do not include any adjustment that might result from the outcome of this uncertainty.

Cash and cash equivalents—The Company considers all highly liquid instruments with an original maturity of 90 days or less at acquisition to be cash equivalents. As of December 31, 2020, the Company had $472,303 of certificates of deposit and U.S. Government issued notes. The Company places its cash and cash equivalents with various banks and U.S. Governmental Agencies in order to maintain insurance on all of its investments.

Income Taxes—The Company accounts for federal and state income taxes under the liability method, with a deferred tax asset or liability determined based on the difference between the financial statement and tax basis of assets and liabilities, as measured by the enacted tax rates. The Company's provision for income taxes represents the amount of taxes currently payable, if any, plus the change in the amount of net deferred tax assets or liabilities. A valuation allowance is provided against net deferred tax assets if recoverability is uncertain on a more likely than not basis. As of December 31, 2020, the Company fully reserved its deferred tax assets. The Company recognizes in its financial statements the impact of an uncertain tax position if the position will more likely than not be sustained upon examination by a taxing authority, based on the technical merits of the position. The Company's policy is to recognize interest related to unrecognized tax benefits as interest expense and penalties as operating expenses. As of December 31, 2020. The Company does not expect this to change significantly in the next twelve months. The Company has determined that its main taxing jurisdictions are the United States of America and the State of California. The Company is not currently under examination by any taxing authority, nor has it been notified of a pending examination. The Company's tax returns are generally no longer subject to examination for the years before December 31, 2016, for the state and December 31, 2017, for the federal taxing authority.

Reverse Stock Split - On September 11, 2020, the Company effected a one-for-ten reverse stock split of its common stock through an amendment to its amended and restated certificate of incorporation (the "COI Amendment"). As of the effective time of the reverse stock split, every ten shares of the Company's issued and outstanding common stock were converted into one issued and outstanding share of common stock, without any change in par value per share. The reverse stock split affected all shares of the Company's common stock outstanding immediately prior to the effective time of the reverse stock split, as well as the number of shares of common stock available for issuance under the Company's equity incentive plans and outstanding warrants. No fractional shares were issued as a result of the reverse stock split. The number of authorized shares was unchanged.

As the par value per share of the Company's common stock remained unchanged at $0.0001 per share, a total of $3,772 was reclassified from common stock to additional paid-in capital during 2020. All references to shares of common stock and per share data for all periods presented in the accompanying financial statements and notes thereto have been adjusted to reflect the reverse stock split on a retroactive basis.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions about the future outcome of current transactions which may affect the reporting and disclosure of these transactions. Accordingly, actual results could differ from those estimates used in the preparation of these consolidated financial statements.

The following critical accounting policies affect the Company's more significant judgments and estimates used in the preparation of these financial statements:

Basic and Diluted Net Loss per Common Share—Basic and diluted net loss per common share are computed based on the weighted average number of common shares outstanding. Common share equivalents (which consist of warrants) are excluded from the computation of diluted net loss per share since the effect would be antidilutive. Common share equivalents which could potentially dilute basic earnings per share in the future, and which were excluded from the computation of diluted net loss per share, totaled 99,311.

Fair Value of Financial Instruments – The carrying amounts reported in the balance sheets for cash, cash equivalents, and accounts payable approximate their fair values due to their quick turnover.

Fair value for financial reporting is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company utilizes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are as follows:

Level 1—quoted prices in active markets for identical assets or liabilities

Level 2—quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3—inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

Recently Issued Accounting Standards—The Company does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the Company's financial statements.

COVID-19 Considerations – During the year ended December 31, 2020, the COVID-19 pandemic did not have a material impact on the Company's operating results. It is possible that the COVID-19 pandemic may limit our ability to complete a Business Combination in the future.

3. Note Receivable

On July 31, 2020, the Company advanced $50,000 to an unrelated party in the form of an unsecured note receivable. The advance was unsecured and included interest at the rate of 1% per annum and was due on July 31, 2021. Subsequent to year end, the Company collected $20,000 and has received assurances from the borrower that the remaining balance will be paid before the end of the year. The Company has not established a reserve for bad debts for this receivable.

4. Shareholders' Equity

On September 11, 2020, the Company effected a one-for-ten reverse stock split of its common stock through an amendment to its amended and restated COI. As of the effective time of the reverse stock split, every ten shares of the Company's issued and outstanding common stock were converted into one issued and outstanding share of common stock, without any change in par value per share. The reverse stock split affected all shares of the Company's common stock outstanding immediately prior to the effective time of the reverse stock split, as well as the number of shares of common stock available for issuance under the Company's equity incentive plans and outstanding warrants. No fractional shares were issued as a result of the reverse stock split. In addition, the COI Amendment reduced the number of authorized shares of common stock to 50.0 million.

Stock Options

On March 11, 2016, the Company's Board of Directors adopted the 2016 Equity Incentive Plan (Plan), which superseded the Company's expired 2005 Equity Incentive Plan, and reserved 250,000 shares of common stock for issuance under the Plan. The 2016 Plan was approved by the Company's stockholders at its 2016 Annual Meeting of Stockholders. Pursuant to the Plan, a committee appointed by the Board of Directors may grant, at its discretion, qualified or nonqualified stock options, stock appreciation rights and may grant or sell restricted stock to key individuals, including employees, nonemployee directors, consultants and advisors. Option prices for qualified incentive stock options (which may only be granted to employees) issued under the plan must be at least equal to 100% of the fair market value of the common stock on the date the option is granted (unless the option is granted to a person who, at the time of grant, owns 10% of the total combined voting power of all classes of stock of the Company; in which case the option price may not be less than 110% of the fair market value of the common stock on the date the option is granted). Option prices for nonqualified stock options issued under the Plan are at the discretion of the committee and may be equal to, greater or less than fair market value of the common stock on the date the option is granted. The options vest over periods determined by the Board of Directors and are exercisable no later than ten years from date of grant (unless they are qualified incentive stock options granted to a person owning more than 10% of the total combined voting power of all classes of stock of the Company, in which case the options are exercisable no later than five years from date of grant). As of December 31, 2020, and 2019, no stock options were outstanding under the Plan.

In connection with the August 2016 underwritten public offering, the Company issued 99,311 warrants to purchase shares of the common stock with an initial exercise price of $76.80 per share. The warrants contain a provision whereby the warrant exercise price would be proportionately decreased in the event that future common stock issuances are made at a price less than $76.80 per share. These warrants are traded on the NYSE American (symbol IMUC.WS). As a result of the July 2017 financing, the exercise price of these warrants was adjusted to $41.50. As of December 31, 2020, warrants to purchase 99,315 shares of the Company's common stock remain outstanding. These warrants expired on August 16, 2021 (See Note 7).

5. 401(k) Profit Sharing Plan

The Company has adopted a Profit Sharing Plan that qualifies under Section 401(k) of the Internal Revenue Code. Contributions to the plan are at the Company's discretion. The Company did not make any matching contributions during the year ended December 31, 2020.

6. Income Taxes

Deferred taxes represent the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Temporary differences result primarily from the recording of tax benefits of net operating loss carry forwards and stock-based compensation.

As of December 31, 2020, the Company has an insufficient history to support the likelihood of ultimate realization of the benefit associated with the deferred tax asset. Accordingly, a valuation allowance has been established for the full amount of the net deferred tax asset.

The Company's effective income tax rate differs from the amount computed by applying the federal statutory income tax rate to loss before income taxes as follows:

Income tax rate at the federal statutory rate	-28%
State income tax benefit, net of federal tax benefit	-6%
Change in valuation allowance for deferred tax assets	34%
Total	0%

Deferred taxes consisted of the following:

Net operating loss carryforwards	$	11,766,378
Stock-based compensation		2,292,328
Less valuation allowance		(14,058,705)
Net deferred tax asset	$	-

The Company used a 21% federal tax rate and a 6% California tax rate.

The valuation allowance increased by $149,901 during the year ended December 31, 2020.

As of December 31, 2020, the Company had federal and California income tax net operating loss carryforwards of approximately $42.0 million. These net operating losses will begin to expire in taxable years 2027 through 2036 and 2017 through 2036, respectively, unless previously utilized.

Section 382 of the Internal Revenue Code can limit the amount of net operating losses which may be utilized if certain changes to a company's ownership occur. During 2017, the Company determined that it had experienced a change in ownership as defined by Section 382 of the Internal Revenue Code based upon management's analysis. As a result, the Company reduced its estimate of the amount of net operating losses available for future periods. The Company has not conducted a further Section 382 analysis; however, the Company estimated that it has not incurred any additional limitations on its ability to utilize net operating losses in future periods.

7. Subsequent Events

Management has evaluated subsequent events through August 16, 2021, the date which the financial statements were available to be issued. Except as discussed below, no events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Warrant Expiration

On August 16, 2021, warrants to purchase 99,311 shares of the Company's common stock issued in connection with the August 2016 underwritten public offering expired unexercised.