Unaudited Condensed Consolidated Interim Financial Statements for the Six Months Ended 30 June 2023

for

VIDAC PHARMA HOLDING PLC

Company registration number 13479728 (England and Wales)

Vidac Pharma Holding PLC (Registered number: 13479728)

Condensed Consolidated Interim Statement of Comprehensive Income for the Six Months Ended 30 June 2023

	Note	Six months ended 30 June 2023 (Unaudited) GBP'000	Six months ended 30 June 2022 (Unaudited) GBP'000
Revenue		-	-
Research and development expenses	5	(81)	(103)
General and administrative expenses	6	(380)	(113)
Operating loss		**(461)**	**(216)**
Net finance income (expenses)		15	(4)
Loss before tax		**(446)**	**(220)**
Tax		-	-
Loss for the period		**(446)**	**(220)**
Other comprehensive income/(loss)		13	(26)
Total comprehensive loss		**(433)**	**(246)**

Dr. Max Herzberg PhD, Chairman and CEO ____________

Vidac Pharma Holding PLC (Registered number: 13479728)

Condensed Consolidated Interim Balance Sheet
30 June 2023

ASSETS	Note	30 June 2023 (Unaudited) GBP	31 December 2022 (Audited) GBP
Non-current assets			
Equipment		4	5
Restricted deposit		-	-
		4	**5**
Current assets			
Receivables		4	8
Cash at bank and in hand	7	20	34
Prepaid expenses		-	-
		24	**42**
Total assets		**28**	**47**
EQUITY AND LIABILITIES			
Equity deficiency			
Share capital	8	53 421	51 625
Share premium	8	-	-
Additional paid-in capital	8	-	239
Other reserves	8	(29 350)	(28 538)
Accumulated losses	9	(24 743)	(24 297)
Translation reserve		236	223
Total equity deficiency		**(436)**	**(748)**
Current liabilities			
Employee and payroll payable		20	5
Other payables		28	5
Related party liability		412	350
Accrue expenses		4	20
Loan payables		-	415
		464	**795**
Total equity deficiency and liabilities		**28**	**47**

Vidac Pharma Holding PLC

Condensed Consolidated Interim Statement of Changes in Equity Deficiency for the Six Months Ended 30 June 2023

	Share capital	Share premium	Additional paid-in capital	Other reserves	Accumulated losses	Translation reserve	Total equity
	GPB'000	GPB'000	GPB'000	GPB'000	GPB'000	GPB'000	GPB'000
Balance at the 1 January 2022 (Audited)	**50**	**48 024**	**196**	**(25 139)**	**(23 654)**	**412**	**(111)**
Loss for the year	-	-	-	-	(643)	-	(643)
Issue of capital	-	-	43	-	-	-	43
Transfer to share capital	51 575	(48 024)	-	(3 551)	-	-	-
Other reserve change	-	-	-	152	-	-	152
Other comprehensive loss	-	-	-	-	-	(189)	(189)
Balance at 31 December 2022 (Audited)	**51 625**	**-**	**239**	**(28 538)**	**(24 297)**	**223**	**(748)**
Loss for the period	-	-	-	-	(446)	-	(446)
Issue of capital	1 796	-	(239)	**-**	-	-	1 557
Other reserve change	-	-	-	(812)	-	-	(812)
Other comprehensive income	-	-	-	-	-	13	13
Balance at 30 June 2023 (Unaudited)	**53 421**	**-**	**-**	**(29 350)**	**(24 743)**	**236**	**(436)**

Vidac Pharma Holding PLC

Condensed Consolidated Interim Cash Flow Statement
for the Six Months Ended 30 June 2023

	For the six months ended 30 June 2023 (Unaudited) GBP'000	For the six months ended 30 June 2022 (Unaudited) GBP'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the period	(446)	(220)
Adjustments to reconcile net loss to net cash used in operating activities:		
Foreign exchange differences	(15)	-
Share based compensation expenses	-	-
Changes in operating assets and liabilities items:		
Increase (decrease) in trade payables	23	(36)
Decrease in receivables and prepaid expenses	(4)	(194)
Increase (decrease) in accrued expenses	(16)	57
Increase (decrease) in employees and payroll accruals	16	(3)
Increase in investment in subsidiary	267	-
Net cash used in operating activities	**(175)**	**(396)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease in restricted bank deposits	-	8
Purchase of property and equipment	-	-
Proceeds from sale of property and equipment	-	-
Net cash provided by investing activities	**-**	**8**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan from the related parties	-	231
Issuance of shares in consideration of options' exercise	-	-
Issuance a share in consideration of investment of parent company	73	27
Issuance of shares in consideration to investment	-	-
Proceeds from issuance of convertible loan	-	-
Credit from related party	79	74
Net cash provided by financing activities	**152**	**332**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**9**	**5**
IN CASH AND CASH EQUIVALENTS	**(23)**	**(51)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**34**	**123**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**20**	**72**

VIDAC PHARMA HOLDING PLC (Registered number: 13479728 England and Wales)

Notes to the Condensed Consolidated Interim Financial Statements for the Six Months Ended 30 June 2023

1. CORPORATE INFORMATION

The Company VIDAC PHARMA HOLDING PLC was incorporated in England on 28 June 2021 as a private limited liability company and then re-registered as public limited company on 26 May 2022. Its registered office is at 20-22, Wenlock Road, London, England N1 7GU.

These financial statements present the financial information of VIDAC PHARMA HOLDING PLC (the 'parent company' or the 'Company') for six months 2023 and as of 30 June 2023. The consolidated financial statements include the financial statements of VIDAC PHARMA HOLDING PLC and its subsidiary (the 'Group').

The registered office of Vidac Pharma Ltd. ('subsidiary') is Weizmann Science Park 7, Oppenheimer, Rehovot, Israel.

Principal activities

The principal activities of the Group are biotechnology activities, including research and development.

Group structure

The Group consists of the Company and its directly owned subsidiary. Information of the Group structure is provided in Note 4.

Adoption of new or revised standards and interpretations

During the current period the Group adopted all the new and revised International Financial Reporting Standards ('IFRS') that are relevant to its operations and are effective for accounting periods beginning on 1 January 2023. This adoption did not have a material effect on the accounting policies of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis for preparation

The consolidated financial statements are prepared in accordance with the international accounting standards as adopted by European Union ('EU')., with requirements of the Companies Act 2006 (the 'Act').

The principal accounting policies adopted by the Group in the preparation of the financial statements are set below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in British Pounds ('GBP') rounded to the nearest thousand.

Going concern

The Group is engaged in research and development with no revenue from operations. The Group incurred a pre-tax loss of GBP'000 446 for the period. The accumulated losses were GBP'000 24 743 as at 30 June 2023 and GBP'000 24 297 as at 31 December 2022. Management expects operating losses and negative operating cash flows to continue for the foreseeable future because of additional costs and expenses related to product development activities. The Group's continued operation depends on the future infusion of funds as the group meets their day-to-day working capital requirements by support of investors.

Considering the above, the Group has assessed the going concern assumption based on which the financial statements have been prepared.

In order to analyse the impact of the risk of losing financing and the Group's ability to continue as a going concern management has prepared the revised financial forecast. Further the Group secured additional funds from investment in 2023 which is estimated to be sufficient for maintaining operation for the upcoming 12 months. These provide the evidence that the Group is able to operate as a going concern.

Based on these steps undertaking by the Group, management concluded that it is appropriate to prepare the financial statements on a going concern basis. However, due to the uncertain impact of the future developments, management concludes that a material uncertainty exists, which may cast significant doubt about the group's ability to continue as a going concern and, therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Business of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to noncontrolling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or retained earnings, as appropriate.

Business combinations under common control

IFRS provides no guidance on the accounting for common control transactions, but requires that entities develop an accounting policy for them [IAS 8.10]. The two methods most commonly chosen for accounting for business combinations between entities under common control are (1) the acquisition method and (2) the predecessor values method. Once a method has been adopted it should be applied consistently as a matter of accounting policy. Neither IFRS 3 nor any other IFRS require or prohibit the application of either method to business combinations involving entities under common control.

The Group elected to apply predecessor values method for transactions under common control. The principles of predecessor accounting are:

- No assets or liabilities are restated to their fair values. Instead, the acquirer incorporates predecessor carrying values. These are the carrying values that are related to the acquired entity. They are generally the carrying amounts of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control for which consolidated financial statements are prepared. These amounts include any goodwill recorded at the consolidated level in respect of the acquired entity. This is because the transaction is under the control of that entity, and it is a portion of the controlling entity that is being moved around in the transaction. In some cases, the controlling party, that is, the party that controls both combining businesses, may not prepare consolidated financial statements. This can occur, for example, because it is not a parent company. In such situations, the book values used are those from the highest set of consolidated financial statements available. If no consolidated financial statements are produced, the values used are those from the financial statements of the acquired entity.

- No new goodwill arises in predecessor accounting. The combining entities are looked at from the perspective of a transfer made by the controlling party. The transaction is not seen as an equal exchange of values and a change of control from the date of the business combination. No goodwill beyond that recorded by the controlling party in relation to the acquiree can therefore arise. Predecessor accounting may lead to differences on consolidation. For example, there may be a difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity. The differences are included in equity in retained earnings or in a separate reserve.

The Group incorporated the acquired entities results and balance sheets prospectively from the date on which the business combination between entities under common control occurred. Consequently, the consolidated financial statements do not reflect the results of the acquired entities for the period before the transaction occurred. The corresponding amounts for the previous year are also not restated.

Foreign currencies

The Group's consolidated financial statements are presented in GBP, which is considered to be the Group's functional currency. For each entity the Group determines the functional currency and items included in the functional statements of each entity are measured using that functional currency which is the currency of the primary economic environment in which the entity operates.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit and loss.

Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the items.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amount of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into GBP at the rate of exchange prevailing at the reporting date and their income statements are translated at average exchange rates prevailing during the year. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

Investments into subsidiaries (relates to parent company)

Investments in subsidiaries in the Company's stand-alone financial statements are measured at fair value through profit or loss in accordance with IFRS 9. Gains or losses arising from changes in the fair value of subsidiaries are recognised in profit and loss within "Net changes in fair value of subsidiaries at fair value through profit or loss".

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at the bank. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows, and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Property, plant and equipment

Property, plant and equipment are measured at acquisition cost.

Depreciation is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

	%
Computers and peripheral equipment	33
Office equipment	7

Leasehold improvements are amortized utilizing the straight-line method over the shorter of the expected lease term or the estimated useful life of the improvements.

The useful life and depreciation method of an asset are reviewed at least each year-end and any changes are accounted for prospectively as a change in accounting estimate. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Research and development expenses

Research and development ('R&D') incurred in the development of the Group's technologies are charged to research and development expenses in the statement of profit and loss when incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the Group can demonstrate all of the following:

- The technical feasibility of competing the development of the intangible asset so that it will be available for use or for sale;
- Its intention to complete the development of the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits, which includes the existence of a market for the output of the intangible asset or the intangible asset itself or, if the intangible asset is to be used internally, the usefulness of the intangible asset;
- The availability of adequate technical, financial and other resources to complete the development of, and to use or sell the intangible asset;
- Its ability to measure reliability the expenditure attributable to the intangible asset during its development.

As of 30 June 2023, the Group has not yet capitalized any development costs.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Financial assets

Financial assets - Classification

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

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depend on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification 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 ('FVOCI'). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL, except for trade and other receivables.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. 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 ('FVOCI').

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Group commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price, which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

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

Financial assets - impairment - credit loss allowance for expected credit losses ('ECL')

The Group assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments carried at amortised cost are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

For all other financial instruments that are subject to impairment under IFRS 9, the Group applies general approach - three stage model for impairment. The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ('Lifetime ECL"). If the Group determines that a financial asset is credit- impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default.

Additionally, the Group has decided to use the low credit risk assessment exemption for investment grade financial assets.

Financial assets - Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities - Modifications

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. (In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch-up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably.

Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Share capital and share premium are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of tax effects.

Additional paid-in capital

Additional paid-in capital relates to an equity instrument which are any contract that provides an interest in the Company's equity. Equity instruments issued by the Company are recorded at the proceeds received, net of any direct issue costs.

Simple Agreement for Future Equity ('SAFE') instruments are classified as a part of equity and recognised within Additional paid-in capital.

Convertible loan

Convertible loan agreements are financial instruments that consist of a debt component and an embedded derivative component. These agreements allow the holder of the loan to convert it into a specified number of shares of the Company's equity at a predetermined conversion price, usually within a specified period.

Upon initial recognition, convertible loan agreements are classified as a financial liability and measured at fair value, considering any transaction costs directly attributable to the issuance. The fair value of the liability component is determined based on prevailing market interest rates for similar non-convertible debt instruments. The embedded derivative component, representing the conversion feature, is separated from the liability component and accounted for as a derivative financial instrument. It is initially recognized at fair value and subsequently measured at fair value through profit or loss, with changes in fair value recognized in the income statement.

The financial liability component of the convertible loan agreements is subsequently measured at amortized cost using the effective interest method. Any difference between the carrying amount and the repayment amount is recognized in the income statement over the loan's term. Upon conversion of the loan, the financial liability component is derecognized, and the equity component related to the conversion feature is recognized. The equity component is measured at the initial fair value less any directly attributable transaction costs.

Trade payables

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

Foreign currency

Foreign currency transactions are translated at the rates of exchange applicable at the dates of the transactions. Foreign currency balances outstanding at the balance sheet date are translated at the rates of exchange ruling on that date.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Critical accounting estimates, judgments and assumptions

Estimates and judgments 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.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

3. SEGMENT INFORMATION

It is the opinion of the directors that the operations of the Group represent one segment, as they are treated as such when evaluating performance.

4. GROUP INFORMATION

The consolidated financial statements of the Group include

Name	Principal activities	Country of incorporation	% Equity interest
Vidac Pharma Ltd	Biotechnology	Israel	100

On 6 July 2021, the Group acquired 100% of the share capital Vidac Pharma Ltd. ('Vidac Pharma'). Vidac Pharma has been acquired to gain access to biotechnology market for the Group.

5. RESEARCH AND DEVELOPMENT EXPENSES

	For the six months ended 30 June 2023 (Unaudited) GBP'000	For the six months ended 30 June 2022 (Unaudited) GBP'000
Salaries and related expenses	56	42
Patents	22	32
Materials, subcontractors and consultants	-	25
Rent, maintenance and office expenses	3	4
Total expenses	**81**	**103**

6. GENERAL AND ADMINISTRATIVE EXPENSES

	For the six months ended 30 June 2023 (Unaudited) GBP'000	For the six months ended 30 June 2022 (Unaudited) GBP'000
Professional fees	358	92
Salaries and related expenses	12	13
Maintenance, office and sundries	5	5
Depreciation	1	1
Others	4	2
Total expenses	**380**	**113**

7. CASH AT BANK AND IN HAND

Cash balances are analysed as follows:

	30 June 2023 (Unaudited) GBP'000	31 December 2022 (Audited) GBP'000
Cash at bank and in hand	20	34
	20	**34**

8. SHARE CAPITAL

	30 June 2023 (Unaudited) GBP'000	31 December 2022 (Audited) GBP'000
Authorised		
Ordinary shares	53 421	51 625
Issued		
Issue of shares	53 421	51 625
Balance	**53 421**	**51 625**

On 21 August 2021 the share capital of the Company was increased from 20 000 GBP divided into 40 000 ordinary shares with a nominal value 0,5 GBP each to 22 222 GBP divided into 44 444 ordinary shares with a nominal value 0,5 GBP each.

On 31 December 2021 the share capital of the Company was increased from 22 222 GBP divided into 44 444 ordinary shares with a nominal value 0,5 GBP each to 50 000 GBP divided into 100 000 ordinary shares with a nominal value 0,5 GBP each

On 19 May 2022, the Company was re-registered as a public limited company. The Company's share capital comprised 50 000 GBP divided into 50 000 ordinary shares with the nominal value of 1 GBP each. Moreover, on the 19 May 2022, the Company executed a resolution agreement which stipulated the capitalisation and subsequent distribution of GBP'000 51 575 among the owners of ordinary shares. This amount was previously included within the share premium (GBP'000 48 024) and revaluation reserve (GBP'000 3 511).

On 27 March 2023, the Company made its debut on the Hamburg Stock Exchange. By 14 May 2023, the business had elected to convert SAFE and Convertible Loan Agreements into equity, issuing new 1 795 886 shares with a nominal value 1 GBP.

	30 June 2023 (Unaudited) GBP'000	31 December 2022 (Audited) GBP'000
Additional paid-in capital	-	239

The Company signed with multiple investors SAFE Notes, issuing to investors the right to certain shares of the Company's Share Capital at discount rate. These are presented as part of equity within the Additional paid-in capital. Another element of additional paid-in capital is a portion of convertible loan agreements as described above.

The difference between the acquirer's cost of investment and the acquiree's equity presented as a separate reserve -

Other reserve - within equity on consolidation.

	30 June 2023 (Unaudited) GBP'000	31 December 2022 (Audited) GBP'000
Other reserves	(29 350)	(28 538)

9. RETAINED EARNING'S AND RESERVES

GROUP	Retained earnings GBP'000	Translation reserves GBP'000	Total GBP'000
At 1 January 2022	(23 653)	412	(23 241)
Loss for the year	(643)	-	(643)
Foreign exchange gain on consolidation	-	(189)	(189)
At 31 December 2022	(24 297)	223	(24 074)
Loss for the year	(446)	-	(446)
Foreign exchange gain on consolidation	-	13	13
30 June 2023	(24 743)	236	24 507

10. RELATED PARTIES

For the period of six months ended 30 June 2023 the Company received loans from individuals Max Herzberg and Yochai Richter, each amounting to USD'000 50. Additionally, a management fee of USD'000 90 has been accrued for Max Herzberg during six months ended 30 June 2023.

11. OPERATING ENVIRONMENT OF THE GROUP

In 2020, the World Health Organisation declared the Coronavirus COVID- 19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments took stringent steps to contain and delay the spread of the virus, including requiring self-isolation/quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. Even though these measures were cancelled in 2022, there was some slowdown in the economies in the UK, Israel and globally with wider impacts, including inflation or stagflation.

The long-term effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from the actual results.

Although the war in Ukraine has disrupted the global supply chain and economy, management does not expect any material impact on the group's business in the near future. While the Israel economy is so far resilient against recently elevated global slowdown risks and adverse economic impacts of Russia's invasion of Ukraine, there is a probability of more severe spill-over effects, as well as COVID-19 resurgence risks. The materialisation of these risks could severely restrict economic activity in Israel, and negatively impact the business environment and clients of the Group.

The group's management has assessed the ability of the group to continue as a going concern.

Based on the evaluation performed, the group's management has concluded that no provisions or impairment charges are necessary. The group's management believes that it is taking all the necessary measures to maintain the viability of the group and the smooth conduct of its operations in the current business and economic environment.

12. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2023.

13. COMMITMENTS

The Group had no capital or other commitments as at 30 June 2023.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital risk management

The Group is exposed to market risk, foreign currency risk, credit risk and liquidity risk. When each of the operating subsidiaries, the entities senior management oversees the management of these risks for their operations and periodically identify measure and manage these risks. These risks are summarized below:

Financial Risk Factors

The Group is exposed to market risk, foreign currency risk, credit risk and liquidity risk. When each of the operating subsidiaries, the entities senior management oversees the management of these risks for their operations and periodically identify measure and manage these risks. These risks are summarized below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices.

Given that the Group is not yet selling any final products this risk is not a risk that affects the Group in the current year, however, when the Group does begin to sell products, it is a risk that will have to considered.

Foreign currency risk

Foreign currency risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group’s exposure to the risk of changes in foreign exchange rates relates primarily to the Group’s subsidiary company operating in Israeli shekel while Group’s presentation currency is that of GBP.

Credit risk

Credit risk that a counterparty will not meet its obligations under a customer contract leading to financial loss. The Group is exposed to credit risk from its operating activities (trade receivables) and from its financial activities, including taxes receivables, foreign exchange transactions and other financial instruments.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Group does not face liquidity risks and uncertainties as group holds enough cash position as at 30 June 2023 and liquidity is being maintained in the way of raising additional investments from existing and new investors based on the group’s needs.

15. SUBSEQUENT EVENTS

In August 2023 the Company raised EUR’000 391, net of EUR’000 215 related expenses in consideration for shares of the Company.

16. ULTIMATE CONTROL PARTY

The ultimate controlling party of VIDAC PHARMA HOLDING PLC are Max Herzberg and Yochai Richter.