VIDAC PHARMA HOLDING PLC

Annual Report and Financial Statements for the year ended 31st December 2023

Company registration number 13479728 (England and Wales)

Company Information

DIRECTOR:	Max Herzberg Yochai Richter Christian Policard (appointed on 15 May 2023) Joseph Tenne (appointed on 15 May 2023)
REGISTERED NUMBER:	13479728 (England and Wales)
COMPANY SECRETARY:	Nataliia Kronik (appointed on 29 January 2023) Audit Firm Limited
REGISTERED OFFICE:	20-22, Wenlock Road London England N1 7GU
AUDITORS:	Audithelp Ltd 86-90 Paul Street, London, England, United Kingdom, EC2A 4NE

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VIDAC PHARMA HOLDING PLC

Strategic Report

The company is an investment holding company ('parent company'), with its primary activity being the holding of interests in its subsidiary. The principal activity of our subsidiary is the discovery and development of anticancer medicines. This subsidiary is registered and operating in Israel. The company does not have any branches either within the UK or internationally.

Review of business
The Directors are satisfied with the results for the company and the group for the reporting year. The group has successfully met its planned milestones in research and development activities within the allocated budget.

As anticipated, the parent company and the group incurred losses for the year ended 31 December 2023. In 2023 the group's primary focus was on the discovery and development of first-in-class anticancer medicines, which are expected to generate revenue and profits in the future. For the year ended 31 December 2023, the group incurred research and development costs of GBP'000 237. Overall, the group's after-tax losses amounted to GBP'000 1 275, and the group's net assets were negative GBP'000 756.

Principal risks and uncertainties
The group is exposed to risks associated with business operations, market conditions and finances:

Risk	**Mitigations**
Clinical Drug Development Uncertainty: Clinical trials are expensive and uncertain; failures or delays could harm the business.	• Conduct thorough preclinical studies. • Implement robust project management. • Diversify the product pipeline. • Secure partnerships to share costs and risks.
Patent Protection Compliance: Dependency on patent protection; noncompliance could reduce or eliminate protection.	• Establish a dedicated patent management team. • Implement a patent tracking system. • Engage experienced patent attorneys. • Regularly audit patent processes.
Regulatory and Manufacturing Challenges: Ongoing regulatory requirements and potential difficulties post-clinical trial completion.	• Develop a comprehensive regulatory strategy. • Maintain open communication with regulatory bodies. • Hire regulatory experts. • Invest in quality assurance systems. • Establish contingency plans.
Ongoing Operating Losses: The subsidiary has a history of operating losses and may continue to incur losses in the future.	• Monitor and manage operational expenses. • Focus on milestone achievements. • Explore diverse revenue streams. • Implement cost-saving initiatives.
Financing Challenges: The group could fail to obtain necessary financing, hindering its growth.	• Develop a comprehensive financing strategy. • Maintain strong investor relationships. • Demonstrate clear milestones to attract investment. • Explore strategic partnerships. • Implement robust cash flow management.

Financial key performance indicators
The following are the key performance indicators Directors are focused on:

- *Research and development costs:* The research and development costs was GBP'000 237 in 2023, reflecting increase by 21% from GBP'000 188 in 2022. The group is in the ongoing process of developing its key products, thus the company expects the growth in R&D costs to continue year over year.

- *Operating cash flow:* Net cash used in operating activities was GBP'000 682 in 2023, reflecting increase by 46% from GBP'000 468 in 2022. This increase is due to heightened regulatory compliance requirements following the company's admission to the stock exchange and expanded research and development activities.

- *Current ratio:* current ration for the year 2023 was 0.13, comparing to 0.05 in 2022. The company understands the importance of maintaining a high current ratio and is striving to achieve it. Nonetheless, due to growing operating needs, the current ratio remains low.

The group management regularly monitors its performance by producing periodic management accounts.

Future developments
The group is actively reviewing its activities with looking for opportunities to enhance its business by successfully finishing clinical research studies and launching the products on the markets. The Directors are confident that the group will be profitable once the products clinical study research are successfully completed and revenue targets will be achieved. The company is planning to look for financing through private placements, venture capital investment co-development deals with pharma companies and/or to embark on an exciting journey towards an Initial Public Offering (IPO) on the Frankfurt Stock Exchange. This reflects the company's strategic vision of expanding its reach and unlocking new opportunities for growth and investment. Going public in a main exchange and/or any of the other alternatives should help the company to raise substantial capital that will further fuel its research and development initiatives, as well as support the commercialisation and distribution of its groundbreaking products.

Future outlook
We look forward to realising incremental growth in the coming years. Our overall intent is to leverage strategic drivers and identify development opportunities for achieving sustainable and profitable growth.

Research and development
During the reporting period the company has undertaken research and development activities related to the products which are on the development stage, particularly for treating Actinic Keratosis and Cutaneous T-cell lymphoma.

Energy and carbon report
As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy use under existing regulations. It is not required to report on its emissions, energy consumption or energy efficiency activities.

Implications on the business arising from the disruption caused by the wars in Israel and Ukraine

Although the wars in Israel and Ukraine have disrupted the global supply chain, demand, and economy, Directors do not expect any material impact on Vidac Pharma Holding Plc and its subsidiary business.

The Directors have forecast that the group's business has projected sufficient funds that will be available to settle its liabilities and maintain its planned budget spend over the next 12 months from the date of signing these accounts.

Statement by the Directors in the performance of their statutory duties in accordance with Section 172(1) of the Companies Act 2006

Purpose, strategy and values
The parent company was incorporated on 24 June 2021 to empower its subsidiary to unlock its full potential for the benefit of all stakeholders, while providing shareholders with a superior return on their investments and completing the development stage of the company’s products and launching their production. This is being delivered through continuous improvements of the company’s processes and adhering to the duty of a public company. The company’s purpose and strategy are underpinned by the principles and values on which the group was founded. We act with integrity, honesty, transparency, and decisiveness. We invest in the research and development of the company’s products. We provide opportunities to empower people to perform. These principles lie at the heart of the company’s success and form the basis on which we strive for future success.

In executing our strategy, Directors must act in accordance with a set of general duties detailed in section 172 of the Companies Act 2006. These general duties include the duty to promote the success of the Company, and specifically to act in a way that the Director considers, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so, having regard (amongst other matters) to the:

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

This statement has been prepared in accordance with the requirements of the Companies (Miscellaneous

Reporting) Regulations 2018, which require the company to describe how the directors have had regard to the matters set out in section 172 of the Companies Act 2006 during the financial year under review. It is noted that the

Directors have always acted in accordance with such duties in their decision-making and will continue to do so. Considering the additional disclosure requirements, we have set out below further details on how the Directors fulfilled their duties during the course of 2023.

Duty to promote the long-term success of the company

The Board has established an organisational structure with clear reporting procedures, lines of responsibility, and delegated authority, in line with the group's governance framework, which the Board reviews regularly. The Board is ultimately accountable to the company's shareholders for setting the group's strategy and for overseeing the group's financial and operational performance in line with the company's strategic objectives. Implementation of the group's strategic objectives, as determined and overseen by the board, is delegated to senior management teams, with day-to-day operational management delegated to the business unit executive teams.

The Board cultivated strong relationships with key stakeholders so that it is well placed and sufficiently informed to take their considerations into account when making decisions where appropriate to discharge their legal obligations and to pursue the company's strategic objectives. Our purpose is to create long-term value for stakeholders, and in order to do this, we need to understand our stakeholders and what matters to them. Financial robustness is also an important part of this value creation process, and we aim to provide our shareholders with sustained returns.

We currently operate (i) a no-dividend policy as the group focuses on deepening the development of the products; and (ii) a prudent approach to capital allocation that considers working capital requirements, investment, research and development, and capital distribution. For both (i) and (ii), relevant events and circumstances that have arisen during the relevant period are considered, alongside the interests of the company's shareholders as a whole, and the long-term viability of the company, including research and development. Building a stronger business is not limited purely to financial returns but also encompasses a wide range of non-financial improvement areas, including risk management and compliance, and environmental, social, and governance matters, all of which we seek to improve for the long-term. With this in mind, we apply the same high standards of responsible stewardship to our business as if it were to last forever. It is this approach to decision-making that requires the Directors to have regard to the likely consequences of decisions for the long-term. The Board is ultimately responsible for determining and reviewing the company's strategy, which during 2023 was very much focused on the development of the products. The Board has been, and continues to be, available to support the business in this area as and when required.

Duty to protect interests of the company's and group's employees

We implemented development and training programs for our employees, creating a safe and motivating work environment. During the reporting period, we increased investment in professional development and employee well-being to support their motivation and productivity. Initiatives were developed and implemented to improve work-life balance and promote healthy living.

Duty to foster the company's business relationships with suppliers, customers and others

We have maintained and developed relationships with our key business partners, suppliers and others, striving for mutually beneficial cooperation. Our company actively participated in international pharmaceutical and investment communities, concluding strategic alliances and partnerships that contribute to expanding our presence in the global market.

Positive impact of the company's operations on the community and environment

Having regard to the impact of the company's operating on the community and environment in their decision making, the Directors need to have regard to the impact of the company's operations on the community and environment. The Board plays a constructive role in tackling issues though engagement and investment. It is important for the long-term future of our business that we protect and enhance the environment. Climate change will affect how much non-renewable energy is available and stakeholders are rightly concerned about the resilience of supplies and are looking to companies to adapt and take the necessary steps to reduce their climate change risk.

Having regard to the desirability of the company maintain a reputation for high standards of business conduct

The Board recognises that culture, values, and standards are key contributors to how a company creates and sustains value over the longer term, enabling it to maintain a reputation for high standards of business conduct.

High standards of business conduct guide and assist in the Board's decision-making, and in doing so, help promote the company's success, recognising amongst other things, the likely consequences of any decision in the long-term and wider stakeholder considerations. The standards set by the Board mandate certain requirements and behaviours with regard to the activities of the directors, the group's employees, and others associated with the group.

Having regards to the need to act fairly as between shareholders of the company
The company has one class of ordinary shares, which have the same rights regarding voting, distribution, and on liquidation. The majority of shareholders are personally known to the Board, and on this basis, the Board feels that the executive directors are fully aligned with shareholders.

Strategic Report Approval
The Strategic Report was approved by the Board and signed on its behalf by:

....
Max Herzberg - Director

Date: June 30 ,2024

Directors' report

The Directors present their report with the consolidated financial statements of the group for the year ended the 31 December 2023. The consolidated financial statements comprise the financial statements of Vidac Pharma Holding Plc ('the parent company') and its subsidiary undertaking Vidac Pharma Ltd (together - 'the group').

Statement under Section 172(1) of the Companies Act 2006
The Statement by the Directors in the performance of their statutory duties in accordance with Section 172(1) of the Companies Act 2006 is set out in the Strategic Report.

Future developments and outlook
The future developments and outlook relating to the group are described in the Strategic Report, and are therefore not repeated in the Directors' Report in accordance with Section 414C (11) of the Companies Act 2006 and related statutory requirements.

Dividends
No dividends will be distributed for the year ended 31 December 2023 (for the year ended 31 December 2022: nil).

Political contributions
During the year, the group did not make any political contributions (2022: nil).

Post balance sheet events
Details of significant events (if any) since the balance sheet date are contained in Note 23.

Directors
Max Herzberg held office from the 28 June 2021 until date of issue of this report. Yochai Richter held office from the 20 May 2022 until date of issue of this report. Christian Policard and Joseph Tenne held office from the 15 May 2023 until date of issue of this report.

Going concern assessment
The Directors have assessed the ability of the group and the company to continue as a going concern/ including considering the impact of the recent and ongoing wars in Israel and Ukraine, and the results of this assessment are set out in Note 2.

Director's responsibility statement
The Directors are responsible for preparing the Strategic report, the Directors' report, the Remuneration report and the Corporate governance report and the financial statements in accordance with applicable law and regulations.

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

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

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

Statement as to disclosure of information to auditors
So far as the Directors are aware there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and they have taken all the steps that he ought to have taken as a Directors in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditors
The current auditors are Audithelp Ltd. They will be proposed for re-appointment at the forthcoming Annual General Meeting.

Directors' Report Approval
The Directors' Report was approved by the Board and signed on its behalf by:

....
Max Herzberg - Director

Date: June 30 ,2024

Remuneration Report

Introduction
This Directors' Remuneration Report for the year 2023 has been prepared in accordance with the Companies Act 2006 and Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. It is designed to provide shareholders with a clear and comprehensive view of the company's remuneration policies for directors and senior executives, aligning with the company's strategic objectives and demonstrating our commitment to shareholder interests and corporate governance excellence.

Annual statement
For the relevant financial year, there were no major decisions regarding Directors' remuneration as the Directors did not receive any remuneration, which was consistent with previous years. There were no substantial changes made to Directors' remuneration during the year. Consequently, no specific context for changes or decisions exists, and no discretion was exercised in awarding directors' remuneration.

Annual report on remuneration
No director received any compensation in monetary terms or in the form of shares during the relevant financial year.

Rationale for non-remuneration of company's Directors
The company's current policy of not remunerating its Directors aligns with its strategic focus on minimising overhead costs and directing resources toward the growth and development of the group. This approach ensures efficient use of capital and supports the company's main activities, aligning with corporate strategy and shareholder interests by prioritising long-term value creation over short-term expenditure.

Remuneration policy
This policy outlines the remuneration framework for directors and senior executives, aimed at supporting the company's strategic objectives and fostering alignment with shareholder interests. Key elements of the policy include:

- *Alignment with Strategy:* The remuneration structures are directly aligned with the company's KPIs, including revenue growth, market expansion, and sustainability achievements, to promote long-term value creation.
- *Market Competitiveness:* Regular reviews of our remuneration policy ensure it remains competitive within the industry, reflecting market conditions and standards.
- *Transparency and Fairness:* Company commits to transparent reporting in our annual reports and uphold an independent review process to ensure fairness and integrity in remuneration decisions.

Components of remuneration
Although no remuneration is currently paid by the Company to Directors, the framework prepared will activate under the following components when applicable:

- *Base Salary:* Determined by comparative analysis of similar roles within the industry, tailored to local market conditions.
- *Annual Bonus:* Tied to the achievement of specific operational and financial targets, including annual revenue and profitability goals, and operational efficiency improvements.
- *Long-Term Incentive Plan (LTIP):* Comprising a mix of shares and options, LTIPs are designed with a vesting period that is contingent upon meeting long-term strategic KPIs, such as market share growth and sustainability targets.
- *Pension and Benefits:* Includes a benefits package that offers insurance and a pension plan, with contributions matching up to a specified percentage of the employee's salary.
- *Non-Executive Director Fees:* Reflects the time commitment and responsibilities, benchmarked against industry standards, although currently not applicable as directors are not remunerated.

Compliance and disclosure
The remuneration policy has been disclosed in accordance with the Companies Act 2006 requirements, including Section 422. While no remuneration is paid at the company level, the Company ensures disclosure of the policy in the annual report to maintain transparency.

Remuneration Report Approval
The Remuneration Report was approved by the Board and signed on its behalf by:

....
Max Herzberg - Director

Date: June 30 ,2024

Corporate Governance Report

Introduction to governance
Vidac Pharma Holding Plc is dedicated to maintaining the highest corporate governance standards. Our strong governance structure includes the Supervisory Board, Management Board of Directors, and the Audit Committee, all of which play crucial roles in our operations.

Board structure
The Supervisory Board provides strategic oversight and is responsible for major decisions regarding strategy and policy, while the Management Board of Directors handles the management and execution of these strategies. The Supervisory Board also performs advisory and oversight functions, such as evaluating matters needing independent Directors' expertise.

Board composition and meetings
Composed of highly skilled and experienced Directors, our Boards and Committee meet regularly, ensuring effective decision-making and operational continuity.

The Management Board, comprising four directors, manages operations and implements strategies. This well-balanced team possesses diverse experiences and skills crucial for driving the company's long-term success and shareholder value.

The schedule for Board meetings is not fixed, but meetings are held at least quarterly, providing flexibility in governance processes.

Management Board's key responsibilities
The Management Board's key responsibilities include:

- strategy implementation and management oversight,
- structural and financial changes within the company,
- oversight and approval of financial reporting and audits,
- risk management and internal controls,
- approval of significant contracts,
- succession planning and board appointments,
- setting remuneration for the Chair and Directors,
- addressing corporate governance issues.

Conflict management and performance review
The Board actively manages conflicts of interest, conducting regular reviews to mitigate potential problems. It also assesses its performance annually, identifying focus areas for future development.

Directors are nominated for re-election at the upcoming Annual General Meeting.

Audit Committee role and responsibilities
The Audit Committee, which consists of two non-executive Directors with a relevant level of financial expertise, oversees external audits, ensuring the accuracy of financial reporting and the effectiveness of the audit processes. It plays a key role in supervising risk management, evaluating internal controls, and recommending external auditors. The Audit Committee's specific responsibilities include:

- supervision of the internal control and risk management systems and external and internal audit activities,
- analysis and decision-making regarding the reliability and accuracy of financial statements and other financial records,
- consideration of risk management, internal audit and compliance systems,
- recommendations to the Board regarding the selection of external auditors and
- assessment of the scope and quality of audit procedures and the independence and credibility of the external auditor,
- direct engagement on audit planning and findings, all of which are reported to shareholders to maintain transparency and trust.

Board diversity and succession planning
Vidac Pharma Holding Plc has established comprehensive policies for Board appointments and succession planning to ensure leadership continuity and uphold our commitment to diversity. Our recruitment and succession practices reflect our values and business goals, aiming for a diverse and effective Board.

Shareholder engagement
Engaging with our shareholders is a top priority. Shareholders are encouraged to participate in the shareholders' meetings, including but not limited, to Annual General Meetings, details of which are provided on our website: https://vidacpharma.com/en/news-events/pr. This engagement is part of our commitment to transparency and active shareholder involvement in governance.

Annual General Meeting notification
The notice for the 2024 Annual General Meeting will be posted on the company's website in the investment relations section at least 21 working days before the event.

Impact of corporate governance
Vidac Pharma Holding Plc's corporate governance enhances our investment appeal and reinforces our internal controls, ensuring sustainable development and adding value for our shareholders, partners, and customers.

Corporate Governance Report Approval
The Corporate Governance Report was approved by the Board and signed on its behalf by:

....
Max Herzberg / Director

Date: June 30 ,2024

Independent Auditors' report

Opinion

We have audited the financial statements of Vidac Pharma Holding Plc (the 'parent company') and its subsidiary (the 'group') for the year ended the 31st of December 2023, which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Company Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31st of December 2023 and of the group's and the parent company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with UK-adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 13 in the financial statements, which discloses that the group loss for the year 2023 was GBP'000 1 275 and accumulated losses amount to GBP'000 25 572 as at the 31st of December 2023. These circumstances indicate that a material uncertainty exists that may cast significant doubt on the company's and group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included enquiries with management, review of financial performance after the reporting period date, review of budgeting and forecasting, review subsequent to year end events, and reviewing evidence for continuous financial support from the ultimate beneficiary owners.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We performed risk assessment procedures and obtained an understanding of the group, parent company and its environment, the applicable financial reporting framework, the applicable laws and regulations, the group and parent company system of internal control and the fraud risk factors relevant to the group and the parent company that affect the susceptibility of assertions to material misstatement due to fraud. We made enquiries with management regarding actual or suspected fraud, non-compliance with laws and regulations, potential litigation and claims. The engagement partner led a discussion among the audit team with particular emphasis on how and where the group and parent company financial statements may be susceptible to material misstatement due to fraud, including how fraud might occur. The engagement partner assessed that the engagement team collectively had the appropriate competence and capability to identify or recognise non-compliance with laws and regulations.

We considered compliance with UK Companies Act 2006, the applicable tax and the relevant banking legislation as the key laws and regulations in which non-compliance could directly lead to material misstatement due to fraud at the financial statement level.

We evaluated whether the selection and application of accounting policies by the group and parent company may be indicative of fraudulent financial reporting. Our audit procedures responsive to assessed risks of material misstatement due to fraud at the assertion level included but were not limited to:

- Testing the appropriateness of manual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- Making inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries.
- Selecting and testing journal entries and other adjustments made at the end of the reporting period and throughout the period.
- Reviewing accounting estimates for biases that could represent a risk of material misstatement due to fraud.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements due to irregularities, including fraud, may not be detected, even though we have properly planned and performed our audit in accordance with the auditing standards. For example, the further removed non-compliance with laws and regulations from the events and transactions reflected in the financial statements, the less likely we would become aware of it. In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as they may involve collusion, forgery, intentional omissions or override of internal controls.

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

Use of our report

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

DocuSigned by:
Oleksandr Vertyporokh
E887E1422DD241C...

Oleksandr Vertyporokh (Senior Statutory Auditor)
for and on behalf of Audithelp Ltd
Statutory Auditors
86-90 Paul Street, London,
England, United Kingdom,
EC2A 4NE

Date: 30/06/2024

Vidac Pharma Holding Plc (Registered number: 13479728 England and Wales)

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended the 31st December 2023

	Note	2023 GBP'000	2022 GBP'000
Revenue		-	-
Research and development expenses	5	(237)	(188)
General and administrative expenses	6	(973)	(421)
Operating loss		**(1 210)**	**(609)**
Finance cost, net		(65)	(34)
Loss before income tax		**(1 275)**	**(643)**
Income tax expense		-	-
Loss for the year		**(1 275)**	**(643)**
Other comprehensive income/(loss) which may be reclassified subsequently to profit or loss	13	21	(189)
Total comprehensive loss		**(1 254)**	**(832)**
Loss per share attributable to the ordinary equity holders of the company			
Basic earnings per share	17	(0.000024)	(0.000020)
Diluted earnings per share	17	(0.000024)	(0.000020)

The notes on pages 25 to 44 are an integral part of these financial statements.

Vidac Pharma Holding Plc (Registered number: 13479728 England and Wales)

Company Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st December 2023

	Note	**2023 GBP'000**	**2022 GBP'000**
Revenue		-	-
Research and development expenses		-	-
General and administrative expenses	6	(748)	(172)
Operating loss		**(748)**	**(172)**
Finance cost, net		(54)	(32)
Loss before income tax		**(802)**	**(204)**
Income tax expense		-	-
Loss for the year		**(802)**	**(204)**
Changes in the fair value of investment in subsidiary at fair value through other comprehensive income	11	10 165	7 662
Income tax relating to these items	11	(2 849)	(1 456)
Other comprehensive income which will not be reclassified subsequently to profit or loss		7 316	6 206
Total comprehensive income		**6 514**	**6 002**

The notes on pages 25 to 44 are an integral part of these financial statements.

Vidac Pharma Holding Plc (Registered number: 13479728 England and Wales)

Consolidated Statement of Financial Position
as at 31st December 2023

	Note	2023 GBP'000	2022 GBP'000
ASSETS			
Non-current assets			
Equipment		3	5
Total non-current assets		**3**	**5**
Current assets			
Receivables	7	54	8
Prepaid expenses		2	-
Cash at bank	8	60	34
Total current assets		**116**	**42**
Total assets		**119**	**47**
EQUITY AND LIABILITIES			
Equity			
Share capital	10	53 815	51 625
Share premium	10	51	-
Additional paid-in capital	10	6	239
Other reserves		(29 300)	(28 538)
Accumulated losses	13	(25 572)	(24 297)
Translation reserve		244	223
Total equity		**(756)**	**(748)**
LIABILITIES			
Non-current liabilities		-	-
Total non-current liabilities		-	-
Current liabilities			
Employee and payroll payables		14	5
Account payables	15	198	5
Related party liabilities	18	485	350
Accrued expenses		36	20
Loan payables	15	142	415
Total liabilities		**875**	**795**
Total equity and liabilities		**119**	**47**

The financial statements were approved by the Board and authorised for issue and were signed by

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Max Herzberg - Director

Date: June 30 ,2024

The notes on pages 25 to 44 are an integral part of these financial statements.

Vidac Pharma Holding Plc (Registered number: 13479728 England and Wales)

Company Statement of Financial Position
31st December 2023

ASSETS	Note	2023 GBP'000	2022 GBP'000
Non-current assets			
Investments in subsidiaries	9	70 840	60 387
Total non-current liabilities		**70 840**	**60 387**
Current assets			
Receivables	7	52	-
Cash at bank	8	10	-
Total current assets		**62**	**-**
Total assets		**70 902**	**60 387**
EQUITY AND LIABILITIES			
Equity	10		
Share capital		53 815	51 625
Share premium	10	51	-
Additional paid-in capital	10	6	239
Accumulated losses	13	(1 008)	(206)
Fair value reserve through OCI, net of tax		13 286	6 734
Total equity		**66 150**	**58 392**
Non-current liabilities		**-**	**-**
Deferred tax liabilities	12	4 429	1 580
Total non-current liabilities		**4 429**	**1 580**
Current liabilities			
Loan payables	15	142	415
Account payables		181	-
Total current liabilities		**323**	**415**
Total liabilities		**4 752**	**1 995**
Total equity and liabilities		**70 902**	**60 387**

The financial statements were approved by the Board and authorised for issue and were signed by

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Max Herzberg - Director

Date: June 30 ,2024

The notes on pages 25 to 44 are an integral part of these financial statements.

Vidac Pharma Holding Plc (Registered number: 13479728 England and Wales)

Consolidated Statement of Changes in Equity for the year ended 31st December 2023

	Share capital GPB'000	Share premium GPB'000	Additional paid-in capital GPB'000	Revaluation reserve GPB'000	Retained earnings GPB'000	Translation reserve GPB'000	Total equity GPB'000
Balance at the 31 December 2021	**50**	**48 024**	**196**	**(25 139)**	**(23 654)**	**412**	**(111)**
Loss and total comprehensive loss for the year	-	-	-	-	(643)	(189)	(832)
Issue of share capital	-	-	43	-	-	-	43
Transfer to share capital	51 575	(48 024)	-	(3 551)	-	-	-
Other reserve change	-	-	-	152	-	-	152
Balance at the 31 December 2022	**51 625**	**-**	**239**	**(28 538)**	**(24 297)**	**223**	**(748)**
Loss and total comprehensive loss for the year	-	-	-	-	(1 275)	21	(1 254)
Issue of share capital	1 135	51	6	-	-	-	1 192
Transfer to share capital	1 055	-	(239)	(816)	-	-	-
Other movements	-	-	-	54	-	-	54
Balance at the 31 December 2023	**53 815**	**51**	**6**	**(29 300)**	**(25 572)**	**244**	**(756)**

The notes on pages 25 to 44 are an integral part of these financial statements.

Vidac Pharma Holding Plc (Registered number: 13479728 England and Wales)

Company Statement of Changes in Equity
for the year ended 31st December 2023

	Share capital GPB'000	Share premium GPB'000	Additional paid-in capital GPB'000	Revaluation reserve GPB'000	Retained earnings GPB'000	Total equity GPB'000
Balance at the 31 December 2021	**50**	**48 024**	**196**	**3 598**	**(2)**	**51 866**
Loss for the year	-	-	-	-	(204)	(204)
Total comprehensive income for the year	-	-	-	6 002	-	6 002
Issue of share capital	-	-	43	-	-	43
Transfer to share capital	51 575	(48 024)	-	(3 551)	-	-
Deferred tax liability reversal of revaluation reserve	-	-	-	685	-	685
Balance at the 31 December 2022	**51 625**	**-**	**239**	**6 734**	**(206)**	**58 392**
Loss for the year	-	-	-		(802)	(802)
Total comprehensive income for the year	-	-	-	7 316	-	7 316
Issue of share capital	1 135	51	6	-	-	1 192
Transfer to share capital	1 055	-	(239)	(816)	-	-
Other movements	-	-	-	52	-	52
Balance at the 31 December 2023	**53 815**	**51**	**6**	**13 286**	**(1 008)**	**66 150**

The notes on pages 25 to 44 are an integral part of these financial statements.

Vidac Pharma Holding Plc (Registered number: 13479728 England and Wales)

Consolidated Statement of Cash Flows for the year ended 31st December 2023

	Note	2023 GBP'000	2022 GBP'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Loss for the year		(1 275)	(643)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation		1	1
Financing income		(10)	4
Financial expense		7	12
Foreign exchange		64	19
Share-based payments (non-cash)		130	-
Other non-cash items		50	42
Changes in operating assets and liabilities items:			
Increase/(decrease) in receivables		(3)	1
Increase/ (decrease) in trade payables		193	(45)
Increase/ (decrease) in accrued expenses		17	(14)
Increase/ (decrease) in employees and payroll accruals		9	(17)
Increase in related party liabilities		135	172
Net cash used in operating activities		**(682)**	**(468)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Maturity of restricted deposit		-	8
Net cash inflow from investing activities		**-**	**8**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance shares		392	-
Proceeds from loans received		323	401
Net cash inflow from financing activities		**715**	**401**
NET INCREASE IN CASH AND CASH EQUIVALENTS		33	(59)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(7)	(30)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8	34	123
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**8**	**60**	**34**

The notes on pages 25 to 44 are an integral part of these financial statements.

Vidac Pharma Holding Plc (Registered number: 13479728 England and Wales)

Company Statement of Cash Flows
for the year ended 31st December 2023

	Note	2023 GBP'000	2022 GBP'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Loss for the year		(802)	(204)
Adjustments to reconcile net loss to net cash used in operating activities:			
Foreign exchange		64	20
Financial expenses		(10)	12
Share-based payments (non-cash)		130	-
Changes in operating assets and liabilities items:			
Increase/ (decrease) in trade payables		181	-
Net cash used in operating activities		**(437)**	**(172)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment in subsidiary		(288)	(229)
Net cash outflow from investing activities		**(288)**	**(229)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance shares		392	-
Proceeds from loans received		323	401
Net cash inflow from financing activities		**715**	**401**
NET INCREASE IN CASH AND CASH EQUIVALENTS		10	-
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**8**	**10**	**-**

The notes on pages 25 to 44 are an integral part of these financial statements.

Vidac Pharma Holding Plc (Registered number: 13479728 England and Wales)

Notes to the Consolidated Financial Statements as at 31 December 2023

1. CORPORATE INFORMATION

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

These financial statements present the financial information of VIDAC PHARMA HOLDING PLC ("the parent company") for the year ended 31 December 2023 and the consolidated financial statements encompass VIDAC PHARMA HOLDING PLC and its subsidiary (together "the group").

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

The beneficial owners of the group are Max Herzberg and Yochai Richter.

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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis for preparation

The consolidated financial statements are prepared in accordance with UK-adopted international accounting standards, with requirements of the Companies Act 2006 (the Act). The consolidated financial statements comply with International Financial Reporting Standards as adopted by European Union (EU).

The consolidated financial statements have been prepared on an accruals basis and under the historical cost convention, except where indicated otherwise.

Certain amounts from the prior year have been reclassified for consistency with the current year's presentation. These reclassifications had no effect on the reported results of operations.

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 Britain Pounds (GBP) rounded to the nearest thousand (GBP'000).

Adoption of new or revised standards and interpretations

New Standards adopted as at 1 January 2023

Some accounting pronouncements that became effective on 1 January 2023 and have, therefore, been adopted by FRC do not significantly impact the group's financial results or position.

Standards, amendments and Interpretations to existing Standards that are not yet effective

At the authorisation date of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB, IFRIC and FRC. None of these standards or amendments to existing standards have been adopted early by the group, and no applicable interpretations have been issued that need to be taken into consideration by the group at either reporting date.

The group's management is convinced that all changes to the standards will be included in the group's accounting policies as soon as new changes take effect. Information on new standards and any changes or interpretations that are expected to affect the group's financial statements are as follows. Some other new standards and interpretations have also been issued, but they are not expected to have a material impact on the group's financial statements.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the group's consolidated financial statements.

Going concern

The group is engaged in research and development of new anticancer medicine with no revenue from operations. The group incurred a pre-tax loss of GBP'000 1 275 for the year. The accumulated losses were GBP'000 25 572 as at the 31 December 2023. 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. Continued operation of the group is dependent upon 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 going concern management has prepared the revised financial forecast. Further the group secured additional funds from investment in 2023 and 2024 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 (UK) 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 (UK) 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 British Pound (GBP), whereas the group's functional currency is Euro (EUR). Given that most of the company's and group's expenses are now in Euros and the group anticipates future funding and revenues in Euros, a forward-looking analysis supports changing the functional currency to Euro. 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.

The relevant exchange rates were:

Currency	Closing rate as of 31 December 2023	Average 2023	Closing rate as of 31 December 2022	Average 2022
GBP/EUR	1.1539	1.1492	1.1277	1.1730
GBP/USD	1.2747	1.2439	1.2039	1.2369

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 recognised 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 British Pound (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 other comprehensive income (FVOCI) in accordance with IFRS 9. Investments are measured at fair value, with changes in fair value recognised in other comprehensive income rather than 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

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 derecognised.

Research and development expenses

Research and development (hereinafter – "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 recognised 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 31 December 2023, the Group has not yet capitalised any development costs.

Government grants

Government grants received from the Israel Innovation Authority (IIA) fund the Company's R&D activities and are offset against related R&D expenses in the profit and loss statements. These grants are not recognised as liabilities at receipt due to an assessment that future economic benefits from the R&D activities, which could result in royalty-bearing sales, are not expected.

Per IAS 20, grants are recognised when there is reasonable assurance that the conditions will be met and the grants received. They are recognised based on incurred costs.

The Company reassesses the potential for future economic benefits at each reporting date. As of 31 December 2023, the assessment remains unchanged, and the royalty obligation is treated as a contingent liability under IAS 37, as the outflow of resources is not considered probable.

Share-based payments

The company measures the cost of equity-settled transactions with service providers based on the fair value of the services received. When the fair value of the services cannot be reliably measured, the fair value of the equity instruments issued is used. The cost is recognised as an expense with a corresponding increase in equity over the period the services are received.

Finance costs

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

Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares,
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to account for:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares,
- The weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

(iii) Loss per share

If the company incurs a loss instead of earnings, diluted loss per share is the same as basic loss per share. This is because including potential dilutive instruments would decrease the loss per share, which would be anti-dilutive. As a result, no adjustments are made for dilutive potential ordinary shares when calculating loss per share.

Financial assets

Financial assets - Classification

The Company 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 Company'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 tobe 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). Items of other comprehensive income will not be reclassified subsequently to profit or loss and will be reclassified subsequently to profit or loss when specific conditions are met.

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 Company 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 Company has transferred substantially all the risks and rewards of ownership.

Financial assets - 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 (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 Company 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 Company 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 Company 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 company 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 company applies general approach - three stage model for impairment. The Company 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 Company 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"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company 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 Company's definition of credit impaired assets and definition of default is explained in note 21, Credit risk section.

Additionally, the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 21, Credit risk section for a description of how the Company determines low credit risk 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 Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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.

Replacement shares as part of equity transactions are recorded at their nominal value in the share capital account, with any excess proceeds credited to the share premium account.

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.

Fair value reserve through OCI

Investment in subsidiary is carried out at fair value at the date of the revaluation less any accumulated impairment losses. Revaluation is undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which be determined using fair value at the balance sheet date.

Fair value is determined from the market based evidence undertaken by professionally qualified valuers.

Revaluation gain and losses are recognised in the other comprehensive income unless losses exceed the previously recognised gains.

Convertible loans

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 amortised cost using the effective interest method. Any difference between the carrying amount and the repayment amount is recognised in the income statement over the loan's term. Upon conversion of the loan, the financial liability component is derecognised, 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

The preparation of financial statements in conformity with IFRS (UK) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The useful life of property, plant and equipment

Property, plant and equipment owned by the group are depreciated over their useful lives, calculated in accordance with the group's business plans and operating calculations for these assets.

The expected useful life of non-current assets is affected by the rate of operation of assets, changes in legislation, unforeseen operating circumstances. The group's management periodically reviews the useful life. This analysis is based on the current technical condition of the assets and the expected period in which they generate economic benefits for the group.

Any of the above factors may affect the future amount of depreciation, as well as the carrying amount and residual value of fixed assets.

Deferred taxes

The company's assesses the recoverability of deferred tax assets based on future taxable income projections, which are inherently uncertain and may be subject to changes over time. Judgment is required to assess the impact of such changes on the measurement of these assets and the time frame for their utilisation. As of 31 December 2023, the group and the company did not recognise deferred tax assets.
The group applies judgment to recognise deferred tax liabilities when probable and can be reasonably estimated depending on the interpretation of applicable tax laws and regulations, which may be uncertain. The management periodically reviews its estimates to reflect changes in facts and circumstances, see Note 11.

Government grants

Management exercises significant judgment in assessing whether R&D activities funded by IIA grants will generate future sales bearing royalties, currently judged as unlikely. Grants are recognised when there is reasonable assurance that the conditions will be met and the grants will be received, based on costs incurred. The potential royalty obligations are classified as contingent liabilities, reflecting the assessment that the outflow of resources is not considered probable at this stage.

Investment in subsidiary (relates to parent company)

The parent company uses an independent valuation specialist to conduct an annual fair-value valuation of its investment in the subsidiary. Key estimates and assumptions with a risk of material adjustment are discussed below. Refer to Note 8 for further details.

The impairment assessment involves forecasting future cash flows based on the expected market conditions, determining an appropriate discount rate reflecting market assessments and subsidiary-specific risks, and establishing growth rates based on industry trends and economic conditions.

When market data is unavailable, fair value is estimated using valuation techniques, including comparable transactions and discounted cash flow analysis.

Management regularly reviews these judgments and updates them based on actual outcomes and changes in the business environment. Material adjustments are recognised in the period they are determined.

Share-based payments

The determination of the fair value of equity instruments involves significant judgment and estimation, particularly regarding the timing and pricing of the shares issued. Assessing the fair value of services received, requires careful evaluation of market conditions and comparable service valuations. The period over which the expense is recognised involves judgment in estimating the duration and completion of the services provided.

3. SEGMENT INFORMATION

The Directors believe that the group's operations represent one segment, and 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, VIDAC PHARMA HOLDING PLC acquired 100% of the share capital of Vidac Pharma LTD ("Vidac Pharma"). The acquisition represented a group restructuring of the existing business since Vidac Pharma LTD and VIDAC PHARMA HOLDING PLC were under common control. There were no material transactions between 6 July 2021 and 1 August 2021; therefore, 1 August 2021 was chosen as the starting date for the group's reporting period.

Business combination under common control

The group elected to apply predecessor values method for transactions under common control. No assets or liabilities were restated to their fair values. Instead, the group incorporated predecessor carrying values.

5. RESEARCH AND DEVELOPMENT EXPENSES

	2023 GBP'000	2022 GBP'000
Salaries and related expenses	93	56
Materials, subcontractors and consultants	86	64
Patents	49	56
Maintenance and office expenses	9	12
Total expenses	**237**	**188**

6. GENERAL AND ADMINISTRATIVE EXPENSES

GROUP	2023 GBP'000	2022 GBP'000
Professional fees	934	380
Salaries and related expenses	22	23
Maintenance, office and sundries	7	8
Depreciation	1	1
Others	9	9
Total expenses	**973**	**421**

The group incurred statutory audit fees of GBP'000 36 (including VAT) in 2023 and GBP'000 42 (including VAT) in 2022.

COMPANY	2023 GBP'000	2022 GBP'000
Professional fees	748	172
Total expenses	**748**	**172**

The company incurred expenses in the amount of GBP'000 748 in 2023 (GBP'000 172 in 2022) related mainly to the possible listing process in the regulated market, which includes GBP'000 186 to market presence and analyst opinion publications services campaign for the investor's awareness related to the listing.

During the year ended 31 December 2023, the company issued 133 000 shares at a nominal value of £1 per share to settle professional services fair valued at approximately the same amount, approximating the fair value of the shares at the time of transfer. This transaction has been accounted for as a share-based payment per the company's accounting policy for equity-settled share-based payments.

The Company incurred statutory audit fees of GBP'000 27 (including VAT) in 2023 and GBP'000 27 (including VAT) in 2022.

7. RECEIVABLES

GROUP

	2023 GBP'000	2022 GBP'000
Account receivables	54	8
	54	**8**

The company's accounts receivable amounted to GBP'000 52 for the year ended 31 December 2023 (2022: nil).

8. CASH AT BANK

Cash balances are analysed as follows:

GROUP

	2023 GBP'000	2022 GBP'000
Cash at bank	60	34
	60	**34**

COMPANY

	2023 GBP'000	2022 GBP'000
Cash at bank	10	-
	10	**-**

9. INVESTMENT IN SUBSIDIARY

	GBP'000
Balance at 31 December 2021	**52 682**
Addition – new subscribed capital	229
Change in fair value recognised in OCI	7 476
Balance at 31 December 2022	**60 387**
Addition – new subscribed capital	288
Change in fair value recognised in OCI	10 165
Balance at 31 December 2023	**70 840**

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Holding %	2023 GBP'000
Vidac Pharma Ltd	Israel	Biotechnology	100	**70 840**

On 6 July 2021, 100% of the shares of Vidac Pharma Ltd were contributed to the company's share capital at a fair value of GBP'000 48 023.

Vidac Pharma Holding Plc subscribed for additional shares in Vidac Pharma Ltd equity in 2022 and 2023, with a total net contribution of GBP'000 229 in 2022 and GBP'000 288 in 2023.

Based on the valuation performed as of the year ended 31 December 2023, the subsidiary's overall value is GBP'000 70 840.

The company has elected to measure the investment in the subsidiary at fair value through other comprehensive income (FVOCI).
The fair value was based on an independent valuation report as of 31 December 2023. The fair value of the subsidiary has been estimated by applying a discounted earnings technique. The fair value measurements are based on significant inputs that are not observable in the market.

The fair value estimate is based on key assumptions:

- An assumed discount rate of 17.7% is calculated based on the capital assets pricing model (2022: 13.0%).
- The probability of success in development for each of the three products, as the valuation is based on a risk-based approach, is 44% and 41% for Products 1 and 2 in Phase II of development and 44% for Product 3 in Phase III, respectively, see explanation below.
- Cost of gross sales (COGS) margin is expected to be 30% of net sales based on the company's business plan (2022: 30%).

The change in significant market inputs for 2023 reflects a shift in management's view. Specifically, in 2023, management considers the probability of success to be a more substantial input than the peak market share rate.

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at the 31 of December 2023 and 2022, are shown below:

Sensitivity analysis and impact on Profit or loss and equity as at 31 December 2023:

Significant unobservable inputs		**Profit or loss**		**Other comprehensive income (net of tax)**	
		Increase GBP'000	**Decrease GBP'000**	**Increase GBP'000**	**Decrease GBP'000**
Discount rate*	19.7%	-	-	-	(10 409)
	15.7%	-	-	12 596	-
Probability of success*	45%	-	-	3 476	-
	40%	-	-	-	(3 702)
COGS margin rate*	35%	-	-	-	(8 292)
	25%	-	-	8 300	-

Sensitivity analysis and impact on Profit or loss and equity as at 31 December 2022:

Significant unobservable inputs		**Profit or loss**		**Other comprehensive income (net of tax)**	
		Increase GBP'000	**Decrease GBP'000**	**Increase GBP'000**	**Decrease GBP'000**
Discount rate*	14.5%	-	-	-	(4 339)
	11.5%	-	-	4 734	-
Peak market share rate*	20.5%	-	-	6 592	-
	17.5%	-	-	-	(2 412)
COGS margin rate*	35%	-	-	-	(6 746)
	25%	-	-	6 783	-

** Holding all other variables constant*

In relation to the fair valuation of the investment in the subsidiary, the parent company is exposed to market risk. The market is the risk that a financial instrument's fair value or future cash flows will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and liquidity risk.

Interest risk
The parent company is exposed to the risk of changes in market interest rates, which relates primarily to their impact on the estimate of the discount rate used for the valuation of the investment in the subsidiary.

The parent company estimates that significant fluctuations in interest rates are unlikely under current market conditions. Base rates are expected to either remain unchanged or see a slight reduction in the foreseeable future. Even if there is a base rate change due to increased inflation, such changes are anticipated to be minor, as there is a global trend towards declining inflation. This aligns with the expectations of international capital markets.

Foreign currency risk
Foreign currency risk is the risk that the fair value of the investment in the subsidiary will fluctuate due to changes in foreign exchange rates. The parent company is primarily exposed to this risk through the subsidiary's operating activities, where expenses are denominated in U.S. dollars and Israeli shekels. Despite the exposure to foreign currency risk from costs denominated in U.S. dollars and Israeli shekels, favourable exchange rate fluctuations could potentially reduce operating costs and improve the subsidiary's profitability.

Liquidity risk
Since its inception, the subsidiary has not generated any product revenue and has incurred operating losses and negative cash flows from operations. It anticipates incurring significant expenses and operating losses for the foreseeable future as it advances product candidates through clinical development. To date, the company has primarily funded its operations with proceeds from the sale of ordinary shares and shareholder loans.

10. SHARE CAPITAL

	2023 Number of shares	2023 GBP'000	2022 Number of shares	2022 GBP'000
Authorised				
Ordinary shares of £1 each	53 815 142	53 815	51 625 062	51 625
Issued				
Issued and paid ordinary shares	53 815 142	53 778	**51 625 062**	51 625
Unpaid ordinary shares		37		-
Balance at the 31 December	**53 815 142**	**53 815**	**51 625 062**	**51 625**

Company receivables as of 31 December 2023 include GBP'000 37 for share capital and GBP'000 15 for share premium payable to the company for issued shares.

Events in 2022

On 19 May 2022, the company was re-registered from a limited company to a public limited company. On that date, the company's share capital was GBP'000 50, divided into 50,000 ordinary shares with a nominal value of GBP 1 each. Subsequently, the company passed a resolution to issue 51 575 000 bonus shares with a nominal value of GBP 1 each to existing shareholders. This issuance utilised the share premium (GBP'000 48 024) and revaluation reserves (GBP'000 3 551), effectively transferring the amounts from the share premium and revaluation reserves to the share capital account.

Events in 2023

Following the company's listing on the Hamburg Stock Exchange on 27 March 2023, holders of the company's Simple Agreements for Future Equity (SAFEs) and Convertible Loan Agreements elected to convert these instruments into share capital on 14 May 2023. Consequently, Vidac Pharma Holding PLC, in accordance with the conditions of these agreements, issued and distributed 1 795 886 new shares with a nominal value of GBP 1 each to shareholders. This was achieved through a combination of transferring additional paid-in capital, revaluation reserve to share capital, and issuing new share capital.

In 2023, following a resolution by the Shareholders and acting as an agent in accordance with an agency agreement, a company's Director and shareholder sold his shares on the stock market close to the nearest market price, as requested by the Board. All proceeds were deposited into the company's bank account. Subsequently, the company issued 394 194 replacement shares to a Director, equal to the number of shares sold by him, each with a nominal value of GBP 1. This transaction is treated as an equity transaction, with the proceeds recognised in equity. The issuance of replacement shares increased the share capital by GBP'000 394 and the share premium by GBP'000 51.

ADDITIONAL PAID-IN CAPITAL

	2023 GBP'000	2022 GBP'000
Additional paid-in capital	6	239

Additional paid-in capital pertains to a Convertible Loan Agreement, a financial instrument that includes a contractual option for converting the loan into an equity interest in the company.

OTHER RESERVES

	2023 GBP'000	2022 GBP'000
Other reserves	(29 300)	(28 538)

This reserve pertains to an acquisition under common control and represents the difference between the acquirer's investment cost and the acquiree's equity. In the consolidated financial statements, it is presented as a separate reserve, described as "Other Reserve," within equity.

11. FAIR VALUE RESERVE THROUGH OCI, NET OF TAX

	2023 GBP'000	2022 GBP'000
Items that will not be classified to profit or loss:		
Fair value through other comprehensive income:		
Valuation gains on fair value through other comprehensive income investment in subsidiary	10 165	7 662
Tax relating items that will not be reclassified	(2,849)	(1 456)
	7 316	**6 206**

12. DEFERRED TAX LIABILITIES

Deferred tax is calculated in full on temporary differences under the liability method using a UK corporation tax rate of 25% (in 2022 -19%).

	2023 GBP'000	2022 GBP'000
Deferred tax liabilities		
At the 1 January	(1 580)	(844)
Additional tax on revaluation increase	(2 350)	(1 456)
Effect of change in corporate tax rate	(499)	-
Tax relating items that will not be reclassified	**(2 849)**	**(1 456)**
Reversal due to reclassification from revaluation to share capital	-	685
Other movement	-	35
At the 31 December	**(4 429)**	**(1 580)**

Deferred tax liability has been recognised in respect of temporary differences due to fair value revaluation of investment in a subsidiary recognised through other comprehensive income.

13. ACCUMULATED LOSSES AND RESERVES

GROUP	Accumulated losses GBP'000	Translation reserves GBP'000	Total GBP'000
At the 31 December 2021	**(23 654)**	**412**	**(23 242)**
Loss for the year	(643)	-	(643)
Foreign exchange loss on consolidation	-	(189)	(189)
At the 31 December 2022	**(24 297)**	**223**	**(24 074)**
Loss for the year	(1 275)	-	(1 275)
Foreign exchange gain on consolidation	-	21	21
At the 31 December 2023	**(25 572)**	**244**	**(25 328)**

COMPANY	Accumulated losses GBP'000	Other reserves GBP'000	Total GBP'000
At the 31 December 2021	**(2)**	**-**	**(2)**
Loss for the year	(204)	-	(204)
At the 31 December 2022	**(206)**	**-**	**(206)**
Loss for the year	(802)	-	(802)
At the 31 December 2023	**(1 008)**	**-**	**(1 008)**

14. EMPLOYEES AND DIRECTORS

	2023 GBP'000	2022 GBP'000
Salaries	85	61
Social security costs	30	17
	115	**78**

The group's average number of employees during the year was as follows:

	2023 GBP'000	2022 GBP'000
Directors	4	2
Administrative and managing personnel	1	-
Research and development staff	1	-
	6	**2**

All staff costs are incurred by the group component. The parent company has no employees, except four Directors.

	2023 GBP'000	2022 GBP'000
Director's remuneration (parent company)	9	-
	9	**-**

The parent company did not pay or accrue Directors' emoluments in 2023 and 2022, except for GBP'000 9, which was paid to a Director as agent fees for services provided under the agent agreement.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE AND MORE THAN ONE YEAR

Amounts falling due within one year	Group		Company	
	2023 GBP'000	2022 GBP'000	2023 GBP'000	2022 GBP'000
Account payables	198	5	181	-
Loan payables	142	415	142	415
Related party liabilities	485	350	-	-
Accrued expenses	36	20	-	-
Employee and payroll payables	14	5	-	-
	875	**795**	**323**	**415**

The loan payable represents the amount secured through the Convertible Loan and Warrant Agreements signed by VIDAC PHARMA HOLDING PLC with investors in 2023, totalling GBP'000 133, with an accrued interest of GBP'000 9 by the end of 2023 at an annual interest rate of 7%. The outstanding balance as of 31 December 2023 was GBP'000 142. The equity portion of these agreements, amounting to GBP'000 6, is recognised in Additional Paid-in Capital as of the end of 2023.

Amounts falling due within more than one year	Group		Company	
	2023 GBP'000	2022 GBP'000	2023 GBP'000	2022 GBP'000
Deferred tax liabilities	-	-	4 291	1 580
	-	**-**	**4 291**	**1 580**

16. FINANCIAL ASSETS AND LIABILITIES

Financial assets	Group				Company			
	2023 GBP'000		2022 GBP'000		2023 GBP'000		2022 GBP'000	
	FVTPL	Amortised cost	FVTPL	Amortised cost	FVTPL	Amortised cost	FVTPL	Amortised cost
Cash and cash equivalents	-	60	-	34	-	10	-	-
Account receivables	-	54	-	8	-	52	-	-
	-	**114**	**-**	**42**	**-**	**62**	**-**	**-**

Financial liabilities	Group				Company			
	2023 GBP'000		2022 GBP'000		2023 GBP'000		2022 GBP'000	
	FVTPL	Amortised cost	FVTPL	Amortised cost	FVTPL	Amortised cost	FVTPL	Amortised cost
Loan payables	122	20	384	31	122	20	384	31
Account payables	-	198	-	5	-	181	-	-
Accrued expenses	-	36	-	20	-	-	-	-
Related party liabilities	-	485	-	350	-	-	-	-
	122	**739**	**384**	**406**	**122**	**201**	**384**	**31**

17. LOSS PER SHARE

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	For year ended 31st December 2023 GBP'000	For year ended 31st December 2022 GBP'000
Loss attributable to ordinary equity holders, GBP'000	(1 275)	(643)
Weighted average number of shares outstanding	52 821 074	32 125 449
Basic and diluted earnings per share (GBP'000 per share)	**(0.000024)**	**(0.000020)**

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued during the period multiplied by a time weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year. The weighted average number of shares is calculated by assuming that the shares have always been in issue. This means that they were issued at the start of the year and presented as comparative figures.

No diluted loss per share is required to be calculated for the year because the company incurred a loss, and including potential dilutive instruments would have an anti-dilutive effect.

18. RELATED PARTIES TRANSACTIONS

On 15 March 2023, VIDAC PHARMA HOLDING PLC formalised Convertible Loan and Warrant Agreements with Directors and investors, securing a total of GBP'000 205. Directors and investors have a significant influence on the company.

On 14 May 2023, Directors and investors converted the Convertible Loan and Warrant Agreements into shares, as detailed in Note 9.

On 19 December 2023, the company entered into additional Convertible Loan and Warrant Agreements with Directors and investors totalling GBP'000 133, with an accrued interest of GBP'000 9 by the end of 2023 at an annual interest rate of 7%. The outstanding balance as of 31 December 2023 was GBP'000 142.

During 2023, a company's Director and shareholder acted as an agent to sell shares, with proceeds deposited into the company's bank account, followed by the issuance of replacement shares. For further details, please refer to Note 10. A Director received agent fees of GBP'000 9 for services provided under the agent agreement.

In 2023, the parent company invested GBP'000 288 as new subscribed capital in its subsidiary and GBP'000 229 in 2022.

The subsidiary signed an agreement with a related party to secure an investment by waiving the right to receive compensation for services provided. As of 31 December 2023, the total balance of related party transactions was GBP'000 485 (2022: GBP'000 350), with the difference being accruals.

Related party transactions were conducted on an arm's length basis and were in the ordinary course of business.

19. CONTINGENT LIABILITIES

In 2019, the subsidiary modified payment and performance terms with some of its service providers to restructure payment terms following the board of Directors' decision to cease and close its business operations. As a result, liabilities to these service providers amounting to GBP'000 164, as it stands as of 31 December 2023, were reversed and will be paid and recognised upon the occurrence of certain future equity events. As of the date of approval of the financial statements, these equity events had not occurred.

The Company had no other contingent liabilities, except for those mentioned above, as of 31 December 2023 and 31 December 2022.

20. COMMITMENTS

In 2012, the subsidiary signed a license agreement with Ramot at Tel Aviv University Ltd ("TAU"), granting the subsidiary an exclusive, worldwide, royalty-bearing license. In March 2012, the Company signed a similar agreement with B.G. Negev Technologies and Applications Ltd and the National Institute of Biotechnology in the Negev ("BGU"), granting an exclusive, worldwide, royalty-bearing, sub-licensable license. Both agreements grant the subsidiary the right to use patents and know-how. Under these agreements, the subsidiary is obligated to pay royalties and milestone fees to TAU and BGU according to the terms specified in the agreements.

In the early years of the subsidiary's operations, it received and utilised research and development grants from the State of Israel, following the guidelines and procedures established by the Israel Innovation Authority (IIA). Under the agreement, the Company is obligated to pay royalties on its sales, with total royalties not exceeding the amount of the grants, which are linked to the U.S. Dollar and accrue annual interest. There is uncertainty regarding the future sales revenue that would trigger these royalty payments.

In 2019, the subsidiary's Board approved a monthly compensation for a related party serving as an executive officer. This compensation will be accumulated and paid once the subsidiary secures a specified investment through investments, loans, R&D collaborations, or other financing.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital risk management

The group’s objectives when managing capital are:

- to safeguard the group’s ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support group’s growth; and
- to provide capital for the purpose of strengthening the group’s risk management capability.

The group actively and regularly reviews and managers its capital structure to ensure an optimal capital structure, taking into consideration the future capital requirements of the group and capital efficiency, prevailing and projected operating cash flows, projected capital expenditures and projected strategic investments opportunities. Management regards total equity as capital and reserves for capital management purposes.

Financial Risk Factors

The group is exposed to market risk, foreign currency risk, credit risk and liquidity risk. Within the operating subsidiary, the entities' senior management oversees the management of these risks for their operations and periodically identifies, measures, and manages these risks. These risks are summarised below:

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 be considered.

Foreign currency risk

Foreign currency risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The group is primarily exposed to this risk through its subsidiary, which operates in Israeli Shekels, conducts transactions in U.S. Dollars, and has operational currency in Euros, while the group’s presentation currency is British Pounds.

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 and from its financial activities, including taxes receivables, foreign exchange transactions and other financial instruments.

The group does not have trade receivables since it is in research and development stage. Other receivables are not considered substantial.

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.

As of 31 December 2023, the group is not facing imminent liquidity risks due to its cash reserves, financing commitments from shareholders, and funding plans. The group maintains its liquidity by attracting additional investments from both existing and potential investors as needed to support its operations. However, there is some inherent uncertainty because the group relies on external financing rather than operational income. Despite this, management is confident in their ability to secure the necessary financing to sustain the group's business activities over the next 12 months.

22. AUDITOR LIABILITY LIMITATION AGREEMENT

An auditors' limitation of liability agreement has been approved by the members for the financial year ended 31 December 2023.

The principal terms and conditions are as below:

- The agreement limits the amount of any liability owed to the company by the auditors in respect of any negligence default, breach of duty or breach of trust occurring in the course of the audit of the company's accounts and pursuant to this agreement, the auditor may be guilty in relation to the company.
- The agreement also stipulates the maximum aggregated amount payable in the event of any of the circumstances stated above.

23. SUBSEQUENT EVENTS

On 24 January 2024, VIDAC PHARMA HOLDING PLC formalised Convertible Loan and Warrant Agreements with three shareholders, securing a total of GBP’000 59.

In 2024, VIDAC PHARMA HOLDING PLC issued 785 261 new shares with a nominal value of GBP 1 per share.

As of the date of authorising these financial statements (30 June 2024), there were no other subsequent events except those disclosed above.

24. ULTIMATE CONTROL PARTY

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