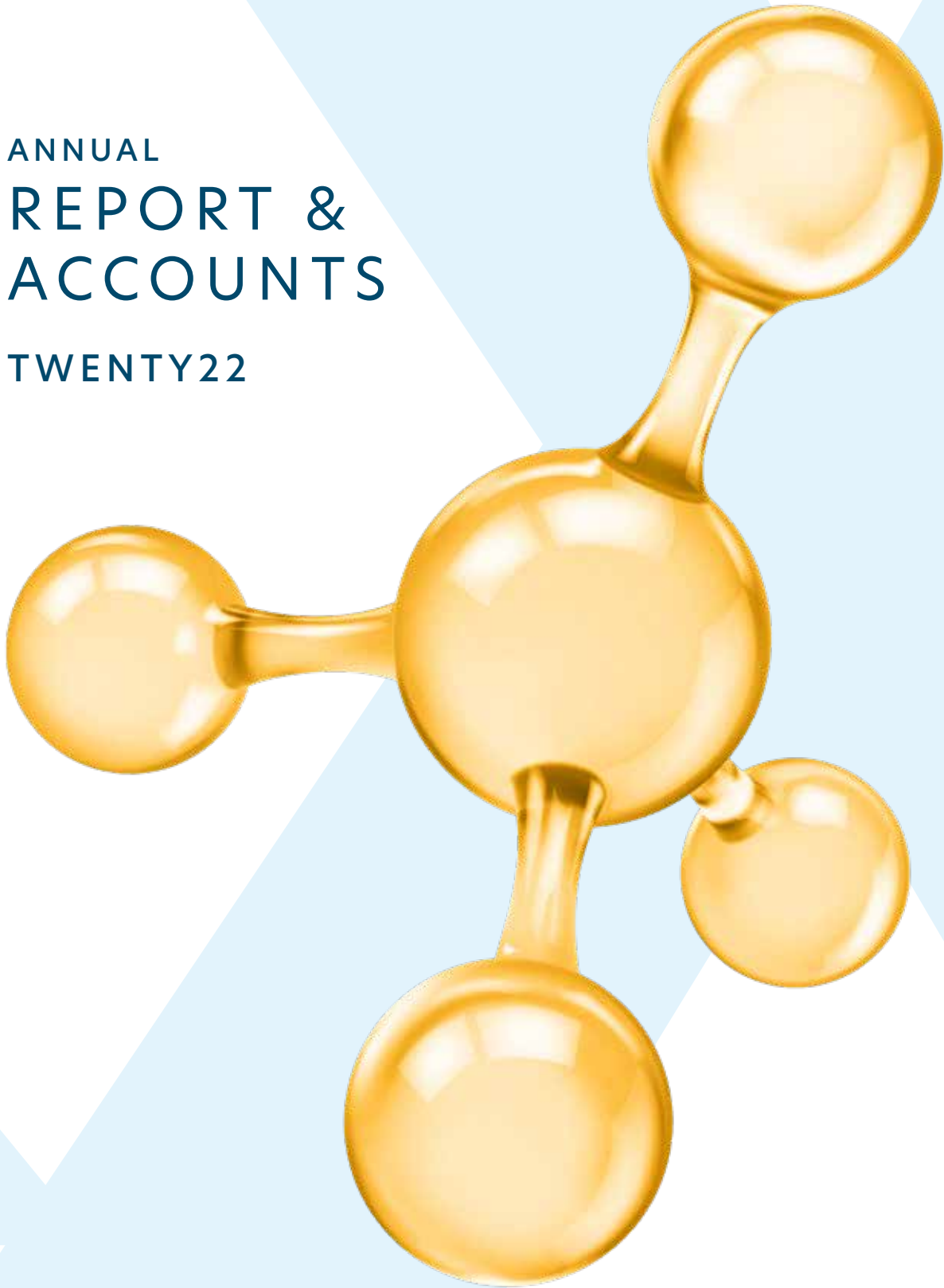


ANNUAL
REPORT &
ACCOUNTS
TWENTY22





GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS

AND AUDITED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2022

FOR

VALIRX PLC



CONNECTED
INNOVATION

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COMPANY
INFORMATION



CONNECTED
INNOVATION



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Dr K Cox
M Lampshire
G Desler
S Panu

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STRATEGIC
REPORT



CONNECTED
INNOVATION

ValiRx achieved a major milestone in October 2022 with the formation of Cytolytix Limited, a majority owned subsidiary and SPV to aid the development of an exciting new technology to treat triple negative breast cancer. We believe this collaboration with Kings College London will serve as the model for future evolution of our collaborative development pipeline.

Two other projects with academics from Hokkaido and Barcelona University have also been in the evaluation phase throughout the year and, subject to a successful conclusion of our experiments, will also be incorporated into SPVs.

Nevertheless, successful evaluation of new science cannot be guaranteed and it remains important to build a risk balanced portfolio of projects to maintain a steady flow of new assets for further development.

To this end, we were very pleased to welcome Dr Cathy Tralau-Stewart to the team in September 2022 as interim CSO (now permanent). Cathy has brought a wealth of experience in assessing novel science, particularly from academic institutions, and has taken the lead in identifying, securing and developing a range of novel assets that help to manage development risks.

We were also delighted to have appointed Stella Panu as a new Board member. Stella has brought deep experience in both corporate finance and M&A and is helping the team to drive forward the tCRO® strategy, with the aim of generating near term income for ValiRx.

During 2022 it became clear that initiating the tCRO® through a buy-and-build strategy was going to be a significant challenge as the valuations of suitable acquisition candidates for a core laboratory facility, on which to build the tCRO®, were excessive and unlikely to create sufficient shareholder value. With Stella's guidance and Suzy's CRO expertise, the previous buy-and-build approach has been modified to focus on establishing our own core laboratory, incorporating the necessary technologies to support ValiRx's in-house pipeline and attract 3rd party business. We believe this will enable ValiRx to build the tCRO® with lower risk and lower cost, leading to more efficient use of capital.

Having successfully established the tCRO®, transferred our in-house projects and secured new customers, we will continue to seek opportunities to acquire capabilities and technologies that complement the overall vision of improving translational research and transition ValiRx into an income generating and profitable company.

Efforts continue to out-licence our clinical assets VAL201 and VAL401 but, disappointingly, we have not yet concluded out-licencing deals. The Letter of Intent with TheoremRx for VAL201 continues to be exclusive at this time as we still expect their funding efforts will progress to a conclusion, albeit more slowly than anticipated.

The shift of the tCRO® strategy towards a build-and-buy strategy and the delays to TheoremRx funding necessitated a placing in 2022, which successfully raised £2.5m, including a broker option. These funds and the recent post-period raise of £1.3m now places ValiRx in a strong position to continue to build both our in-house pre-clinical development pipeline and the tCRO® throughout the next period.

As ever, we would like to thank all shareholders, both old and new, for your continued support as ValiRx navigates its transition towards a profitable future.

Kevin Cox
Chairman

Date: 1st June 2023



2022 was a key year for ValiRx in building the team for the next stage of growth within our strategy. Welcoming a new Board member and two new senior scientific executives within 2022, and post-period, three laboratory based scientists and commercial expert, enabled a sense of growth and development. Building a culture within the new team of pride in achieving excellent science, whether that science is within our in-house portfolio, within our university collaborative evaluations or for our service users; the culture of innovation, ideas and communication runs centrally.

The year was marked with extremes of highs and lows, with the delay to the finalisation of the sub-license of VAL201 to TheoremRx balanced against the high points of the launch of Cytolytix, initiation of the Barcelona Evaluation project and development of our tCRO® concept.

The Letter of Intent signed with TheoremRx was expected to convert to a full sub-license of VAL201 within the early part of 2022, subject only to TheoremRx completing their financing round. While we appreciate that 2022 has presented an unexpectedly more challenging financial market than anticipated, we feel acutely the frustration of this continued delay, but remain satisfied that if sufficiently financed, TheoremRx present a good partnership opportunity for the VAL201 project.

The launch of majority-owned Cytolytix to house the CLX001 project for the treatment of triple negative breast cancer was the highlight of 2022. After a 9 month evaluation period consisting of manufacturing assessment, in vitro and in vivo testing, the nano-formulated peptide licensed from Kings College, London, proved to be commercially and scientifically appropriate for further development.

As the first project to successfully graduate our evaluation process, CLX001 is our flagship example of how we work with academics to bring innovative science into industry.

This case study is helping to set the standard for further evaluations, collaborations and relationships from across the globe.

The second evaluation project to run to completion in 2022 was the peptide for the treatment of pancreatic and uterine cancers, licensed from Hokkaido University. After a 12 month period of evaluation, we requested an extension of the period after substantial manufacturing process challenges were resolved. This evaluation period is now expected to complete in June 2023.

A third parallel evaluation project was brought in during 2022 from Barcelona University, targeting the KRAS protein proposing to treat pancreatic and endometrial cancers, demonstrating the global distribution of our university outreach programme.

Further development of the translational Contract Research Organisation (tCRO®) strategy has seen an evolution from our initial buy-and-build strategy to a more steady build-and-buy proposal. The tCRO® build intends to create a unique service offering by combining our experience as a virtual biotech user of such services with our expertise in translating data into meaningful biological outcomes.

Built with commercial expectations in the foundations of the tCRO®, we believe our service offering will fill a niche area within the Women's Health and Oncology service market landscape to serve small and mid-sized biotechs in an industrially-focussed, high quality, data-driven manner.

Our build-and-buy approach has seen the Company lease lab facilities in a well established biotech incubator hub, MediCity (Nottingham, UK) and post-period, launch Inaphaea BioLabs Limited as our subsidiary tCRO®. Using this lab as our foundation, we can build upon this, with intent to acquire technologies and techniques to operate alongside as well as within these headquarters. The collaboration with Physiomics PLC, announced post-period, to use their mathematical modelling and analysis techniques in an integrated services offering ensures that Inaphaea is able to offer a key capability to complement our data generation, which we believe will be highly valued by our service users.



Outlook

2022 was a year to strengthen our strategic position, ensuring growth is maintained from the foundations laid over the past three years. Our renewed pre-clinical development strategy is proving successful with Cytolytix leading the way to demonstrate our capabilities and we look forward to seeing that progress into the first stages of pre-clinical development during 2023.

Our target is to identify four evaluation projects to enter the pipeline every year, and with our new CSO now available to help source these opportunities we anticipate this number being achieved for 2023, building from the three during 2021-2022.

The post-period launch of our tCRO, Inaphaea BioLabs Limited, provides the opportunity for ValiRx to generate revenue streams from the service side of the Company, with these expected to commence in 2023. We anticipate that as Inaphaea builds a reputation for delivering high quality, well thought-out, well conducted science, the potential for revenues will build over time.

Financial overview

Our financial results show the total comprehensive loss for the year ended 31 December 2022 of £2,366,488 (2021: £1,518,212) and a loss per share of 3.06p (2021: Loss - 2.34p).

Research and developments costs were £551,233 for the year ended 31 December 2022 as compared to £303,789 in 2021, an increase of £247,444. In addition, total wage costs of £254,050 (2021: £216,238) were expended on research and development during the year.

Administrative expenses were £1,502,355 (2021: £1,216,391) for the year ended 31 December 2022, an increase of £285,964.

Cash at the bank as at 31 December 2022 was £1,137,477 compared to £593,672 in 2021.

I would like to thank the staff and Board members for all their contributions and shareholders for their continued support. We look forward to implementing our evolving strategy while continuing to maintain our culture of openness and transparency to all stakeholders.

Dr S J Dilly
Director

Date: 1st June 2023



The Directors present the strategic report and financial statements for the year ended 31 December 2022.

Company information and highlights

ValiRx accelerates the development of treatments in cancer and women's health to improve patient lives.

We provide the scientific, financial and commercial framework to enable the rapid translation of innovative science into clinical development. With our extensive and proven experience in research and drug development, we select and incubate promising novel drug candidates and guide them through an optimised process of development, from pre-clinical studies to clinic and investor-ready assets.

Building on our experience in pre-clinical drug development, we have assessed options to create an integrated translational Contract Research Organisation (tCRO®) to offer connected innovation services to the wider pharmaceutical and biotech industry, as well as supporting in-house programmes.

Strategy and Vision

Our therapeutic focus prioritises cancer, related conditions and women's health. Our pipeline is enriched by robust partnerships with academia and industry, fuelled by our intellectual and financial resources. Our development process varies for each of our molecules and is specifically structured to minimise risk and maximise the chances of successful clinical development and approval for clinical trials

We identify, incubate and accelerate innovations that focus on the needs of those who matter most - patients. With a sense of urgency and determination, we select molecules with the highest potential to improve patient lives throughout treatment.

We are continuously working with our partners to think of new and innovative ways to focus on our therapeutic areas. In August 2022, we launched Cytolytix, as a majority-owned ValiRx subsidiary, which signed an IP license agreement with King's College London. This partnership has been established to progress the triple negative breast cancer project, CLX001, through pre-clinical development to a stage of readiness for clinical trials.

We develop treatments derived from diverse and disruptive innovations that have the potential to progress rapidly upstream and deliver value to all of our stakeholders. Our model and industry expertise enables us to accelerate the translation of promising new drug candidates to early clinical studies. Strategic partnering to co-develop and fund later-stage clinical trials, allows ValiRx to continue to build a risk-balanced pipeline of novel projects.



Business Structure

Previously operating as a virtual biotech company, ValiRx has assessed options to bring pre-clinical testing services in-house and invest in advanced data analysis and data implementation technologies, operating to optimally process our own pipeline and offering an integrated service to external parties to generate revenues.

In Q4 2022, ValiRx announced an intention to lease a UK-based laboratory facility to commence building the tCRO[®], with options highlighted to buy-in technologies or acquire companies to facilitate the differentiation of the tCRO[®] from industry standard CROs. Post period, wholly-owned ValiRx subsidiary, Inaphaea BioLabs Limited was launched. Headquartered in the ValiRx laboratory in MediCity (Nottingham, UK), Inaphaea is intended to provide the cornerstone facility from which to build the tCRO[®].

This laboratory, together with new testing services, serves as the foundation of a novel translational Contract Research Organisation (tCRO[®]), enabling our in-house pipeline growth to be supported through both the revenues generated and the expertise within the laboratory team.

We will continue to seek collaborations with academic innovators in oncology and women's health and build a risk-balanced pre-clinical pipeline for future out-licencing.

The Group retains the following divisional companies:

1. **ValiPharma:** a biopharmaceutical company which holds patents and licences for ValiRx in respect of the development of medicines to bring advanced therapeutic options for the treatment of cancer.
2. **ValiSeek:** a joint venture company with Tangent Reprofile Limited (a SEEK group company) holding the IP for VAL401.
3. **Cytolytix Limited:** a majority owned company holding the IP for CLX001.
4. **Inaphaea BioLabs Limited:** a wholly owned subsidiary incorporated on 13 January 2023 to operate the tCRO[®].

The Company listed on the Alternative Investment Market ("AIM") of the London Stock Exchange in October 2006.



THERAPEUTIC AREAS

Women's Health

Diseases associated with Women's Health are one of our key focus areas for in-house pre-clinical research. The discussions with Universities across the world, typically identify a wealth of opportunity in oncology, including female-centric oncology, such as the gynaecological cancers. However, there is a clear dearth of innovative research ready for translation in other areas of women's health.

The VAL301 project is a good example of a drug candidate for women's health. Initially developed as a subset of the VAL201 programme for the treatment of men with prostate cancer, the overlap in biological mechanisms, i.e. the prevention of hormone stimulated cell proliferation, also affords the potential for the peptide to be a candidate for the treatment of endometriosis. Endometriosis is not a cancerous condition, but is characterised by benign, inappropriate growth of hormone dependent tissue.

Candidates for the treatment of conditions such as endometriosis, along with Poly Cystic Ovary Syndrome (PCOS) and symptoms of menopause clearly all fall into our target area of women's health. Most drug candidates are optimised for dose levels, tolerability, pharmacokinetics and drug metabolism during early-stage clinical trials, initially in healthy volunteers for Phase 1 and then typically in carefully selected patients in Phase 2. The vast majority of patients recruited for these early-stage trials are either women who are post-menopausal or men unless there is a strong rationale explained to the regulators to include younger women (for example if the disease only occurs in young women) and a technique to avoid risk to an unborn child.

Although it is now widely acknowledged that pre-menopausal women can respond very differently to drugs in comparison to both men and post-menopausal women, drugs are still routinely clinically optimised for men. This results in a higher than necessary clinical risk during Phase 3 clinical trials, when the drug is provided and tested in a much broader range of patient volunteers, as the women now being included may display unexpected tolerability or lack of efficacy purely due to the gender-specific optimisation process.

Although the rationale for these restrictions was well founded, in particular in the light of the damage to unborn children of thalidomide, the technologies to better understand a drug candidate's potential for reproductive toxicological impacts, as well as better monitoring of women within early-stage clinical trials - including very early pregnancy detection methods - enables these restrictions to be reconsidered.

Within our category of research for Women's Health, we are considering drug candidates for treatment of conditions that can effect both men and women, but that either have a bias towards women (for example auto-immune conditions such as Lupus and Auto-immune Hepatitis) or have a recognised treatment that is optimised for men but remains sub-optimal for women (such as anti-coagulants where many persist for longer in women than in men, causing increased risk of side effects).

Endometriosis

Endometriosis is a gynaecological medical condition in which cells from the lining of the uterus (endometrium) appear and grow outside the uterine cavity. This growth fluctuates in a pattern alongside the menstrual cycle, under the influence of female hormones.

These misplaced endometrial-like cells are influenced by hormonal changes and respond in a way that is similar to the cells found inside the uterus; hence symptoms often worsen with the menstrual cycle.

The treatments chosen will depend on symptoms, age, and lifestyle plans, currently centring around pain relief and hormone suppression; the latter leading to potential infertility and bone weakening side effects.

VAL301 in endometriosis

VAL301 presents an opportunity to suppress hormone-driven cellular growth in the absence of outright hormone suppression. By interrupting only the hormone driven cell growth while sparing the other hormone activities, the infertility and related side effects are expected to be avoided.

Currently in the early stages of pre-clinical testing by ValiRx, this theoretical benefit will be investigated in future trials.



THERAPEUTIC AREAS

Cancer

ValiRx is focused on developing treatments for difficult-to-treat types of cancer that extend survival and improve patient experience. Traditional approaches, such as chemotherapy, extend patient survival but also bring high side effect burdens and complex combination treatment regimens.

Whilst individualised treatments and target therapies have improved outcomes for some types of cancer, many types of cancer have insufficient treatment options and rely on drugs that have remained unchanged for decades.

By targeting precise biological mechanisms, we aim to improve the patient experience in terms of both survival and quality of life.

Clinical Assets (to be out-licensed)

VAL201 in prostate cancer

VAL201 is a short peptide being studied for the treatment of prostate cancer. The peptide structure is inspired by the structure of the naturally occurring androgen receptor and is designed to intercept and prevent the binding of the androgen receptor to SRC kinase; an enzyme implicated in cancerous cell growth pathways. By preventing the androgen-mediated activation of SRC kinase, VAL201 can prevent cancerous cell proliferation (or growth) without interfering with other functions of the androgen receptor or SRC kinase. This precision method, mimicking a natural process, proposes a high specificity of cancer treatment, with a lower side effect profile.

VAL201 has completed a Phase 1/2 clinical trial in the UK, investigating the effects of different dose levels of the drug to establish the safety, tolerability and first indications of disease impact. VAL201 is the subject of a Letter of Intent to sub-license to TheoremRx Inc. This sub-license covers the use of the VAL201 peptide for all oncology usage and is expected to generate income of approximately \$2M USD over the first two years and up to \$61M USD plus royalties if the project is successfully launched for the treatment of prostate cancer. Further milestone payments are expected of over \$37M USD if VAL201 is used for additional oncology indications. Finalisation of the sub-license is subject to a successful fund raise by TheoremRx.

VAL401 in adenocarcinoma

VAL401 is the reformulation of the established anti-psychotic drug risperidone. Formulated into a lipid-filled capsule for oral, once daily administration, VAL401 enables an anti-cancer activity, via cancer cell metabolism enzyme, Hydroxysteroid-dehydrogenase type 10 (HSD10), not seen with conventional risperidone.

VAL401 has completed a pilot Phase 2 clinical trial, treating patients with end-stage non-small cell lung cancer. These patients demonstrated a statistically significant improvement in overall survival from diagnosis over case-matched control patients in the same clinics; and showed improvements in quality of life during treatment.

Identifying quality of life improvement in nausea, pain and appetite, has identified pancreatic adenocarcinoma to be a preferred disease to assess in the next clinical trial of VAL401.

VAL401 is currently undergoing a sustained out-licensing effort to identify a partner to complete the clinical development programme.

CLX001 in triple negative breast cancer

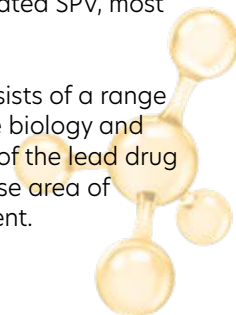
Triple negative breast cancer accounts for 15% of breast cancers. However, this type of cancer requires new research, as it is more aggressive, harder to treat and more likely to return.

CLX001 is a peptide in a nanoparticle formulation and is designed for precision destruction of cancer cells to avoid excessive side effects. CLX001 is at the pre-clinical trial stage in the drug development process. The investigation of the candidate peptide with a battery of in vitro and in vivo tests concluded that there was good evidence of biological activity and a strong rationale for further development.

Evaluation Strategy of Pre-clinical projects

Prior to in-licensing projects in full, ValiRx carries out a rigorous scientific and commercial evaluation programme on the project at its own expense. During the evaluation period (typically 6-12 months) ValiRx is able to assess whether the project is a good fit for the pre-clinical pipeline. If the evaluation is a success, a full license will be executed with the innovator and the asset will be incorporated into a dedicated SPV, most likely a ValiRx subsidiary.

The scientific assessment typically consists of a range of cell-based assays to understand the biology and demonstrate the mechanism of action of the lead drug candidate; and to determine the disease area of highest potential for further development.



THERAPEUTIC AREAS

BC201 in Covid-19

Coronavirus SARS-CoV2 is the causative pathogenic virus of Covid-19. This highly contagious virus causes Acute Respiratory Distress Syndrome (ARDS) in many patients, which can lead to hospitalisation and death.

The pandemic was declared in March 2020, and the world is now fully aware of the prevalence and serious nature of the virus.

Patients displaying ARDS can respond well to supportive treatment including administration of positive pressures of oxygen, however, despite this, a proportion still go on to experience more severe symptoms.

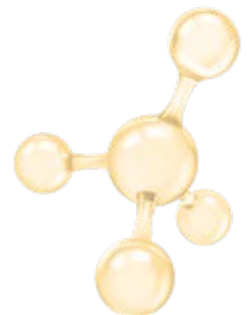
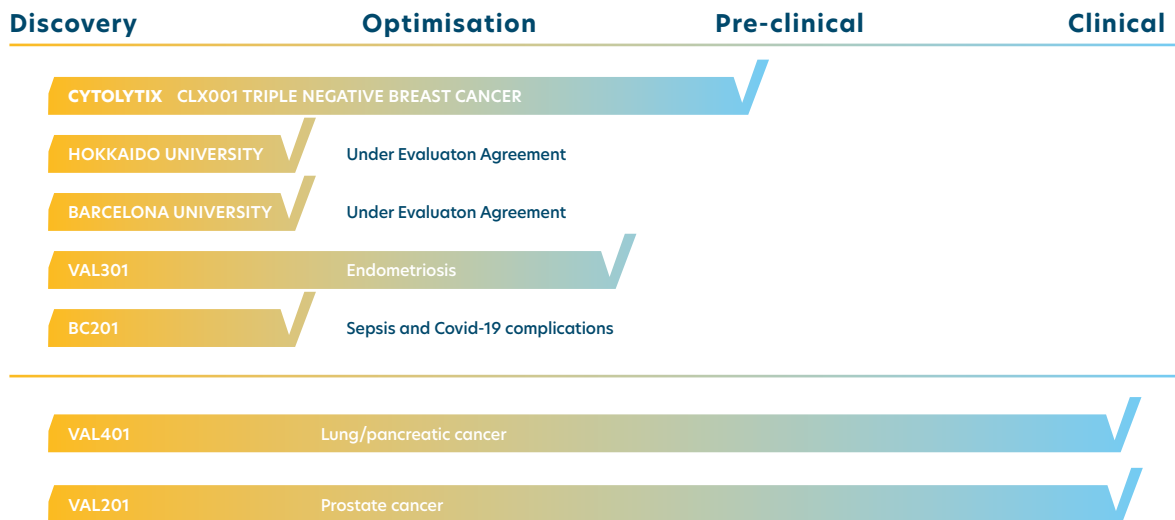
These symptoms are believed to be caused by the significant, multi-organ damage that can be caused by an excessive response of the immune system, even after the viral infection has reduced. This is known as a hyperimmune response.

BC201 is a combination of the peptide ingredient of VAL201/VAL301 with complementary active components to dampen this excessive immune response and consequently improve severe symptoms of Covid-19.

The theoretical action of the peptide is two-fold: by blocking the Androgen Receptor mediated activity of SRC Kinase, the peptide is postulated to down-regulate the expression of TMPRSS2 a transmembrane protein believed to be required for Coronavirus cell entry; and by directly dampening the immune response.

ESTABLISHING A TRANSLATIONAL RESEARCH ORGANISATION (tCRO®)

Current Pipeline

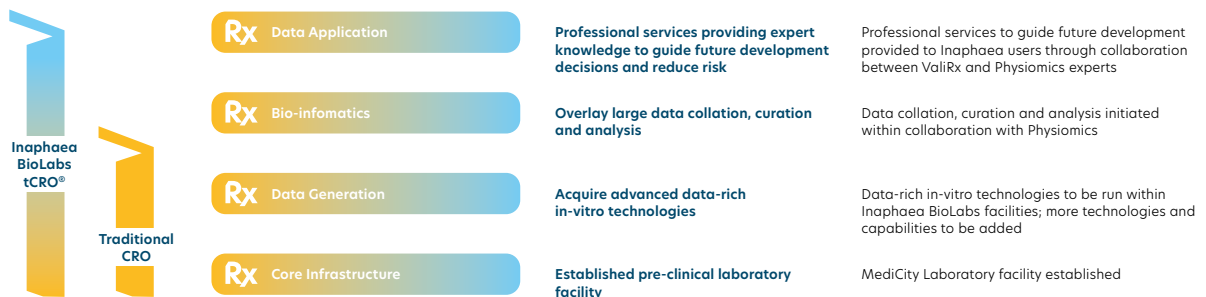




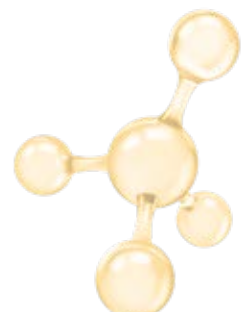
Previously operating as a virtual Biotech Company, ValiRx out-sourced all testing of current evaluation and pre-clinical projects to a wide range of external contract research organisations (CROs). The Company is of the view that this fragmented approach to early-stage drug development is non-optimal and is assessing options to acquire capabilities and infrastructure to create a more efficient and effective integrated translational drug development service.

Operating as a wholly owned subsidiary company, Inaphaea BioLabs Limited, the integrated services will be used for both in-house projects and offered to third parties, such as the increasing number of innovative biotechnology companies. The revenue generated from providing pre-clinical development services will support continued investment in advanced testing and analysis technology and support the progression of ValiRx in-house pipeline projects.

Strategy - a consolidation opportunity



Translational Drug Development



Management Team and Board Overview

ValiRx comprises a multi-disciplinary team of scientists, technologists and business leaders, committed to providing the framework required for successful drug development. Collaboration is the key to making this happen; each member of the ValiRx team plays a vital role in the strength and success of company programmes, which are focused on achieving the improved outcomes and quality of life for patients, in the most effective and efficient way.

Board



Dr Suzanne Dilly

Chief Executive Officer (Appointed June 2020)

Suzanne is an experienced entrepreneurial scientist. After commercialising her Chemical Biology post-doctoral research in the University of Warwick spin-out, a2sp Limited, Suzanne was awarded a prestigious Royal Society of Edinburgh Enterprise Fellowship, during which formal commercial and entrepreneurial training completed her transition from lab to boardroom.

Completing commercial transactions to progress projects through multiple companies, Suzanne has had executive and leadership roles in biotech companies since 2006.

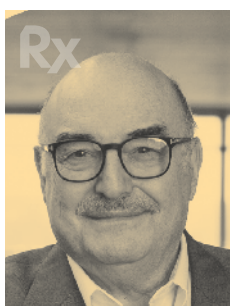


Dr Kevin Cox

Non-Executive Chairman (Appointed June 2020)

Kevin has over 25 years' experience in the life science industry. Serving as CEO of high growth biotechnology businesses, he has extensive experience in strategy, corporate development, M&A, financing and joint ventures. With a passion for improving translational science, Kevin has strong links to government, funding bodies and academia, and has contributed to a number of public sector advisory committees.

Kevin currently has non-executive roles with Biorelate Limited and the British Neuroscience Association.



Mr Gerry Desler

Chief Financial Officer and Company Secretary

Gerry is a chartered accountant, who qualified in 1968 with a City firm, before becoming a partner (1970) and Senior Partner (1985). During his time in the City, he has specialised in consultancy work, much of it involving funding and venture capital.

Gerry was previously the Finance Director of Premier Management Holdings plc, an AIM listed company and is on the board of a number of private companies. Gerry also held the position as Company Secretary at the AIM listed company Prospex Energy PLC.



Mr Martin Lampshire

Non-Executive Director (Appointed May 2020)

Martin started his career in Lloyds Bank's Commercial Services division in 1989 after completing the ACIB qualification. He has over thirty years' experience in Corporate Broking, assisting in a variety of equity raises including IPOs, secondary fundraisings, vendor and private placings across a variety of sectors.

He has also worked in a number of overseas financial centres including Hong Kong, Singapore, Kuala Lumpur and Dubai. Martin is currently an Executive Director of Global Resources Investment Trust Plc and a Non-Executive Director of Hamak Gold Ltd and Boston International Holdings Plc.



Management Team and Board Overview



Stella Panu
Non-Executive Director

With over 20 years' experience in corporate finance and investment management, Stella's expertise will support the ValiRx Board and senior management team to unlock investment potential and accelerate and manage business growth for the Company.

In her role, she will oversee ValiRx's M&A activity, advising on corporate structure and governance, risk management, and shareholders' rights.



Mr Mark Treharne
Corporate Development Manager

Mark began his career in the City in 2011 and has worked in Corporate Broking and Equity sales working for numerous different firms including Daniel Stewart, Northland Capital Partners and Pello Capital.

His role includes enhancing the reputation of the Company within the City and working closely with City firms to identify new therapeutic assets to incorporate into the ValiRx portfolio.



Mr Kumar Nawani
Head of Operations

Kumar has been working over 20 years in international trade, client & vendor management, business development, brand development, e-commerce, procurement, IT management & compliance roles with established public and private companies in the UK and previously in Hong Kong.

Kumar has been with the ValiRx Group since January 2008 as an active member of the ValiRx management team.



Dr Cathy Tralau-Stewart
Chief Scientific Officer

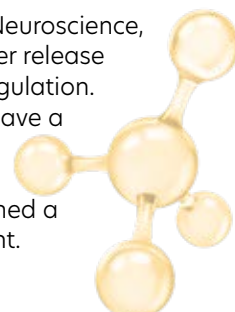
Cathy is an experienced therapeutics development scientist and pharmacologist. Working within some of the world's leading pharma and academic research establishments she has developed a broad knowledge of drug discovery and the translation of early research innovation into developable drug discovery programs.



Zai Ahmad
Pre-clinical Project Manager

Zai has over 25 years' experience in the life science industry. Originally in Neuroscience, looking at synaptic junctions associated with memory and neurotransmitter release and pathways associated with Parkinson's Disease and cardiovascular regulation. Zai moved to oncology as an opportunity to be closer to patients and to have a direct impact on patient survival.

Working at the Institute of Cancer Research (ICR) for 14 years, Zai established a specialism in xenograft and transgenic models for use in drug development.



Scientific Advisors

ValiRx retains the services of a core team of scientific advisors to provide expert opinions on all pipeline projects in a wide range of therapeutic areas. A Science Advisory Board (SAB) has been established, which meets quarterly to critically review all projects and identify future trends in biomedical research, in addition to holding meetings with individual members of the ValiRx team in between.

The core team of advisors is summarised below, additional consultancy from other individuals is obtained as required:

Dr Wilson Caparrós-Wanderley

(Independent Consultant)

Dr Wilson Caparrós-Wanderley is a pharmaceutical executive with 25 years' experience in biomedical R&D. He obtained a first degree from the University of Barcelona and a PhD from the University of London. Upon receiving his PhD in the 90's, he completed postdoctoral fellowships at King's College London and Imperial College before moving to industry. During this time, he worked on viral vaccines, gene therapy vectors, cancer treatments and immunomodulatory therapies.

In the mid 2000's Dr Caparrós-Wanderley was appointed Chief Scientific Officer of PepTcell Ltd (later the SEEK Group). During his 11-year tenure as CSO, he oversaw the expansion and progression of the company's intellectual property into viable vaccine, respiratory and oncology therapies. At the time of his leaving SEEK in 2015, the company had two pharmaceutical products in the market and several others in late stage of development. Dr Caparrós-Wanderley has authored multiple patents, scientific articles and book chapters and has been an invited speaker at conferences and WHO events.

He is currently acting as a consultant to the biopharmaceutical industry.

Dr Mark Eccleston

(OncoLytika Ltd)

Dr Mark Eccleston is an enthusiastic and passionate biotechnology entrepreneur with over 25 years experience in the sector, both in academia and industry. He holds a PhD in Polymer Chemistry and worked on a range of translational research projects focussed mainly on non-viral gene delivery.

Mark is the founder and Managing Director of OncoLytika Ltd, a technical consultancy company operating mainly in the biotechnology and pharmaceutical sector. OncoLytika has an excellent track record raising soft funding (UK and EU) for internal projects and client companies including internationally located private and public limited companies across the diagnostics and therapeutic sectors as well as academia.

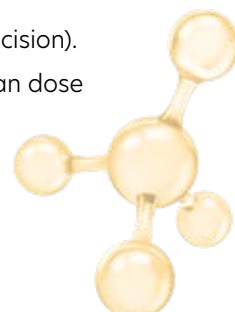
Dr Christophe Chassagnole

(Physiomics PLC)

Christophe is a Biochemist and Systems Biologist (Pathway modelling) by training. After completing his PhD, he held academic positions in metabolic engineering, before joining Physiomics in 2004. Where he is leading the science and overseeing customer projects. Physiomics provides consulting services in PK/PD and other mathematical modelling including to large pharmaceutical companies.

For ValiRx, Physiomics have performed two large projects, which have also included working with Mark Eccleston during his historic position at ValiRx:

- Systems biology project (apoptosis model) to validate potential GeneICE target t (Go/No Go decision).
- PK/PD modelling to support VAL201 development, initially pre-clinical modelling and first in man dose prediction, project has resumed with availability of clinical data.



Scientific Advisors

Professor Paul Taylor (University of Leeds)

(University of Leeds)

Professor Paul Taylor is part of the Chemical Biology & Medicinal Chemistry research group and a member of the Astbury Centre for Structural Molecular Biology at the University of Leeds. Paul is also a Pro-Dean in the Faculty of Engineering & Physical Sciences. He is an experienced leader in Higher Education where he seeks to build effective, collaborative teams to drive innovation.

Paul's research career is marked by transdisciplinary, collaborative projects and he has published widely with colleagues from Biological Sciences, Engineering, Medicine and Social Sciences as well as within his core discipline of Chemistry. Paul's current research interests include molecular evolution and cancer therapy, where he uses a combination of computational and experimental approaches.

Commercial Advisors

ValiRx has also formed a Commercial Advisory (CAB) which considers the strategic direction of the Company. This make up of this board is not fixed and additional members will be included as required. Current CAB members are:

Mr Jerry Randall (Venture Life Group)

Dr Mark Eccleston (OncoLytika Limited)



ValiRx maintains a strong communication process to standardise and improve shareholders' experience of communicating with the Company.

The Board recognises the importance of effective and timely communication with all stakeholders, including shareholders, investors, innovators and staff. The business and science of biomedical development can be complex and difficult to articulate in a clear and concise way through regulated channels. The Company understands and encourages the desire of shareholders to ask questions about scientific or corporate progress and is mindful of the need to ensure all shareholders have fair and equal access to information about the Company, as required by the AIM Rules and the Market Abuse Regulations.

During 2022, shareholders were consulted on their preferred method of communication, and expressed a preference for quarterly webinar-based Q&A sessions, replacing the previous written monthly Q&A publications. These quarterly events are scheduled to continue during 2023.

ValiRx also maintains a current list of Frequently asked Questions (FAQs) on the Company website.

A link to the latest FAQs can be found here: <https://www.valirx.com/shareholder-communications>.



SECTION 172(1) STATEMENT

Each Director is required by the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so are required to have regard for the following:

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

In 2018, the Company adopted the Corporate Governance Code for Small and Mid-Sized Quoted Companies from The Quoted Companies Alliance (the "QCA Code"). The QCA Code is an appropriate code of conduct for the Company's size and stage of development. In the Corporate Governance Report, on page 24 are comments regarding the application of the ten principles of the QCA Code. Some s.172 considerations are addressed in more detail in the Corporate Governance Report.

The Board considers the Company's major stakeholders to include employees, suppliers, partners and shareholders. When making decisions, the interest of each stakeholder group individually and collectively is considered. Certain decisions require more weight attached to some stakeholders than others and while generally seeing the long-term interest of the shareholders is of primary importance, the Directors consider those interests are best served by having regard to the interests of the other key stakeholder groups and, in fact, to all the s. 172 considerations.

Long-term value

The aim of all business resources allocation is to create long-term value through the management of a balanced but dynamic portfolio of pre-clinical projects for development towards clinical readiness and partnering.

The Chief Executive's Report on page 6 describes the Company's activities, strategy and future prospects. Some s. 172 considerations are also addressed in the Chief Executive's Report, including the considerations for long term strategic development.

Our people

It is imperative that the core team has the right breadth of experience to manage all facets of early drug development, including scientific, commercial and operational considerations. The Company has and will continue to ensure appropriate training and engagement of employees to ensure successful delivery of the strategy. Effective project management processes will be employed so that all employees are clearly aware of the role they play in achieving the business objectives. As the number of employees grows, potentially through acquisition, the Company will ensure that relevant processes and procedures will be extended for the benefit of all staff.



Business relationships

As ValiRx evolves from a wholly virtual drug developer to an integrated translational CRO, it is essential the Company continues to maintain good relationships with its suppliers by taking a collaborative approach and abiding by commercially acceptable business terms that benefit all parties.

Community and environment

At present, the Group's impact on the community and the environment is modest but the Board endeavours to ensure that the business and suppliers act in an ethically and in an environmentally conscious manner. The Board intends to continue to minimise unnecessary travel and use online meetings when possible.

The Group is also committed to the 3R's principles in all its pre-clinical studies.

Business conduct

The Board recognises its responsibility for setting and maintaining a high standard of behaviour and business conduct. The Company operates within the QCA Code framework and complies with all relevant regulatory requirements for developing new treatments for human use. The Company maintains a suite of standard operating procedures (SOPs) that describe the management system. All employees are trained regularly on these procedures. All material information is disseminated through appropriate channels and is available to all stakeholders through the Company's corporate presentations, news releases and website, www.ValiRx.com. This is described in more detail in the Corporate Governance Report Principle 8.

Shareholders

The Directors are committed to treating all shareholders equally. As part of its decision-making process, the Board considers the interests of shareholders as a whole. All shareholders are provided with equivalent information through RNS announcements, and the ValiRx website. The Company has also introduced a quarterly Q&A process with shareholders to help improve clarity of business activities in a timely manner. For more information see Principles 2 and 3 in the Corporate Governance Report.

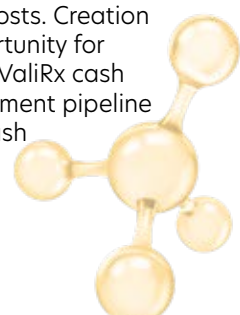




PRINCIPAL RISKS AND UNCERTAINTIES

ValiRx is a biopharmaceutical development group and, in common with other companies operating in this field, is subject to a number of risks and uncertainties. The principal risks and uncertainties identified by ValiRx for the year ended 31 December 2022 are below.

Risk Area	Description	Mitigation
Research and development	The Group has embarked on a new R&D strategy to develop pre-clinical assets and may not be successful in building a balanced pipeline of product candidates for subsequent out-licencing.	High levels of business development activity to identify a range of promising candidates. Rigorous assessment and selection processes for any candidate entering the development pipeline. Effective project management processes and stage-gates to review suitability for further development and eventual out-licencing. The Group utilises a range of external scientific, regulatory and clinical experts to help guide its development programmes. The progress of the development programmes and identification of commercial partners for clinical development represents the best indicator of performance.
Creating the tCRO®	The Group's strategy has recently evolved to include the creation of a tCRO® with high growth potential to generate income and (in-part) provide financial support to progress the internal pre-clinical development pipeline.	The Group recognises the specific risks associated with creating the tCRO®, which include: <ul style="list-style-type: none"> - Failure to achieve the desired growth rates - Longer than expected time scales to generate income and cover the cost of the internal development pipeline - An inability to raise funds to acquire relevant companies and technologies - A lack of suitable acquisition candidates - Ineffective integration of acquired companies
Commercial (current clinical programmes)	Failure to complete out-licencing of current clinical projects on acceptable commercial terms. The strategic shift towards projects at an earlier stage means that ValiRx will no longer lead and fund clinical studies. VAL201 and VAL401 will require out-licencing partners for continued development.	The Group is vigorously pursuing all business development avenues to identify out-licencing options.
Cash flow	The cash required to continue development of the pre-clinical pipeline is greater than can be generated from the tCRO®.	It is expected that out-licencing of VAL201 and VAL401 will provide additional reserves to support the new strategy. The Group will maintain an efficient overhead structure to minimise non-productive costs. Creation of the TRO provides an opportunity for service revenues to enter the ValiRx cash flow. The pre-clinical development pipeline will be balanced to ensure cash demands are commensurate with that generated from the tCRO®.





Risk Area	Description	Mitigation
Regulatory	The Group's operations are subject to laws, regulatory approvals and certain governmental directives, recommendations and guidelines relating to, amongst other things, product health claims, occupational safety, laboratory practice, the use and handling of hazardous materials, prevention of illness and injury, environmental protection and human clinical studies. There can be no assurance that future legislation will not impose further government regulation, which may adversely affect the business or financial condition of the Group.	The Group manages its regulatory risk by working closely with its expert regulatory advisors and, where appropriate, seeking advice from bodies on regulatory risk relevant to the Group's programmes and activities.
Intellectual property	The Group's success depends on its ability to obtain and maintain protection for its intellectual and proprietary information. Patent applications may not be granted, and existing patent rights may be successfully challenged and revoked.	The Group invests in maintaining and protecting its intellectual property to reduce risks over the enforceability and validity of patents. The Group works closely with its legal advisors and obtains where necessary opinions on the intellectual property landscape relevant to all programmes and activities.
Operational	<p>The Group's development and future prospects depend to a significant degree on the experience, performance and continued service of its senior management team, including the Directors.</p> <p>The unplanned loss of the services of any of the Directors or other members of the senior management team and the costs of recruiting replacements may have a material adverse effect on the Group and its commercial and financial performance.</p>	The Group has invested in its management team at all levels. The Directors also believe that the senior management team is appropriately structured for the Group's size and is not overly dependent upon any particular individual. The Group has entered into contractual arrangements with these individuals with the aim of retaining their ongoing commitment.
Environmental matters	The Board is committed to minimising the Group's impact on the environment and ensuring compliance with environmental legislation. The Board considers that its activities have a low environmental impact. The Group strives to ensure that all emissions including the disposal of gaseous, liquid and solid waste products are controlled in accordance with applicable legislation and regulations. Disposal of hazardous waste is handled by specialist agencies.	The Group recognises its responsibility towards the environment and in the way it conducts its business. It works closely with all its expert scientific advisors to ensure its compliance with environmental legislation and to ensure that all emissions including the disposal of gaseous, liquid and solid waste products are controlled in accordance with applicable legislation and regulations.

ON BEHALF OF THE BOARD:

G Desler
Director, Chair Audit and Risk Committee
Date: 1st June 2023



GOVERNANCE



CONNECTED
INNOVATION

The Board recognises that good corporate governance is essential to building a successful business that is sustainable for the long term.

The Corporate Governance Statement that follows, explains how our governance framework works and how the Company has applied the 10 principles of the QCA Code this year.

Corporate Governance Statement

The Board has adopted the Quoted Companies Alliance Corporate Governance Code (QCA Code). The Board believes that this Code provides an appropriate and suitable governance framework for a Group of our size and complexity.

We believe the Company is in full compliance with each of the 10 principles of the Quoted Companies Alliance Corporate Governance Code (QCA Code) and that our governance framework ensures that the Company operates effectively and with integrity. In 2022, the Company continued a number of organisational and strategic changes that re-defined our purpose, values and culture. All changes were implemented in full compliance with the principles of the QCA Code.

This Corporate Governance Statement addresses how the Group complies with each of the 10 principles of the QCA Code.

Principle

How the Company complies

1. Establish a strategy and business model which promote long-term value for shareholders

ValiRx is a biopharmaceutical company focused on developing novel medicines to bring more advanced therapeutic options for the treatment of cancer and improve patient experience.

For many years the Company has conducted research on a pipeline of early stage therapeutic candidates, that may prove in clinical trials to treat, among other conditions, cancer safely and more effectively than currently used chemotherapeutics, which act indiscriminately, attacking the whole body and causing irreparable damage to normal cellular processes.

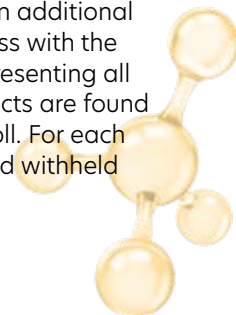
ValiRx has lead drug candidates at varying stages of development for multiple indications. The Company's business model focuses on out-licensing therapeutic candidates early in the development process. By aiming for early-stage value creation, the Company reduces costs considerably while increasing the potential for realising value.

2. Seek to understand and meet shareholder needs and expectations

The Board is accountable to shareholders and other stakeholders and is ultimately responsible for the implementation of sound corporate governance practices throughout the group. Our Board of Directors is committed to ensuring that the Group adheres to high standards of corporate governance in the conduct of its business.

The Board attaches considerable importance to providing shareholders with clear and transparent information on the Group's activities, strategy, and financial position. Details of all shareholder communications are provided on the Group's website - **www.valirx.com**.

Private shareholders currently constitute the main body of investors in ValiRx. As such, the Board regards regular and interactive meetings as a good opportunity for shareholders to seek clarity on the Company's activities. Virtual Q&A sessions are now held on a regular basis. The annual general meeting provides an additional opportunity for shareholders to meet and discuss the Group's business with the Directors. Announcements on the Group's half and full-year results presenting all shareholders with an assessment of the Group's position and prospects are found on the website. Shareholders vote on each resolution, by way of a poll. For each resolution we announce the number of votes received for, against and withheld and subsequently publish them on our website.



Principle

How the Company complies

2. Seek to understand and meet shareholder needs and expectations (Cont.)

The Directors actively seek to build a mutual understanding of objectives with institutional shareholders. The Chair and CEO make presentations to institutional shareholders and analysts at regular intervals throughout the year. We communicate with institutional investors frequently through a combination of formal meetings, roadshows and informal briefings with management.

The majority of meetings with shareholders and potential investors are arranged by the Company's broker. Following meetings, the broker provides feedback to the Board from all fund managers met, from which sentiments, expectations and intentions may be gleaned.

In addition, we review analysts' notes to achieve a wide understanding of investors' views.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises its prime responsibility under UK corporate law is to promote the success of the Company for the benefit of its members as a whole. The Board also understands that it has a responsibility towards employees, partners, customers, suppliers, and the patients who ultimately benefit from its research and drug development programmes. Our corporate social responsibility approach continues to meet these expectations. The Board also understands that it has a responsibility to take into account, where practicable, the social, environmental and economic impact of its approach.

Responsibility for the Company's corporate activities lies with the Senior Management Team ('SMT') who set the Group's strategic approach and develop key policies. The Company engages with stakeholders through a number of channels, which include shareholder communications via the Regulatory News service ('RNS'), the Company's website and its Annual Report & Accounts, results presentations and the Annual General Meeting and via interviews in the broadcast media and attendance at investor shows around the country.

Corporate communication and shareholder engagement through these channels not only gives shareholders a deeper insight into and understanding of the Company's activities and of its development, but it also invites feedback, either face-to-face at such meetings or via email, on how the Company can improve its communications with stakeholders to better support their needs. By so doing, such engagement enables the SMT to more effectively work with stakeholders in the future to their mutual advantage. The Board receives formal feedback from the SMT on a quarterly basis on the nature of interaction with the stakeholders they meet during each period.

The SMT comprises of the Chief Executive Officer and the Chief Financial Officer who take leading roles in key strategic areas such as Gender, HR, and Environmental Management. The SMT is also responsible for ensuring global compliance with key internal and external policies including:

- Anti-human trafficking and slavery policy
- Diversity policy
- Anti-corruption and bribery policy
- Whistleblowing policy
- UK modern slavery act



Principle

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

How the Company complies

An important aspect of risk management is to put in place and consistently work according to unambiguous Standard Operating Procedures (SOPs). A SOP is a compulsory instruction to carry out a series of operations correctly and always in the same manner, avoiding deviations or non-conformances to ensure that the integrity of scientific investigations and drug manufacture are consistently maintained.

ValiRx operates an internal Quality Management System (QMS) comprising 14 SOPs to comply with the most stringent quality standards expected of a drug development company. Furthermore, the Company regularly audits its suppliers to ensure the manufacturing process, quality process, and also the drug's shipment process all conform to the standard required.

5. Maintain the board as a well-functioning, balanced team led by the chair

Board Composition

The Board currently consists of two Executive Directors, a Non-Executive Chairman, and two Non-Executive Directors. Collectively the Board has scientific, financial, legal, and business experience necessary to advance the Company and apply corporate governance best practices.

The Board is satisfied with its composition and the balance between Executive and Non-Executive Directors. These are:

Dr Kevin Cox (Independent Non-Executive Chairman)

Dr Suzanne Dilly (Chief Executive Officer)

Gerry Desler (Executive Chief Financial Officer)

Martin Lampshire (Independent Non-Executive Director)

Stella Panu (Independent Non-Executive Director)

Role of the CEO

- Leads and manages the day-to-day running of the Group's business in accordance with the business plans and within the budgets approved by the Board;
- Leads the management to ensure effective working relationships with the Board by meeting or communicating on a regular basis to review key developments, issues, opportunities and concerns;
- Develops and proposes the Group's strategies and policies for the Board's consideration;
- Implements, with the support of the management team, the strategies and policies as approved by the Board and its committees in pursuit of the Group's objectives;
- Maintains regular dialogue with the Chairman on important and strategic issues facing the Group, and ensures bringing these issues to the Board's attention;
- Ensures that the management gives appropriate priority to providing reports to the Board which contain relevant, accurate, timely and clear information necessary for the Board to fulfil its duties;
- Ensures that the Board is alerted to forthcoming complex, contentious or sensitive issues affecting the Group;
- Leads the communication programme with stakeholders including shareholders;
- Conducts the affairs of the Group in accordance with the practices and procedures adopted by the Board and promotes the highest standards of integrity, probity and corporate governance within the Group.



5. Maintain the board as a well-functioning, balanced team led by the chair (Cont.)

How the Company complies

Role of the Non-Executive Directors

As members of the Board, all Non-Executive directors have key accountabilities, which include the following:

- Provision of leadership of the Company within a framework of prudent and effective controls, which enable risk to be assessed and managed;
- Setting the Company's strategic aims, ensure that the necessary financial and human resources are in place for the Company to meet its objectives, and review management performance;
- Setting the Company's values and standards and ensure that its obligations to shareholders are understood and met;
- Constructively challenge and help develop strategy, participate actively in the decision-making process of the Board, and scrutinise the performance of management in meeting agreed goals and objectives

Independence

As recommended in the UK Corporate Governance Code, the Board will identify in the annual report each Non-Executive Director it considers to be independent. The Board will determine whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. The Board will state its reasons if it determines that a Director is independent notwithstanding the existence of relationships or circumstances which are relevant to its determination, including if the Director:

- Has been an employee of the Company or group within the last five years;
- Has, or has had within the last three years, a material business relationship with the Company either directly, or as a Director or senior employee of a body that has such a relationship with the Company;
- Has received or receives additional remuneration from the Company apart from a Director's fee;
- Has close family ties with any of the Company's advisers, directors or senior employees;
- Holds cross-directorships or has significant links with other directors through involvement in other companies or bodies; or
- Has served on the Board for more than nine years from the date of their first election.

Role of the Board Committees

The Board has established three committees: remuneration, audit and risk and nomination and governance. All of these committees have terms of reference, which set out clearly their role, stating whether it is to take decisions or make recommendations to the Board of Directors. These are available on the Company's website (See below).

Biographical details of the Directors & Management can be found on the Company's website at <https://www.valirx.com/board-directors-and-management-team>





Principle

How the Company complies

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

ValiRx seeks to recruit the best candidates at Board level and considers candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board (including gender), taking care that appointees have the necessary experience and time available to allocate to the position. Each Director appointed by the Board is subject to election by the shareholders at the first AGM after their appointment. Following advice from the Nomination and Governance Committee, the Board has concluded that each Director is qualified for election or re-election.

The current Board members are individuals with extensive industry-specific experience as well as professionals that bring to the Board the skill sets required to meet its strategic, operational and compliance objectives. Their suitability as Directors has therefore been determined largely on the basis of their ability to deliver outcomes in accordance with the Company's short and longer-term objectives and thus add value to shareholders.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

ValiRx considers that assessments of the performance of the Board, the Board committees, the Chief Executive, the Company Secretary and each of the individual Non-Executive Directors are pivotal to good corporate governance, bringing significant benefits and performance improvements on three levels: organisational; board and individual member level. Establishing an effective process for board evaluation sends a positive signal to the organisation that board members are committed to acting professionally.

Performance assessments are conducted annually across the board, applying a matrix of key areas of focus to identify collective and individual strengths and weaknesses within the Company for continuous improvement.



7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement (Cont.)

How the Company complies

Board Composition

- Appropriate ratio between Executive and Independent Directors;
- Awareness of social, professional and legal responsibilities at individual, company and community level; ability to identify independence conflicts; applies sound professional judgement; identifies when external counsel should be sought; up holds Board confidentiality; respectful in every situation.
- Effective in working within defined corporate communications policies; makes constructive and precise contribution to the Board both verbally and in written form;
- Negotiation skills to engender stakeholder support for implementing Board decisions; and
- Experienced with the mechanisms, controls and channels to deliver effective governance and manage risks.

Effectiveness of the Board of Directors in:

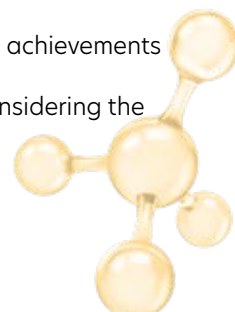
- Monitoring financial performance against agreed financial objectives;
- Monitoring the implementation of the strategy approved by the Board;
- Appointing, removing and monitoring the performance of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Company Secretary;
- Ensuring appropriate succession planning for Board members and senior management via the Nomination and Governance Committee;
- Approving and monitoring financial and other reporting;
- Approving and monitoring major capital expenditure, capital management, funding, acquisitions and divestments;
- Overseeing risk management, control, accountability and compliance systems;
- Setting standards of behaviour to enhance the reputation of the Company in the market and the community;
- Ensuring proper organisation and management so as to achieve conformity goals across all aspects of the business;
- Setting appropriate delegated powers between CEO and Board of Directors;
- Ensuring quality and continuity of relations with the Group CEO, members of Committees, managers and heads of control functions; and
- Setting clear strategy for the Company reflecting goals short to mid-long term.

Effectiveness of Executive Management in:

- Implementing the strategic objectives set by the Board;
- Operating within the risk parameters set by the Board;
- Operational and business management of the Company;
- Managing the Company's reputation and operating performance in accordance parameters set by the Board;
- The day-to-day running of the Company;
- Providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities;
- Interfacing with shareholders and stakeholders, Nomad and Broker; and
- Approving capital expenditure (except acquisitions) within delegated authority levels.

Structure and competency of Committees to:

- Advise the Board on the suitability of external auditors and critical accounting policies for financial reports, in particular YE audited accounts, and the Company's risk management and internal control systems;
- Provide independent and transparent pay arrangements linked to achievements over a given period; and
- Lead the Board appointment and succession planning process considering the requirements of the Company.



Principle

How the Company complies

8. Promote a corporate culture that is based on ethical values and behaviours

The Board understands the importance of setting the right culture for a biotechnology oncology-focused company specialising in developing novel treatments for cancer that will provide a breakthrough into human health and wellbeing through the early detection of cancer and its therapeutic intervention. Moreover, it ensures that the Company's strategies and requirements for excellence and good governance are instilled into the culture of our business. The Executive Directors interface regularly with all personnel within ValiRx. In this way we encourage them to take responsibility for advancing their projects within parameters and controls set by the Board. This approach creates a culture that motivates and enables our personnel to develop and express their talents and skills. Moreover, in the performance of its duties the Board listens to the views of key stakeholders, including scientists, clinicians, regulators and suppliers and is mindful of the potential impacts of decisions it makes.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board of Directors, with the support of the Executive Management and Committees, is ultimately responsible for establishing and maintaining good standards of governance. This can be achieved by creating conditions that enhance overall Board's and individual Directors' effectiveness in order that all key issues are addressed, and sound decisions are taken in a timely manner.

Other responsibilities of the Board of Directors include:

- Promoting effective relationships and open communication, and creating an environment that allows constructive debates and challenges, both inside and outside the boardroom, between Non-Executive Director(s) and the management;
- Ensuring that the Board as a whole plays a full and constructive part in the development and determination of the Group's strategies and policies, and that Board decisions taken are in the Group's best interests and fairly reflect Board's consensus;
- Setting, in consultation with the Chief Executive and Company Secretary, the Board meeting schedule and agenda to take full account of the important issues facing the Group and the concerns of all Directors, and ensures that adequate time is available for thorough discussion of critical and strategic issues;
- Ensuring that the strategies and policies agreed by the Board are effectively implemented by the Chief Executive and the management; and
- Ensuring that there is effective communication with shareholders, and that each Director develops and maintains an understanding of the stakeholders' views.

The Board recognises the importance of sound corporate governance. The Board is satisfied with its composition. The Non-Executive Directors bring a wide range of skills and experience to the Company, as well as independent judgment on strategy, risk and performance. The independence of each Non-Executive Director is assessed at least annually, and both are considered to be independent at the date of this report.

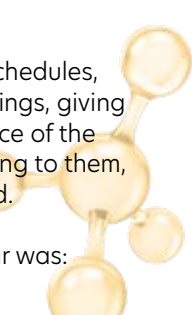
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Attendance at Board meetings

A minimum of ten (10) Board meetings are held each year at which it is expected that all Directors attend in addition to relevant Committee meetings, General Meetings and the Annual General Meeting.

Where Directors are unable to attend meetings due to conflicts in their schedules, they will receive the papers scheduled for discussion in the relevant meetings, giving them the opportunity to relay any comments to board members in advance of the meeting. Directors are required to leave the meeting where matters relating to them, or which may constitute a conflict of interest to them, are being discussed.

The number of Board Meetings attended by each Director during the year was:



10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders (Cont.)

How the Company complies

Director	Number of meetings held whilst a board member	Number of meetings attended
Kevin Alexander (re-signed 30/06/22)	6	6
Gerry Desler	12	12
Martin Lampshire	12	12
Dr Suzy Dilly	12	12
Dr Kevin Cox	12	12
Stella PanU (appointed 11/10/22)	3	3

Matters reserved for the Board

- Approval of the Group vision, values and overall governance framework;
- Approval of the Company's Annual Report and Accounts and Half Yearly Financial Statements;
- Approval of Group financial policy;
- Approval to enter into discussions with Biotech companies reference potential joint-partnering projects or licensing of Company's pre-clinical and clinical assets;
- Approval of the Company's long-term finance plan and annual capital budget;
- Approval of any significant change in Group accounting policies or practices;
- Approval of all circulars, listing particulars, resolutions and corresponding documentation sent to shareholders;
- Establishing committees of the Board, approving their terms of reference (including membership and financial authority), reviewing their activities and, where appropriate, ratifying their decisions;
- Approval of this schedule of Matters Reserved to the Board.

The Board is responsible to the Company's shareholders with its main objective to increase the value of assets and long-term sustainability of the Company. The Board reviews business opportunities and determines the risks and control framework. It also makes decisions on budgets, Group strategy and major capital expenditure. The day-to-day management of the business is delegated to the Executive Directors. The Board meets monthly with agendas, Committee papers and other appropriate information distributed prior to each meeting to allow the Board to meet its duties. Effective procedures are in place to deal with conflicts of interest. The Board knows other interests and commitments of Directors and any changes to their commitments are reported.

In addition to the Executive Committee, the Board has established a Remuneration Committee, an Audit and Risk Committee, and a Nomination and Governance Committee, which also report into ValiRx's Board.

The Executive Committee is in charge of the daily management of the Group and is mandated to prepare and plan the overall policies and strategies of the Company for approval by the Board. It may approve intra-group transactions, provided that they are consistent with the consolidated annual budget of the Company, as well as specific transactions with third parties provided that the cost per transaction is within specified spending limits. It informs the Board at its next meeting on each such transaction.

Prior to the beginning of each fiscal year, the Executive Committee submits to the Board those measures that it deems necessary to be taken in order to meet the objectives of the Company and a consolidated budget for approval. This committee comprises:



10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders (Cont.)

How the Company complies

Dr Suzy Dilly (Chief Executive Officer)
Gerry Desler (Executive Chief Financial Officer)

The Audit and Risk Committee meets at least twice per annum and is responsible for assisting the Board in carrying out its oversight responsibilities in relation to corporate policies, risk management, internal control, internal and external audit and financial and regulatory reporting practices. The Committee has an oversight function, providing a link between the external auditors and the Board; it also determines the terms of engagement of the Company's auditors. The current members of the Audit and Risk Committee are:

Gerry Desler (Executive Chief Financial Officer)
Dr Suzy Dilly (Chief Executive Officer)

The Remuneration Committee meets at least twice per annum to determine and agree with the Board the framework or broad policy for the remuneration of executive directors of the Company and advises on the overall remuneration policies applied throughout the Company. The objective of this committee is to attract, retain and motivate executives capable of delivering the Company's objectives. Agreed personal objectives and targets including financial and non-financial metrics are set each year for the executive directors and other per-sonnel and performance measured against these metrics. The committee is made up of Non-Executive Director(s), namely:

Dr Kevin Cox (Non-Executive Chairman)
Martin Lampshire (Non-Executive Director)
Stella Panu (Non-Executive Director)

The Chief Executive Officer is consulted on remuneration packages and policy but does not attend discussions regarding her own package. The Board determines the remuneration and terms and conditions of the appointment of Non-Executive Directors.

The **Nomination Committee** is a sub-committee of the whole Board responsible for the selection and proposal to the Board of suitable candidates for appointment as Executive and Non-Executive Director(s). The Committee may engage external search consultants to identify candidates for Board vacancies before recommending a preferred candidate to the Board for consideration. The Committee comprises:

Dr Kevin Cox (Non-Executive Chairman)
Gerry Desler (Executive Chief Financial Officer)



The Directors present their report and financial statements for the year ended 31 December 2022.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022.

RESEARCH AND DEVELOPMENT

The Group will continue its policy of investment in research and development. In accordance with International Financial Reporting Standards (IFRS), during the year the Group expensed to the income statement £551,233 (2022: £303,789) on research and development. Further details on the Group's research and development are included in the Chief Executive's Report on page 6.

FUTURE DEVELOPMENTS

Details of future developments can be found in the Strategic Report on pages 7 to 22.

DIRECTORS

The Directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

K J Alexander (resigned 30 June 2022)
G Desler
M Lampshire
Dr S J Dilly
Dr K Cox
S PanU (appointed 11 October 2022)

DIRECTORS SHAREHOLDINGS

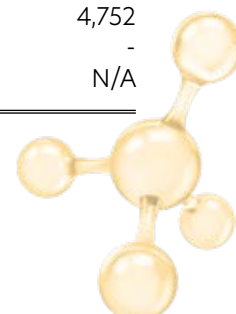
The Directors of the Company held the following beneficial interests in the ordinary shares of the Company at the balance sheet date:

	2022	2021
	No. of shares	No. of shares
K J Alexander (resigned 30 June 2022)	N/A	250,833
G Desler	128,668	103,668
M Lampshire	144,000	44,000
Dr S Dilly	416,668	316,668
Dr K Cox	372,333	272,333
S PanU (appointed 11 October 2022)	-	N/A

DIRECTORS' SHARE OPTIONS

The Directors of the Company held share options granted under the Company share option scheme, as indicated below. No share options were exercised during the year. Full details of the share options held are disclosed in note 25 to the financial statements.

	2022	2021
	No. of shares	No. of shares
K J Alexander (resigned 30 June 2022)	N/A	23,950
G Desler	223,950	23,950
M Lampshire	150,000	-
Dr S Dilly	604,752	4,752
Dr K Cox	500,000	-
S PanU (appointed 11 October 2022)	150,000	N/A



COMPANY SHARE PRICE

The market value of the Company's shares at 31 December 2022 was 14.00p and the high and low share prices during the period were 38.00p and 10.15p respectively.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Note 26 to the financial statements gives details of the Group's objectives and policies for risk management of financial instruments.

SIGNIFICANT SHAREHOLDERS

As at 1st June 2023, so far as the Directors are aware, the following shareholders held more than 3% of the Company's issued share capital:

	Number of shares	% of issued share capital held
Monecor (London) Limited	4,466,969	4.37%
Adam Hargreaves	7,749,163	7.57%

DIRECTORS' INSURANCE

The Directors and Officers of the Company are insured against any claims against them for any wrongful act in their capacity as a Director, officer or employee of the Group, subject to the terms and conditions of the policy.

CREDITOR PAYMENT POLICY

The Company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the Company's contractual and other legal obligations.

On average, trade creditors at the year-end represented 30 days' purchases.

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 each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

AUDITORS

The auditors, Adler Shine LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

G Desler

Director, Chair Audit and Risk Committee

Date: 1st June 2023



The Directors are responsible for preparing the Strategic Report, Directors' Report, Corporate Governance Statement and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with UK adopted International Accounting Standards ("IAS") in conformity with the requirements of the Companies Act and have elected under company law to prepare the Parent Company financial statements in accordance with UK adopted International Accounting Standards ("IAS") in conformity with the requirements of the Companies Act 2006.

The Group financial statements are required by law and UK adopted IAS to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 Group and Parent Company and of the profit or loss of the Group for that period. In preparing each of the Group and Parent Company financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act, subject to any material departures disclosed and explained in the financial statements;
- for the Parent Company financial statements, state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act, subject to any material departure disclosed and explained in the Parent Company financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business; and
- prepare the financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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

Website publication

The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein. The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.



Opinion

We have audited the financial statements of ValiRx Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statements of Changes in Equity and the related notes, 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, as applied in accordance with section 408 of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group's financial statements have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with section 408 of the Companies Act; 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 group 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.

Conclusions relating to going concern

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 Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Review of managements cashflow forecast and challenging assumptions used in forecasts;
- Review of the cash held by the Group, including a review of post year funds raised through the issue of new shares, and assessing whether this will be sufficient to support the expected level of activities;
- Considering whether material uncertainties existed that could cast significant doubt on the Group's ability to continue as a going concern for at least 12 months after the date of approval of the financial statements;
- Considering the appropriateness of the model used to prepare forecasts; and
- Assessing the disclosures made within the financial statements.

Based on our assessment, we concluded that the assumptions used by management were reasonable overall and the disclosures made within the financial statements were appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified were:



Impairment of goodwill and intangibles

Area of focus

The Group has goodwill of £1.60 million and intangible assets of £0.89 million.

IAS 36 requires at least annual impairment assessments in relation to goodwill, indefinite-lived intangible assets and intangible assets that are not yet ready for use, with more regular assessment should an impairment trigger be identified.

The determination of recoverable amount, being the higher of value-in-use and fair value less costs of disposal, requires judgement on the part of management in identifying and then estimating the recoverable amount for the relevant CGUs.

Recoverable amounts are based on management's view of future cash flow forecasts and external market conditions such as future pricing and the most appropriate discount rate.

Management engaged an expert to assist them in performing an annual impairment assessment which included the assumptions and estimates around the success of the future development and commercialisation of its products VAL 201 and VAL 401. Changes in these assumptions might give rise to a change in the carrying value of intangibles and goodwill.

How our audit addressed the area of focus

We obtained the report prepared by the expert and gained an understanding of the key assumptions and judgements underlying the assessment. We assessed the appropriateness of the methodology applied and tested the mathematical accuracy of the models.

We obtained an understanding of the stage of product development and management's expected timelines for product commercialisation, including updates on the achievement of expected milestones.

We determined the judgement made by the Directors that no impairment was required, and that the disclosures made in the financial statements to be reasonable.

Going concern

Area of focus

Refer to note 2 of the financial statements for the Directors' disclosures of related accounting policies, judgements and estimates. The Directors have concluded that they have a reasonable expectation that the Group will have sufficient cash resources and cash inflows to continue its activities for not less than twelve months from the date of approval of these financial statements and have therefore prepared these financial statements on a going concern basis.

The Group had cash and cash equivalents of £1,137,477 as at 31 December 2022.

Management produces a cash flow forecast based on the board plans.

The key judgements within the cash flow forecast that we particularly focused on were:

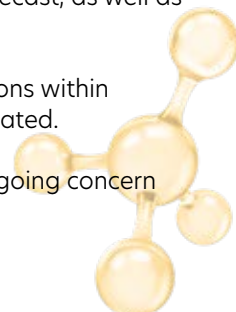
- The continued availability of funding.
- The likely recovery of other receivables.
- Cash flows expected from research and development tax credits.
- Flexibility of development programme.

How our audit addressed the area of focus

We assessed the reasonableness and support for the judgments underpinning management's forecast, as well as the sensitivity of projections to these judgements.

We reviewed management's financing plans and considered the reasonableness of the assumptions within management's proposed cost reduction actions, should future fund raisings be lower than anticipated.

Our conclusion on management's use of the going concern basis of accounting is included in the going concern section of the report above.



Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures and to evaluate the effects of misstatements, both individually and on the financial statements as a whole. During planning we determined a magnitude of uncorrected misstatements that we judge would be material for the financial statements as a whole (FSM). During planning FSM was calculated as £192,000 based on 8% loss before tax and amortisation. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £5,000, as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The audit was scoped to ensure that the audit team obtained sufficient and appropriate audit evidence in relation to significant operations of the Group during the year ended 31 December 2022. This included the performance of full statutory audits on each of the subsidiary undertakings. As part of our planning, we assessed the risk of material misstatement including those that required significant auditor consideration at the component and group level. Procedures were designed and performed to address the risk identified and for the most significant assessed risks of material misstatement, the procedures performed are outlined above in the key audit matters section of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information in the Annual Report but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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:

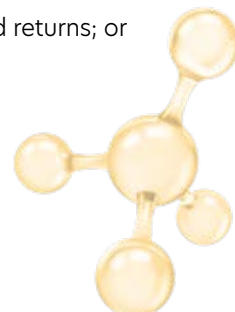
- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with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

Matters on which we are required to report by exception

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

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



Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 35, 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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 are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations included, but was not limited to, the following:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Group and Parent Company through discussions with the Directors and other management, and from our commercial knowledge and experience of the medical research and development sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and Parent Company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group's and the Parent Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.



In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the Company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Alexander Chrysaphiades FCA (Senior Statutory Auditor) **for and on behalf of Adler Shine LLP**

Chartered Accountants & Statutory Auditor
Aston House
Cornwall Avenue
London
N3 1LF

Date: 1st June 2023



FINANCIAL
STATEMENTS



CONNECTED
INNOVATION

CONNECTED INNOVATION
Consolidated Statement of Profit or Loss and Other Comprehensive
Income for the year ended 31 December 2022

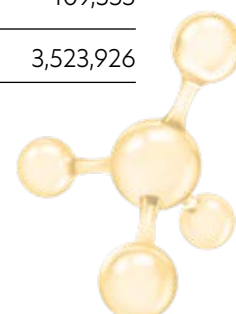
	Notes	2022 £	2021 £
Continuing Operations			
Other operating income		-	26,952
Research and developments		(551,233)	(303,789)
Administrative expenses		(1,502,355)	(1,216,391)
Share-based payment charge		(539,791)	(184,611)
Operating Loss		(2,593,379)	(1,677,839)
Finance costs	6	(5,456)	(2,765)
Loss Before Income Tax	7	(2,598,835)	(1,680,604)
Income tax credit	8	192,671	133,413
Loss After Income Tax		(2,406,164)	(1,547,191)
Non-controlling interest		39,676	28,979
Total Comprehensive Loss For The Year Attributable To Shareholders		(2,366,488)	(1,518,212)
Loss Per Share - Basic And Diluted	10	(3.06p)	(2.34p)



		2022	2021
	Notes	£	£
ASSETS			
NON-CURRENT ASSETS			
Goodwill	11	1,602,522	1,602,522
Intangible assets	12	903,900	1,108,116
Property, plant and equipment	13	-	-
Right-of-use assets	20	5,561	13,278
		2,511,983	2,723,916
CURRENT ASSETS			
Trade and other receivables	15	133,815	72,925
Tax receivable		192,671	133,413
Cash and cash equivalents	16	1,137,477	593,672
		1,463,963	800,010
TOTAL ASSETS		3,975,946	3,523,926
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	17	9,695,120	9,669,995
Share premium		26,772,630	24,490,618
Merger reserve		637,500	637,500
Reverse acquisition reserve		602,413	602,413
Share option reserve		986,816	491,219
Retained earnings		(34,643,639)	(32,292,507)
		4,050,840	3,599,238
Non-controlling interests		(224,539)	(184,867)
TOTAL EQUITY		3,826,301	3,414,371
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	19	22,070	35,654
Lease liabilities	20	-	5,681
		22,070	41,335
CURRENT LIABILITIES			
Trade and other payables	18	111,933	50,835
Borrowings	19	9,962	9,627
Lease liabilities	20	5,680	7,758
		127,575	68,220
TOTAL LIABILITIES		149,645	109,555
TOTAL EQUITY AND LIABILITIES		3,975,946	3,523,926

The financial statements were approved by the Board of Directors on 1st June 2023 and were signed on its behalf by:

G Desler - Director



	Notes	2022 £	2021 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	12	40,000	60,000
Property, plant and equipment	13	-	-
Right-of-use assets	20	5,561	13,278
Investments	14	3,615,869	3,615,863
		3,661,430	3,689,141
CURRENT ASSETS			
Trade and other receivables	15	3,455,835	3,327,416
Tax receivable		192,671	133,413
Cash and cash equivalents	16	1,134,289	592,046
		4,782,795	4,052,875
TOTAL ASSETS		8,444,225	7,742,016
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	17	9,695,120	9,669,995
Share premium		26,772,630	24,490,618
Merger reserve		637,500	637,500
Share option reserve		986,816	491,219
Retained earnings		(30,241,768)	(28,101,166)
TOTAL EQUITY		7,850,298	7,188,166
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	19	22,070	35,654
Lease liabilities	20	-	5,681
		22,070	41,335
CURRENT LIABILITIES			
Trade and other payables	18	556,215	495,130
Borrowings	19	9,962	9,627
Lease liabilities	20	5,680	7,758
		571,857	512,515
TOTAL LIABILITIES		593,927	553,850
TOTAL EQUITY AND LIABILITIES		8,444,225	7,742,016

The financial statements were approved by the Board of Directors on 1st June 2023 and were signed on its behalf by:

G Desler - Director



CONNECTED INNOVATION
Consolidated Statement of Changes in Equity
for the year ended 31 December 2022



	Notes	Share capital £	Share premium £	Merger reserve £	Reserve acquisition reserve £
Balance at 1 January 2021		9,669,828	24,380,356	637,500	602,413
Changes in equity					
Loss for the year		-	-	-	-
Issue of shares		167	21,500	-	-
Lapse of share options and warrants		-	88,762	-	-
Movement in year		-	-	-	-
Balance at 31 December 2021		9,669,995	24,490,618	637,500	602,413
Changes in equity					
Loss for the year		-	-	-	-
Issue of shares	17	25,125	2,462,250	-	-
Costs of shares issued		-	(209,076)	-	-
Lapse of share options and warrants		-	28,838	-	-
Movement in year		-	-	-	-
Balance at 31 December 2022		9,695,120	26,772,630	637,500	602,413

	Share based payment reserve £	Non- controlling interest £	Retained earnings £	Total £
Balance at 1 January 2021	540,803	(155,888)	(30,919,728)	4,755,284
Changes in equity				
Loss for the year	-	(28,979)	(1,518,212)	(1,547,191)
Issue of shares	-	-	-	21,667
Lapse of share options and warrants	(234,195)	-	145,433	-
Movement in year	184,611	-	-	184,611
Balance at 31 December 2021	491,219	(184,867)	(32,292,507)	3,414,371
Changes in equity				
Loss for the year	-	(39,676)	(2,366,488)	(2,406,164)
Issue of shares	-	-	-	2,487,375
Costs of shares issued	-	-	-	(209,076)
Lapse of share options and warrants	(44,194)	-	15,356	-
Movement in year	539,791	4	-	539,795
Balance at 31 December 2022	986,816	(224,539)	(34,643,639)	3,826,301

Reverse acquisition reserve

The reverse acquisition reserve exists as a result of the method of accounting for the acquisition of ValiRx Bioinnovation Limited and ValiPharma Limited.



	Notes	Share capital £	Share premium £	Merger reserve £
Balance at 1 January 2021		9,669,828	24,380,356	637,500
Changes in equity				
Loss for the year		-	-	-
Issue of shares		167	21,500	-
Lapse of share options		-	88,762	-
Movement in year		-	-	-
Balance at 31 December 2021		9,669,995	24,490,618	637,500
Changes in equity				
Loss for the year		-	-	-
Issue of shares	17	25,125	2,462,250	-
Costs of shares issued		-	(209,076)	-
Lapse of share options and warrants		-	28,838	-
Movement in year		-	-	-
Balance at 31 December 2022		9,695,120	26,772,630	637,500
		Share based payment reserve £	Retained earnings £	Total £
Balance at 1 January 2021		540,803	(26,931,101)	8,297,386
Changes in equity				
Loss for the year		-	(1,315,498)	(1,315,498)
Issue of shares		-	-	21,667
Lapse of share options		(234,195)	145,433	-
Movement in year		184,611	-	184,611
Balance at 31 December 2021		491,219	(28,101,166)	7,188,166
Changes in equity				
Loss for the year		-	(2,155,958)	(2,155,958)
Issue of shares		-	-	2,487,375
Costs of shares issued		-	-	(209,076)
Lapse of share options and warrants		(44,194)	15,356	-
Movement in year		539,791	-	539,791
Balance at 31 December 2022		986,816	(30,241,768)	7,850,298

Share capital

The nominal value of the issued share capital.

Share premium account

Amounts received in excess of the nominal value on the issue of share capital less any costs associated with the issue of shares.

Merger reserve

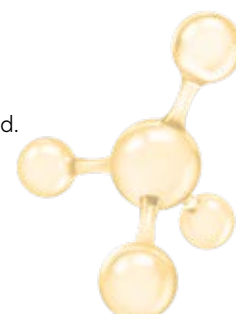
The difference between the nominal value of the share capital issued by the Company and the fair value of ValiRx Bioinnovation at the date of acquisition.

Share option reserve

The fair value of the share-based payment, determined at the grant date, and expensed over the vesting period.

Retained earnings

Accumulated comprehensive income for the year and prior periods.



CONNECTED INNOVATION
Consolidated Statement of Cash Flows
for the year ended 31 December 2022

	Notes	2022 £	2021 £
Cash flows from operations			
Cash outflow from operations	1	(1,841,443)	(1,331,136)
Interest paid		(4,215)	(782)
Tax credit received		133,413	71,346
<i>Net cash outflow from operating activities</i>		(1,712,245)	(1,260,572)
Cash flows from financing activities			
Bank loan repayment		(13,249)	(5,324)
Repayment of lease liabilities		(9,000)	(9,000)
Share issue		2,487,375	21,667
Costs of shares issued		(209,076)	-
<i>Net cash inflow from financing activities</i>		2,256,050	7,343
Increase/(decrease) in cash and cash equivalents		543,805	(1,253,229)
Cash and cash equivalents at beginning of year	2	593,672	1,846,901
Cash and cash equivalents at end of year	2	1,137,477	593,672



1. Reconciliation Of Operating Loss To Cash Generated From Operations

	2022 £	2021 £
Operating loss	(2,593,379)	(1,677,839)
Amortisation and impairment of intangible assets	204,216	221,072
Depreciation of right-of-use assets	7,717	7,717
Increase in trade and other receivables	(60,886)	(6,190)
Increase/(decrease) in trade and other payables	61,098	(60,507)
Share-based payments charge	539,791	184,611
<i>Net cash outflow from operations</i>	(1,841,443)	(1,331,136)

2. Cash And Cash Equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

	31 December 2022 £	1 January 2022 £
Cash and cash equivalents	1,137,477	593,672

	31 December 2021 £	1 January 2021 £
Cash and cash equivalents	593,672	1,846,901



1. STATUTORY INFORMATION

ValiRx Plc is a company incorporated in the United Kingdom, which is listed on the AIM market of the London Stock Exchange Plc. The address of its registered office is Stonebridge House, Chelmsford Road, Hatfield Heath, CM22 7BD.

The registered number of the Company is 03916791.

The principal activity of the Group is the development of oncology therapeutics and companion diagnostics.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparation

The Group's financial statements have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 as they apply to the financial statements of the Group for the year ended 31 December 2022. The principal accounting policies adopted by the Group and by the Company are set out in note 2. The Group financial statements have been prepared under the historical cost convention or fair value where appropriate.

The Group financial statements have been prepared under the historical cost convention or fair value where appropriate.

Going concern

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency Risks - Guidance for directors of companies that do not apply the UK Corporate Governance Code".

The Group and Parent Company are subject to a number of risks similar to those of other development stage pharmaceutical companies. These risks include, amongst others, generation of revenues in due course from the development portfolio and risks associated with research, development, testing and obtaining related regulatory approvals of its pipeline products. Ultimately, the attainment of profitable operations is dependent on future uncertain events which include obtaining adequate financing to fulfil the Group's commercial and development activities and generating a level of revenue adequate to support the Group's cost structure.

The current economic environment is challenging, and the Group has reported an operating loss for the year. These losses are expected to continue in the current accounting year to 31 December 2023.

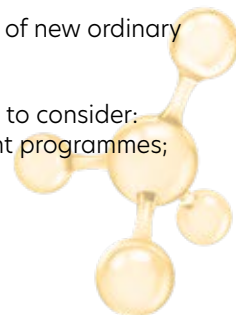
The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of the approval of these financial statements. In developing these forecasts, the Directors have made assumptions based upon their view of the current and future economic conditions that are expected to prevail over the forecast period. The Directors estimate that the cash of £1,137,477 held by the Group as at 31 December 2022 together with cash received in January 2023 will be sufficient to support the current level of activities for at least the next 12 months. The Directors are continuing to explore sources of finance available to the Group and based upon initial discussions with a number of existing and potential investors they have a reasonable expectation that they will be able to secure sufficient cash inflows for the Group to continue its activities beyond the 12 months from the date of approval of these financial statements.

The Company carries out regular fund-raising exercises in order that it can provide the necessary working capital for the Group. Further funds may be required to finance the Group's work programme. The Board expects to continue to raise additional funding as and when required to cover the Group's development, primarily from the issue of further shares.

In January 2023, the Company raised approximately £1.3m, before expenses, through the issue of new ordinary shares.

In the event that additional financing is not secured when it is required, the Group would need to consider:

- reducing and/or deferring discretionary spending on one or more research and development programmes; and/or
- restructuring operations to change its overhead structure.



2. ACCOUNTING POLICIES - continued

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiaries ("the Group"). Subsidiaries include all entities over which the Group has the power to govern financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control commences until the date that control ceases. Intra-group balances and any unrealised gains and losses on income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

On 3 October 2006, ValiRx Bioinnovation Limited ("Bioinnovation") acquired 60.28% of the issued share capital of ValiPharma Limited ("ValiPharma") in exchange for shares in Bioinnovation. Concurrently, the Company, ("ValiRx"), acquired the entire issued share capital of Bioinnovation in a share for share transaction. As a result of these transactions, the former shareholders of ValiPharma became the majority shareholders in ValiRx. Accordingly, the substance of the transaction was that ValiPharma acquired ValiRx in a reverse acquisition. Under IFRS 3 "Business Combinations", the acquisition of ValiPharma has been accounted for as a reverse acquisition.

In May 2008 the Company acquired the remaining 39.72% of the issued share capital of ValiPharma, which is now wholly owned by the Group. This acquisition was accounted for using the acquisition method of accounting.

In November 2013 ValiSeek Limited was formed to enable the Company to enter into a joint venture agreement. The Company has a 55.5% holding in the issued share capital of ValiSeek.

In October 2022 the Company acquired 60% of the issued share capital of Cytolytix Limited.

Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets and contingent liabilities acquired. Identifiable assets are those which can be sold separately, or which arise from legal rights regardless of whether those rights are separable. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested annually, or when trigger events occur, for impairment and is carried at cost less accumulated impairment losses.

Other intangible assets

Acquired licences, trademarks and patents and directly associated costs are capitalised at cost and are amortised on a straight-line basis over their useful life. Patents are amortised over 11 years and licences between 10 and 20 years.

Impairment of non-current assets

At each reporting date, the Directors review the carrying amounts of property, plant and equipment assets, goodwill and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.



2. ACCOUNTING POLICIES - continued**Property, plant and equipment**

Property, plant and equipment are stated at cost less depreciation.

Depreciation is provided at the following rates per annum to write off the cost of property, plant and equipment, less estimated residual value, on a straight-line basis from the date on which they are brought into use:

Plant and machinery	33% per annum straight line
Computer equipment	33% per annum straight line

Leases and right-of-use assets

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (leases with a lease term of 12 months or less) and leases of low value assets (e.g. tablets and personal computers, small items of office furniture). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset.

Financial assets

The Company classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; and
- available-for-sale financial assets.

Management determines the classification of its investments at initial recognition.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The principal financial assets of the Company are loans and receivables. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets.

The Group's loans and receivables are recognised and carried at the lower of their original amount less a provision for impairment. A provision is made when collection of the full amount is no longer considered possible.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity of three months or less. The Company considers overdrafts (repayable on demand) to be an integral part of its cash management activities and these are included in cash and cash equivalents for the purposes of the cash flow statement.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently carried at fair value with the changes in fair value recognised in the Income Statement.



2. ACCOUNTING POLICIES - continued**Financial liabilities**

The Group does not have any financial liabilities that would be classified as fair value through the profit or loss. Therefore, all financial liabilities are classified as other financial liabilities.

The Group's financial liabilities include borrowings, trade and other payables and are recognised at their original amount.

Finance income and finance costs

Finance income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. It is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Borrowing costs are recognised as an expense in the period in which they are incurred.

Taxation

The taxation charge represents the sum of current tax and deferred tax.

The tax currently payable is based on the taxable profit for the period using the tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

All on-going development expenditure is currently expensed in the period in which it is incurred. Due to the regulatory and other uncertainties inherent in the development of the Group's programmes, the criteria for development costs to be recognised as an asset, as prescribed by IAS 38, 'Intangible assets', are not met until the product has been submitted for regulatory approval, such approval has been received and it is probable that future economic benefits will flow to the Group. The Group does not currently have any such internal development costs that qualify for capitalisation as intangible assets.

Development costs are capitalised when the related products meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

- technical feasibility of the completed intangible asset has been established;
- it can be demonstrated that the asset will generate probable future economic benefits;
- adequate technical, financial and other resources are available to complete the development;
- the expenditure attributable to the intangible asset can be reliably measured; and
- the Group has the ability and intention to use or sell the asset.

Expenses for research and development include associated wages and salaries, material costs, depreciation on non-current assets and directly attributable overheads.

All research and development costs, whether funded by third parties under licence and development agreements or not, are included within operating expenses and classified as such.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary and deferred shares are classified as equity instruments.



2. ACCOUNTING POLICIES - continued**Foreign currencies**

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Company and its subsidiaries operate (the functional currency) which is UK sterling (£). The Financial Statements are accordingly presented in UK sterling.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Share-based payments

IFRS 2 "Share-based Payments" requires that an expense for equity instruments granted is recognised in the financial statements based on their fair values at the date of the grant. This expense, which is in relation to employee share options, is recognised over the vesting period of the scheme. The fair value of employee services is determined by reference to the fair value of the awarded grant calculated using the Black Scholes model.

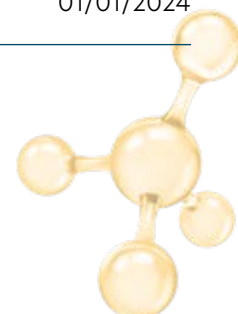
At the year-end date, the Group revises its estimate of the number of share incentives that are expected to vest. The impact of the revisions of original estimates, if any, is recognised in the Statement of Comprehensive Income, with a corresponding adjustment to equity, over the remaining vesting period.

When options expire or are cancelled the expensed value of these lapsed options is transferred from the share-based payment, reserve to retained earnings.

New and amended standards and interpretations

As at the date of approval of these financial statements, the following standards were in issue but not yet effective. These standards have not been adopted early by the Company as they are not expected to have a material impact on the financial statements other than requiring additional disclosure or alternative presentation.

		Effective date (period beginning on or after)
IFRS 4	Amendments - Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'	01/01/2023
IAS 1	Amendment - Classification of Liabilities as Current or Non-Current	01/01/2023
IAS 1, IFRS Practice Statement 2	Amendment - Disclosure of accounting policies	01/01/2023
IAS 8	Amendment - Definition of Accounting estimates	01/01/2023
IAS 12	Amendment - Deferred Taxation related to Assets and Liabilities arising from a Single Transaction	01/01/2023
IFRS 16	Amendment - Lease Liability in a Sale and Leaseback	01/01/2024
IAS 1	Amendment - Non-current Liabilities with Covenants	01/01/2024



2. ACCOUNTING POLICIES - continued

The International Financial Reporting Interpretations Committee has also issued interpretations which the Company does not consider will have a significant impact on the financial statements.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The material areas in which estimates, and judgements are applied as follows:

Goodwill and other intangible assets impairment

The Group is required to test, on an annual basis, whether goodwill and other intangible assets have suffered any impairment. Determining whether there has been any impairment requires an estimation of the value in use of the cash-generating units. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Share-based payments

The estimates of share-based payments costs require that management selects an appropriate valuation model and makes decisions on various inputs into the model, including the volatility of its own share price, the probable life of the options before exercise, and behavioural consideration of employees. A significant element of judgement is therefore involved in the calculation of the charge.

Capitalisation of development costs

Capitalisation of development costs requires analysis of the technical feasibility and commercial viability of the project concerned. Capitalisation of the costs will be made only where there is evidence that an economic benefit will accrue to the Group. To date no development costs have been capitalised and all costs have been expensed in the income statement as Research and Development costs.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Black-Scholes model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 26 for further disclosures.

4. REVENUE

Segmental reporting

The Directors are of the opinion that under IFRS 8 - "operating segment" there are no identifiable business segments that are subject to risks and returns different to the core business of drug development. The information reported to the Directors, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Group. Therefore, the Directors have determined that there is only one reportable segment under IFRS8.



5. EMPLOYEES AND DIRECTORS

Number of employees:

The average monthly number of employees, including Directors, during the year was:

	2022 Number	2021 Number
Directors	6	5
Staff	2	3
	8	8

	2022 £	2021 £
Employment costs		
Wages and salaries	496,925	436,396
Social security costs	52,169	41,543
Other pension costs	18,624	12,890
Share-based payments	10,932	-
	578,650	490,829

Details of Directors' remuneration can be found in note 25.

6. FINANCE COSTS

	2022 £	2021 £
Bank interest	950	1,307
Lease interest	1,241	1,378
Interest on overdue tax	3,265	80
	5,456	2,765

7. LOSS BEFORE INCOME TAX

	2022 £	2021 £
After charging:		
Research and development	551,233	303,789
Amortisation - intangible fixed assets	216,551	221,072
Depreciation - right-of-use assets	7,717	7,717
Auditors remuneration	32,000	31,000
Foreign exchange differences	(1,533)	4,171
Share-based payment charge	539,791	184,611



8. INCOME TAX

	2022 £	2021 £
Domestic current year tax		
Tax credits on research and development - current year	(192,671)	(133,413)
Current tax credit	(192,671)	(133,413)
Factors affecting the tax charge for the year:		
Loss before income tax	(2,598,835)	1,680,604
Loss before income tax multiplied by effective rate of UK corporation tax of 19.00% (2021: 19.00%)	(493,779)	(319,315)
Effects of		
Non-deductible expenses	700	35,467
Capital allowances for the year in deficit of depreciation and amortisation	5,250	5,246
Tax losses not utilised	378,062	202,594
Research and development expenditure	(82,904)	(57,405)
	301,108	185,902
Current tax charge	(192,671)	(133,413)

No corporation tax arises on the results for the year ended 31 December 2022 due to the losses incurred for tax purposes.

With effect from 1 April 2023, the main UK corporation rate has changed from 19% to 25%.

The deferred tax asset, arising from tax losses of £24.0 million (2021: £22.0 million) carried forward, has not been recognised but would become recoverable against future trading profits, subject to agreement with HM Revenue and Customs.

9. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the Parent Company is not presented as part of these financial statements. The Parent Company's loss for the financial year was £2,155,958 (2021: £1,315,498).



10. LOSS PER SHARE

The loss and number of shares used in the calculation of loss per ordinary share are set out below:

	2022 £	2021 £
Loss for the financial period	(2,406,164)	(1,547,191)
Non-controlling interest	39,676	28,979
Loss attributable to owners of Parent Company	(2,366,488)	(1,518,212)
Basic:		
Weighted average number of shares	77,301,896	65,004,957
Loss per share	(3.06p)	(2.34p)

The loss and the weighted average number of shares used for calculating the diluted loss per share are identical to those for the basic loss per share. The outstanding share options and share warrants (note 24) would have the effect of reducing the loss per share and would therefore not be dilutive under IAS 33 'Earnings per Share'.

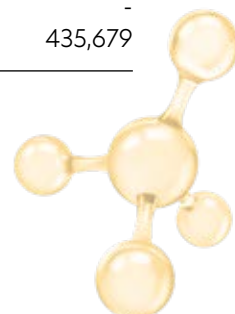
11. GOODWILL

Group	£
COST	
At 1 January 2021	1,602,522
At 31 December 2021	1,602,522
At 31 December 2022	1,602,522

The goodwill arising on the acquisitions of ValiRx Bioinnovation Limited, ValiPharma Limited, Valisrc Limited and ValiSeek Limited is not being amortised but is reviewed on an annual basis for impairment, or more frequently if there are indications that goodwill might be impaired. The impairment review comprises a comparison of the carrying amount of the goodwill with its recoverable amount (the higher of fair value less costs to sell and value in use). ValiRx Plc has used the value in use method, applying a 15% discount rate.

Goodwill per cash generating unit	£
ValiPharma Limited	772,230
ValiRx Bioinnovation Limited	394,613
Valisrc Limited	-
ValiSeek Limited	435,679

Sensitivity analysis is not required as a reasonably possible change in assumptions would not result in an impairment.



12. INTANGIBLE ASSETS

Group	Patents £	Brands and licences £	Total £
COST			
At 1 January 2021	2,289,553	375,000	2,664,553
At 31 December 2021	2,289,553	375,000	2,664,553
At 31 December 2022	2,289,553	375,000	2,664,553

AMORTISATION

At 1 January 2021	1,154,691	180,674	1,335,365
Amortisation for year	183,622	37,450	221,072
At 31 December 2021	1,338,313	218,124	1,556,437
Amortisation for year	174,215	30,001	204,216
At 31 December 2022	1,512,528	248,125	1,760,753

NET BOOK VALUE

At 31 December 2022	777,025	126,875	903,900
At 31 December 2021	951,240	156,876	1,108,116

Company

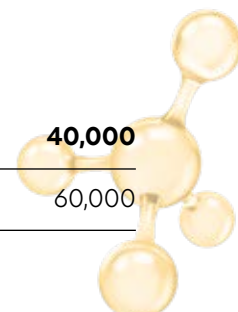
COST	Brands and licences £	Total £
At 1 January 2021	200,000	200,000
At 31 December 2021	200,000	200,000
31 December 2022	200,000	200,000

AMORTISATION

At 1 January 2021	120,000	120,000
Amortisation for year	20,000	20,000
At 31 December 2021	140,000	140,000
Amortisation for year	20,000	20,000
At 31 December 2022	160,000	160,000

NET BOOK VALUE

At 31 December 2022	40,000	40,000
At 31 December 2021	60,000	60,000



13. PROPERTY, PLANT AND EQUIPMENT**Group and Company****COST**

At 1 January 2021

AT 31 December 2021

At 31 December 2022**DEPRECIATION**

At 1 January 2021

AT 31 December 2021

At 31 December 2022**NET BOOK VALUE****At 31 December 2022**

At 31 December 2021

	Plant and machinery £	Total £
	<hr/>	<hr/>
	31,670	31,670
	<hr/>	<hr/>
	31,670	31,670
	<hr/>	<hr/>
	31,670	31,670
	<hr/>	<hr/>
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	31,670	31,670
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	31,670	31,670
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	31,670	31,670
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	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>



14. INVESTMENTS

Company	Shares in group undertakings	Total
COST	£	£
At 1 January 2021	3,617,838	3,617,838
At 31 December 2021	3,617,838	3,617,838
Additions	6	6
At 31 December 2022	3,617,844	3,617,844
PROVISIONS		
At 1 January 2021	-	-
Charge for the year	1,975	1,975
At 31 December 2021	1,975	1,975
At 31 December 2022	1,975	1,975
NET BOOK VALUE		
At 31 December 2022	3,615,869	3,615,869
At 31 December 2021	3,615,863	3,615,863

The Company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

ValiRx Bioinnovation Limited

Registered office: England & Wales

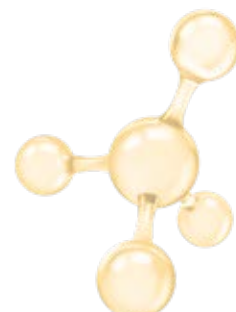
Nature of business: Intermediate holding company

Class of shares:

Ordinary shares

% Holding

100.00



14. INVESTMENTS - continued**Subsidiaries****ValiPharma Limited**

Registered office: England & Wales

Nature of business: Therapeutic research & development

Class of shares:

Ordinary shares

% Holding

100.00

60.28% is owned by ValiRx Bioinnovation Limited and 39.72% by the Company.

Valisrc Limited

Registered office: England & Wales

Nature of business: Dormant

Class of shares:

Ordinary shares

% Holding

100.00

ValiSeek Limited

Registered office: England & Wales

Nature of business: Therapeutic research & development

Class of shares:

Ordinary shares

% Holding

55.55

Cytolytix Limited

Registered office: England & Wales

Nature of business: Therapeutic research & development

Class of shares:

Ordinary shares

% Holding

60.00

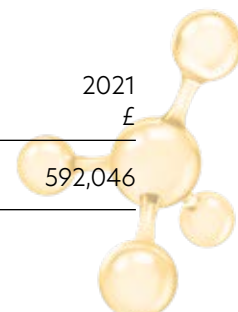
15. TRADE AND OTHER RECEIVABLES**GROUP & COMPANY**

	2022	2021	2022	2021
Current	£	£	£	£
Amounts owed by Group undertakings	-	-	3,286,875	3,230,321
Other debtors	14,709	26,714	50,315	26,642
Rent deposit	1,500	1,500	1,500	1,500
VAT	56,087	5,303	55,626	29,545
Prepayments and accrued income	61,519	39,408	61,519	39,408
	133,815	72,925	3,455,835	3,327,416

In the Directors' opinion, the carrying amounts of receivables is considered a reasonable approximation of fair value.

16. CASH AND CASH EQUIVALENTS**GROUP & COMPANY**

	2022	2021	2022	2021
	£	£	£	£
Bank accounts	1,137,477	593,672	1,134,289	592,046



17. CALLED UP SHARE CAPITAL

	GROUP & COMPANY			
	2022 Number	2021 Number	2022 £	2021 £
Allotted, called up and fully paid				
Ordinary shares of 0.1p each	90,174,156	65,049,156	90,174	65,049
Deferred shares of 0.5p each	58,378,365	58,378,365	2,918,918	2,918,918
Deferred shares of 0.9p each	157,945,030	157,945,030	1,421,505	1,421,505
Deferred shares of 12.4p each	42,455,832	42,455,832	5,264,523	5,264,523
			9,695,120	9,669,995

In July 2022, the Company raised £2.5 million, before expenses, through the issue of 25,000,000 new ordinary shares at a price of 10 pence per share. The funds were to be used to provide working capital to the Group.

In July 2022, the Company settled existing liabilities of £12,500 through the issue of 125,000 new ordinary shares at a price of 10 pence per share.

The deferred shares have no rights to vote, attend or speak at general meetings of the Company or to receive any dividend or other distribution and have limited rights to participate in any return of capital on a winding-up or liquidation of the Company.

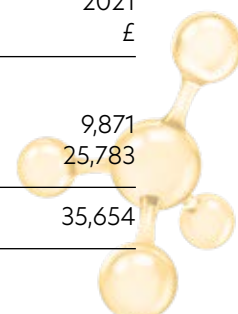
18. TRADE AND OTHER PAYABLES

	GROUP & COMPANY			
	2022 £	2021 £	2022 £	2021 £
Current				
Trade creditors	24,955	13,056	24,955	13,056
Amounts owed to Group undertakings	-	-	447,187	447,187
Social security and other taxes	17,603	4,887	17,603	4,887
Other payables	2,905	2,892	-	-
Accruals and deferred income	66,470	30,000	66,470	30,000
	111,933	50,835	556,215	495,130

In the Directors' opinion, the carrying amounts of payables is considered a reasonable approximation of fair value.

19. FINANCIAL LIABILITIES - BORROWINGS

	GROUP & COMPANY			
	2022 £	2021 £	2022 £	2021 £
Current:				
Bank loan	9,962	9,627	9,962	9,627
	9,962	9,627	9,962	9,627
Non-current:				
Bank loan:				
1-2 years	10,213	9,871	10,213	9,871
2-5 years	11,857	25,783	11,857	25,783
	22,070	35,654	22,070	35,654



19. FINANCIAL LIABILITIES - BORROWINGS - continued

	GROUP & COMPANY			
	2022	2021	2022	2021
	£	£	£	£
Total bank loan				
Current	9,962	9,627	9,962	9,627
Non-current	22,070	35,654	22,070	35,654
	32,032	45,281	32,032	45,281

20. LEASES

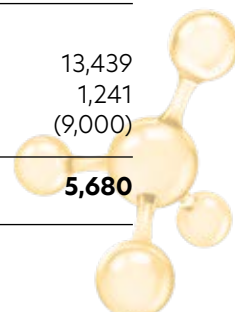
**Right-of-use assets
Group and Company**

COST	Leasehold property	Total
	£	£
At 1 January 2021	23,152	23,152
At 31 December 2021 and 2022	23,152	23,152
AMORTISATION		
At 1 January 2021	2,157	2,157
Amortisation for year	7,717	7,717
At 31 December 2021	9,874	9,874
Amortisation for year	7,717	7,717
At 31 December 2022	17,591	17,591
NET BOOK VALUE		
At 31 December 2022	5,561	5,561
At 31 December 2021	13,278	13,278

**Lease liabilities
Group and Company**

Set out below is the movement in lease liabilities during the period.

At 1 January 2021	21,061
Interest expense	1,378
Repayments	(9,000)
At 31 December 2021	13,439
Interest expense	1,241
Repayments	(9,000)
At 31 December 2022	5,680



20. LEASES - continued**Group and Company**

	2022	2021
	£	£
Current		
Non-current	5,680	7,758
	-	5,681
	5,680	13,439
Non-current		
Lease liability		
1-2 years	-	5,681
	-	5,681

21. OTHER FINANCIAL COMMITMENTS

As a result of the adoption of IFRS 16, from 1 July 2019, all leases, except those classified as either low-value assets or short-term, have been recognised on the balance sheet as a right-of-use asset and lease liability and are no longer included in this non-cancellable operating lease disclosure.

At the year end, neither the Group nor the Company had any non-cancellable operating leases

22. RELATED PARTY DISCLOSURES

During the year the Director, G Desler, provided the Company and its subsidiaries with bookkeeping services totalling £18,450 (2021: £18,450).

At the year end, the amounts owed to Directors were as follows:

	2022	2021
	£	£
K Alexander (resigned 30/06/2022)	-	-
G Desler	26	-
M Lampshire	-	-
Dr S Dilly	2,879	2,879
Dr K Cox	-	-
S Panu (appointed 11/10/2022)	-	-

23. ULTIMATE CONTROLLING PARTY

The Directors consider that there is no ultimate controlling party.



24.SHARE-BASED PAYMENT TRANSACTIONS**Share option**

At 31 December 2022 outstanding awards to subscribe for ordinary shares of 0.1p each in the Company, granted in accordance with the rules of the ValiRx share option schemes, were as follows:

2021	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price (pence)
Brought forward	74,884	6.60	1,474.44
Lapsed during the year	(1,120)	-	11,718.75
Carried forward	73,764	5.60	1,318.89

2022	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price (pence)
Brought forward	73,764	5.60	1,318.89
Granted during the year	3,000,000	-	12.00
Lapsed during the year	(4,400)	-	500.00
Carried forward	3,069,364	9.58	42.71

All options were exercisable at the year end, with the following exceptions. No options were exercised during the year.

Option 6: Vest only after the Company's share price has maintained a 20-day VWAP (Volume Weight Average Price) of 25p.

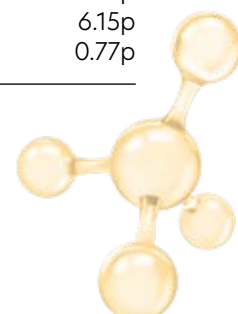
Options 7 and 9: Vest only after the Company's share price has maintained a 20-day VWAP of 30p.

Options 8 and 10: Vest only after the Company's share price has maintained a 20-day VWAP of 40p.

If the price does not reach these price targets by 6 September 2024, the options will lapse. If they meet the criteria, the options can be exercised at any date to 6 September 2032.

The following share-based payment arrangements were in existence at the balance sheet date.

Options	Number	Expiry date	Exercise price	Fair value at grant date
1 Granted 19 January 2014	3,392	19/01/2024	5,391.25p	625.00p
2 Granted 21 October 2014	4,032	21/10/2024	5,625.00p	468.75p
3 Granted 26 June 2015	3,940	26/06/2025	6,375.00p	505.00p
4 Granted 9 February 2018	58,000	09/02/2028	500.00p	348.75p
5 Granted 6 September 2022	500,000	06/09/2032	12.00p	10.74p
6 Granted 6 September 2022	375,000	06/09/2032	12.00p	7.38p
7 Granted 6 September 2022	800,000	06/09/2032	12.00p	5.37p
8 Granted 6 September 2022	1,175,000	06/09/2032	12.00p	0.61p
9 Granted 11 October 2022	75,000	11/10/2032	12.00p	6.15p
10 Granted 11 October 2022	75,000	11/10/2032	12.00p	0.77p



24.SHARE-BASED PAYMENT TRANSACTIONS - continued

The fair value of the remaining share options has been calculated using the Black-Scholes model. The assumptions used in the calculation of the fair value of the share options outstanding during the year are as follows:

Options	Grant date share price	Exercise price	Expected volatility	Expected option life (years)	Risk-free interest rate	
1	Granted 19 January 2014	5,391.25p	5,391.25p	17.00%	3.00	0.99%
2	Granted 21 October 2014	5,625.00p	5,625.00p	17.00%	3.00	1.00%
3	Granted 26 June 2015	6,312.50p	6,375.00p	16.00%	3.00	0.38%
4	Granted 9 February 2018	500.00p	500.00p	196.00%	3.00	0.88%
5	Granted 6 September 2022	13.75p	12.00p	234.47%	2.00	3.11%
6	Granted 6 September 2022	13.75p	12.00p	234.47%	2.00	3.11%
7	Granted 6 September 2022	13.75p	12.00p	234.47%	2.00	3.11%
8	Granted 6 September 2022	13.75p	12.00p	234.47%	2.00	3.11%
9	Granted 11 October 2022	15.75p	12.00p	234.75%	2.00	4.64%
10	Granted 11 October 2022	15.75p	12.00p	234.75%	2.00	4.64%

The fair value has been calculated assuming that there will be no dividend yield.

Volatility was determined by reference to the standard deviation of expected share price returns based on a statistical analysis of daily share prices over a 3-year period to grant date. All of the above options are equity settled.

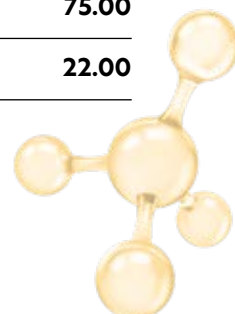
All of the share options are equity settled and the charge for the year is £66,725 (2021: £nil).

Warrants

At 31 December 2022 outstanding warrants to subscribe for ordinary shares of 0.1p each in the Company, granted in accordance with the warrant instruments issued by ValiRx, were as follows.

	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price (pence)
2021			
Brought forward	695,223	0.59	507.01
Granted during the year	3,902,949	-	22.00
Exercised during the year	(166,666)	-	13.00
Lapsed during the year	(461,891)	-	747.62
Carried forward	3,969,615	4.57	22.89
2022			
Brought forward	3,969,615	4.57	22.89
Lapsed during the year	(66,666)	-	75.00
Carried forward	3,902,949	3.65	22.00

All warrants were exercisable at the year end.



24.SHARE-BASED PAYMENT TRANSACTIONS - continued

The following warrants were in existence at the balance sheet date.

Warrants	Number	Expiry date	Exercise price	Fair value at grant date
1 Granted 25 August 2021	3,902,949	24/08/2026	22.00p	16.85p

Warrants

The fair value of the remaining warrants has been calculated using the Black-Scholes model. The assumptions used in the calculation of the fair value of the share options outstanding during the year are as follows:

Warrants	Grant date share price	Exercise price	Expected volatility	Expected warrant life (years)	Risk-free interest rate
1 Granted 25 August 2021	21.25p	22.00p	521.50%	3.00	0.33%

The fair value has been calculated assuming that there will be no dividend yield.

Volatility was determined by reference to the standard deviation of expected share price returns based on a statistical analysis of daily share prices over a 3-year period to grant date.

The remaining warrants are equity settled and the charge for the year is £473,066 (2021: £184,611).



25. KEY MANAGEMENT PERSONNEL COMPENSATION

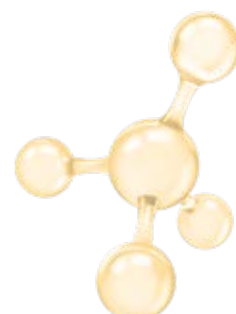
Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Group, and are all Directors of the Company.

	2022	2021
	£	£
Salaries and other short-term employee benefits	319,420	286,875
Post-employment benefits	9,600	9,183
Share-based payments	6,858	-
	335,878	296,058

	Salary	Bonus	Post- employment benefits	Share- based payment	2022	2021
	£	£	£	£	£	£
G Desler	48,000	5,000	-	873	53,873	48,000
M Lampshire	25,000	5,200	-	655	30,855	25,000
Dr S Dilly	126,250	25,000	9,600	2,619	163,469	159,183
Dr K Cox	45,000	17,500	-	2,183	64,683	38,250
S Panu (appointed 11/10/22)	9,658	-	-	528	10,186	-
K Alexander (resigned 30/06/22)	12,812	-	-	-	12,812	25,625
	266,720	52,700	9,600	6,858	335,878	296,058

Details of fees paid to Directors are shown in note 22 above.

The number of Directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2021: 1).



25. KEY MANAGEMENT PERSONNEL COMPENSATION - continued

The Directors interests in share options as at 31 December 2022 are as follows:

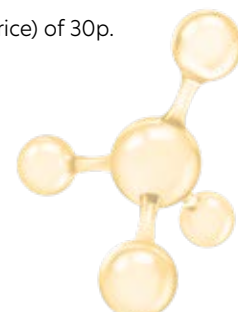
	Number of options	Exercise price	Date of grant	First date of exercise	Final date of exercise
G Desler	1,280	5,390.63p	19/01/2014	19/01/2014	19/01/2024
G Desler	1,280	5,625.00p	21/10/2014	21/10/2014	21/10/2024
G Desler	1,390	6,375.00p	26/06/2015	26/06/2015	25/06/2025
G Desler	20,000	500.00p	07/02/2018	07/02/2018	07/02/2028
G Desler	100,000	12.00p	06/09/2022	Note 1	06/09/2032
G Desler	100,000	12.00p	06/09/2022	Note 2	06/09/2032
	223,950				
Dr S Dilly	512	5,625.00p	21/10/2014	21/10/2014	21/10/2024
Dr S Dilly	240	6,375.00p	07/02/2018	07/02/2018	07/02/2028
Dr S Dilly	4,000	500.00p	07/02/2018	07/02/2018	07/02/2028
Dr S Dilly	300,000	12.00p	06/09/2022	Note 1	06/09/2032
Dr S Dilly	300,000	12.00p	06/09/2022	Note 2	06/09/2032
	604,752				
Dr K Cox	250,000	12.00p	06/09/2022	Note 1	06/09/2032
Dr K Cox	250,000	12.00p	06/09/2022	Note 2	06/09/2032
	500,000				
M Lampshire	75,000	12.00p	06/09/2022	Note 1	06/09/2032
M Lampshire	75,000	12.00p	06/09/2022	Note 2	06/09/2032
	150,000				
S Panu	75,000	12.00p	11/10/2022	Note 1	11/10/2032
S Panu	75,000	12.00p	11/10/2022	Note 2	11/10/2032
	150,000				

Note 1: Vest only after the Company's share price has maintained a 20-day VWAP (Volume Weight Average Price) of 30p.

Note 2: Vest only after the Company's share price has maintained a 20-day VWAP of 40p.

If the price does not reach these price targets by 6 September 2024, the options will lapse.

If they meet the criteria, the options can be exercised at any date to 6 September 2032.



26. FINANCIAL INSTRUMENTS

The principal financial instruments used by the Group, from which financial instrument risk arises are as follows:

- derivative financial assets;
- trade and other receivables;
- cash and cash equivalents; and
- trade and other payables.

The main purpose of these financial instruments is to finance the Group's operations.

	2022 £	2021 £
Financial assets		
Loans and receivables		
Trade and other receivables	133,815	72,925
Cash and cash equivalents	1,137,477	593,672
Total loans and receivables	1,271,292	666,597
Total financial assets	1,271,292	666,597
	2022 £	2021 £
Financial liabilities		
Trade and other payables	94,330	45,948
Cash and cash equivalents	32,032	45,281
Lease liabilities	5,680	13,439
Total financial liabilities	132,042	104,668



26. FINANCIAL INSTRUMENTS - continued

The Directors consider that the carrying value for each class of financial asset and liability, approximates to their fair value.

Financial risk management

The Group's activities expose it to a variety of risks, including market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group manages these risks through an effective risk management programme, and, through this programme, the Board seeks to minimise potential adverse effects on the Group's financial performance.

The Board provides written objectives, policies and procedures with regards to managing currency and interest risk exposures, liquidity and credit risk including guidance on the use of certain derivative and non-derivative financial instruments.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributable to its receivables and its cash deposits. It is Group policy to assess the credit risk of new customers before entering contracts. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The maximum exposure is the asset recognised.

Liquidity risk and interest rate risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Board regularly receives cash flow projections for a minimum period of twelve months, together with information regarding cash balances monthly.

The Group is principally funded by equity and invests in short-term deposits, having access to these funds at short notice. The Group's policy throughout the period has been to minimise interest rate risk by placing funds in risk free cash deposits but also to maximise the return on funds placed on deposit.

All cash deposits attract a floating rate of interest. The benchmark rate for determining interest receivable and floating rate assets is linked to the UK base rate.

Foreign currency risk

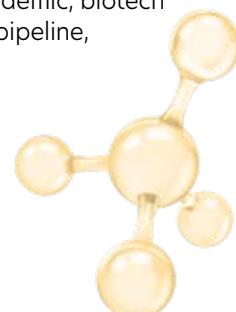
The Group's exposure to foreign currency risk is limited as most of its invoicing and payments are denominated in Sterling. Accordingly, no sensitivity analysis is presented in this area as it is considered immaterial.

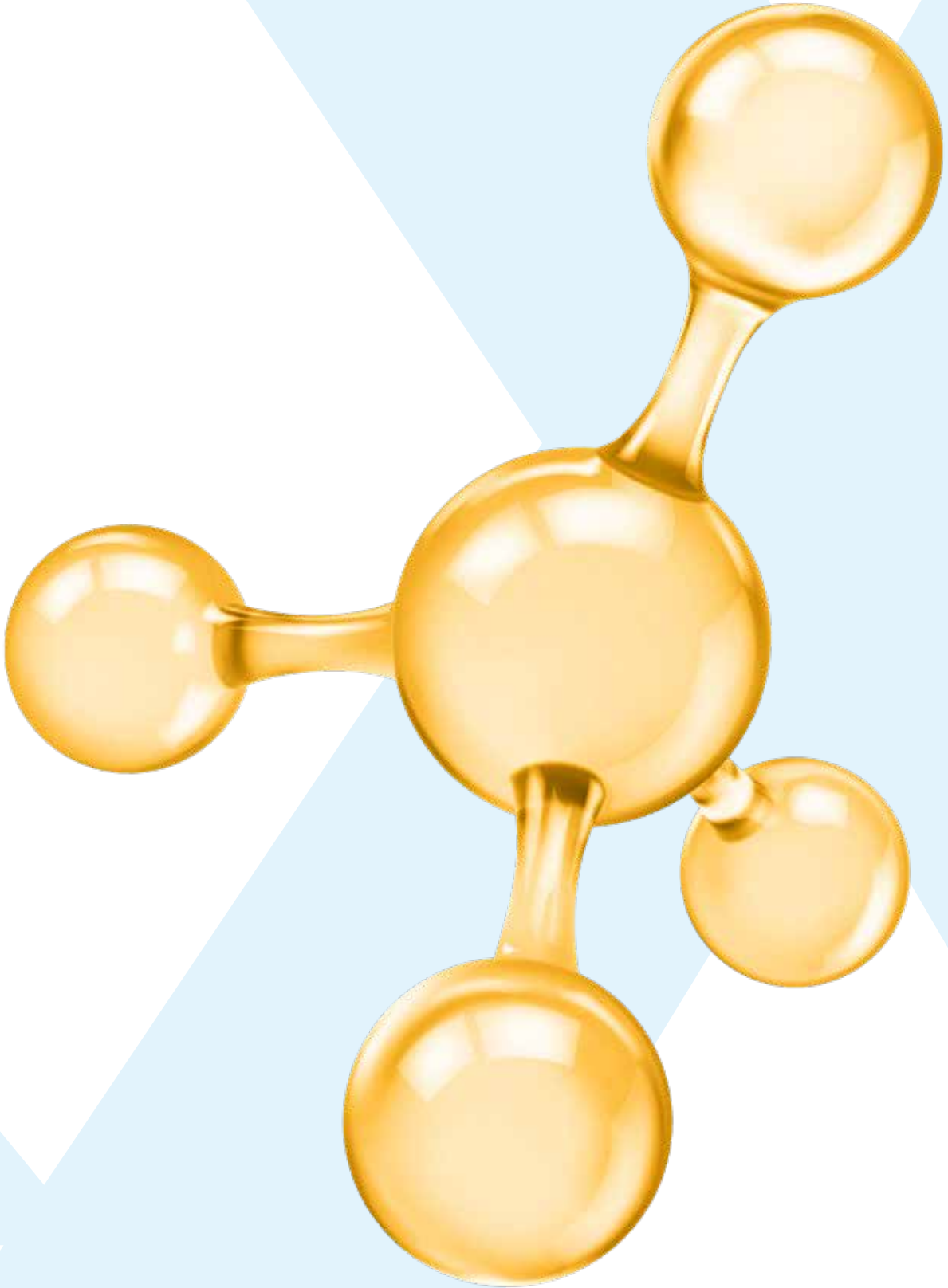
27. POST BALANCE SHEET EVENTS

In January 2023, the Company raised £1.336 million before expenses by way of a placing of 12,145,454 new ordinary shares of £0.001 each in the Company at a price of 11 pence per share.

In addition, each subscriber was issued a warrant to subscribe for 1 new ordinary share for every 4 new ordinary shares purchased at a price of 14 pence per share. These warrants are exercisable from 6 February 2023 until 6 February 2026.

In March 2023, the Company announced the incorporation of a new wholly owned subsidiary, Inaphaea Biolabs Limited ("Inaphaea"). Inaphaea is headquartered in the Company's laboratory in Medicity, Nottingham, and offers a wide range of pre-clinical and drug discovery testing services to academic, biotech and pharmaceutical researchers. A significant proportion of the testing for ValiRx's evaluation pipeline, currently outsourced to Contact Research Organisations will be transferred to Inaphaea.





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ValiRx



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