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ValiRx PLC
27 April 2021

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("ValiRx", the "Company" or the "Group")

Full Year Results for the year ended 31 December 2020

Launch of new strategy and significant structural changes implemented
Phase 1/2 clinical trial close out and reporting of lead asset VAL201

London, UK - ValiRx plc (AIM:VAL), a clinical stage drug development company, is pleased to announce its audited results for the year ended 31 December 2020.

Highlights

Operational Highlights:

- Launch of a new strategy and implemented significant structural changes to develop a risk-diversified approach to early-stage drug development.
- Providing the scientific, financial and commercial framework to enable rapid translation of innovative science into clinical development.
- New management and board appointed to deliver the strategy. Dr Suzanne Dilly was appointed to the board as Chief Executive and Dr Kevin Cox joined as the Non-executive Chairman of the board.
- Phase 1/2 clinical trial close out and reporting of lead asset VAL201, demonstrating good safety and tolerability and early indications of efficacy.
- Excellent progress in identifying new collaborative pipeline projects, with KTH222 from Kalos Therapeutics under initial evaluation.

Financial Highlights:

- Combined total of £4.2m raised through equity placings and warrant exercises during 2020 to provide runway for commercial and scientific progress with the existing pipeline (VAL201, VAL301, VAL401, BC201) and implementation of the strategy.
- Cash balance at 31 December 2020 £1,846,901; Cash balance at 31 March 2021 £1,502,885, demonstrating quarterly cash requirement of

approximately £350,000.

Post period highlights:

- Extension of the collaboration between ValiRx and Physiomics PLC to enable the systematic analysis of ValiRx's clinical results using Physiomics Virtual Tumour model and related software to delve deeper into the data. This will benefit the scientific foundation of VAL201, and its use in prostate cancer, as well as two other programmes involving the peptide, namely VAL301 and BC201.

A copy of the 2020 Annual Report & Accounts, together with a Notice of Annual General Meeting, will be sent to all shareholders in the next few days. A further announcement will made in due course.

Dr Suzy Dilly, Chief Executive Officer of ValiRx, commented: "The launch of our new strategy has enabled us to start building connections with universities, institutions and medical research charities. Innovators and technology transfer departments alike have been able to introduce us to a range of fascinating projects. We are looking forward to 2021 and are confident in the outlook for ValiRx."

For further information, please contact:

ValiRx plc	**Tel: +44 (0) 2476 796496**
	www.valirx.com
Suzanne Dilly, CEO	Suzanne.Dilly@valirx.com
Cairn Financial Advisers LLP (Nominated Adviser)	**Tel: +44 (0) 20 7213 0880**
Liam Murray / Jo Turner / Ludovico Lazzaretti	
Peterhouse Capital Limited (Sole Broker)	**Tel: +44 (0) 20 7469 0930**
Duncan Vasey / Lucy Williams / Eran Zucker	
Optimum Strategic Communications	**Tel: +44 (0) 20 8148 3040**
Supriya Mathur/ Shabnam Bashir	valirx@optimumcomms.com

About ValiRx plc

ValiRx accelerates the development of treatments in oncology and women's health to improve patient lives. We provide the scientific, financial and commercial framework towards enabling 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.

Integrating science and business
We connect diverse disciplines across scientific, technical and commercial domains, with the aim of achieving a more streamlined, less costly, drug development process. We work closely with our selected collaborators and leverage the combined expertise required for science to advance.

Lead candidates from our portfolio are out-licensed or partnered with investors through ValiRx subsidiary companies for further clinical development and commercialisation. https://www.valirx.com/

Chairman's Report for the year ended 31 December 2020
Having joined ValiRx in June 2020, I can only really comment on activity in the second half of the year with any great insight. Nevertheless, despite all the turmoil of the coronavirus pandemic and restrictions on the Board to meet in person, I believe that ValiRx has made excellent progress in realigning its strategy and consolidating the position of all key projects. We also achieved a major milestone with the close out and reporting of the VAL201 Phase I/II clinical trial, demonstrating good safety and tolerability and early indications of efficacy.

During the latter half of 2020 the Company successfully made significant changes to the way it operates and its strategic focus. Operational changes included:
- re-structuring the Board to ensure a breadth of skills and experience
- reducing costs and streamlining the organisation
- exiting non-core technologies that did not support the strategy
- re-locating the office outside of London, and
- introducing the new shareholder engagement process.

The successful fund-raise in July 2020 and completion of these changes means that we now have a period of stability to implement the new strategy and also to make commercial and scientific progress with VAL201, VAL301, VAL401 and BC201.

The realignment of the strategy to focus on 'Connected Innovation' and the development of a risk-balanced pipeline of earlier stage projects is progressing well. The business development team is building good relationships with a wide range of innovators and investors and we have already identified a number of interesting technologies which have entered our rigorous evaluation process. The nature of our assessments means that not all projects will be adopted into the pipeline therefore being visible and accessible to scientists developing novel technologies will be necessary to maintain a good flow of opportunities.

The new website and communications plan has been designed to ensure ValiRx is recognised as a company that is 'open for business'.

Selecting a commercial partner for VAL201 remains a high priority for ValiRx and completion of the clinical trial and study report at the end of 2020 has enabled us to actively engage with a variety of interested parties. Due diligence of the science and clinical data, commercial negotiations and internal decision-making processes will all be on the critical path to a successful outcome.

Effective communication with shareholders has also been high on the agenda for ValiRx throughout 2020 and the Board is committed to implementing processes that ensure information is made available in a timely, fair and transparent way, and meets the regulatory requirements of an AIM listed company. However, given the nature of the biopharmaceutical industry, the uncertainties of novel scientific development and the importance of commercial confidentiality, there are likely to be periods when news flow is slow. The adoption of the new strategy, focusing on multiple programmes of earlier stage science, should increase the frequency of scientific updates, as the need for patient confidentiality and lengthy clinical processes will no longer be as relevant. As the Covid rules gradually relax, we are looking forward to the time when we can meet shareholders face-to-face and the opportunity to put more colour on the business activities.

I believe the new strategy will deliver long term growth and value creation for shareholders, but we are only at the beginning of this journey and our activities in 2021 will be focused on maintaining the momentum initiated in 2020.

We very much value the continued commitment of our shareholders and thank you for your support and understanding through a period of significant change for the Company and during an unprecedented world crisis.

Kevin Cox
Chairman
26 April 2021

Chief Executive Officer's Report for the Year Ended 31 December 2020

The key theme for 2020 has been creating stability. Against the backdrop of the pandemic as well as significant management and strategy changes in the Company, I am delighted to summarise a year of substantial progress at ValiRx.

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.

In November 2020, ValiRx received the full dataset to be used for the Clinical Study Report from the Phase 1/2 clinical trial of lead asset, VAL201, for the treatment of locally advanced or metastatic prostate cancer and other solid tumours and performed at University College Hospital (UCLH), London. The dataset provides a complete breakdown of the full data of safety and tolerability as well as evidence for encouraging disease impact as observed during the clinical trial. This data has been used to formulate the Clinical Study Report and to report the results on the www.clinicaltrials.gov database. Additional detailed analysis of the results will form the basis of peer-reviewed journal publications.

About the VAL201-001 clinical trial

The clinical trial opened to recruitment in December 2014 and closed in January 2020. Patients were scheduled for treatment of a once weekly injection of VAL201 in 3-week cycles for a maximum of 6 cycles. A total of 12 patients received at least 1 dose of VAL201.

Patients were eligible if they were: Adult men (over the age of 18) with incurable locally advanced or metastatic prostate cancer who had relapsed following radiotherapy treatment, are in 'watchful waiting' or where a policy of intermittent hormone therapy had been decided. Patients were expected to have no or only mild symptoms relating to their prostate cancer.

In February 2021, ValiRx entered into a new agreement with Physiomics PLC (AIM:PYC)("Physiomics"), an oncology consultancy using mathematical models to support the development of cancer treatment regimens and personalised medicine solutions. The new agreement supersedes the previous agreement between Physiomics and the Group announced on 13 September 2011.

Under the terms of the new agreement, ValiRx will benefit from Physiomics' experience in modelling the effects of prostate cancer treatment, as well the use of the latest version of its Virtual Tumour™ technology, which will be applied to derive valuable information from the additional data generated by the completed clinical trial of VAL201. Physiomics will also support ValiRx in modelling the use of the VAL201 peptide in endometriosis (VAL301) and Coronavirus (BC201).

Physiomics has developed a quantitative systems pharmacology approach that uses pre-clinical and clinical data to model the activity of a drug candidate. This data can be used to explore the mechanism of action, disease impact and optimal dosing strategies.

VAL301 in endometriosis

VAL301, the same peptide ingredient as VAL201, is being investigated for the treatment of women with endometriosis in the preclinical stage of development.

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 potentially avoided.

Currently in preclinical testing, this theoretical benefit will be looked for in future trials.
The Company announced on 1 May 2020 that a Material Transfer Agreement was signed with an undisclosed Japanese pharmaceutical company, which is carrying out laboratory-based evaluations using their own processes to determine whether to enter a licensing agreement with ValiRx for further development of the project.

The Company continues to actively pursue additional options with other interested parties during the period of evaluation by the Japanese company.

VAL401 in adenocarcinoma
VAL401 was originally developed for treating lung cancer. VAL401 completed an exploratory phase 2 trial in late-stage cancer patients in 2017. The data indicated that some patients treated with VAL401 benefited an improvement in quality of life, particularly in measures of pain, nausea, anxiety and insomnia; and a statistically significant improvement in overall survival from time of diagnosis when compared to case matched control patients from the same clinic. Following discussions with clinical key opinion leaders it was suggested that patients with pancreatic cancer could derive great benefit from a product like VAL401 due to improvements to severe abdominal pain, lack of appetite and nausea related to the disease. Consequently, the next trial for VAL401 will include pancreatic cancer patients with the aim to help exemplify both the therapeutic and palliative effects of VAL401.

As VAL401 is the reformulation of a widely used generic drug, with a well-documented safety profile and targeting an underserved disease with low survival rates, we expect regulators to have a favourable view on approval.

On 14 January 2020, the Company announced that its subsidiary, ValiSeek Limited, signed a letter of intent with Tangent Reprofiling Limited and Black Cat Bio Limited to enable Black Cat Bio Limited to seek funding for the further development of VAL401. When an undisclosed threshold of funding is reached, the VAL401 IP license will be transferred from ValiSeek to Black Cat Bio, and all shareholders of ValiSeek, including ValiRx, will become shareholders of Black Cat Bio.

BC201 in Covid-19
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.

On 2 June 2020, the Company announced that it had entered into a collaboration agreement with Oncolytika Limited and Black Cat Bio Limited to consider the potential for VAL201 to be used in conjunction with other components for treatment of patients suffering a hyperimmune response after Coronavirus SARS-CoV2 infection.

Black Cat Bio Limited is co-ordinating the project overall, with project management of specific elements contributed by ValiRx and Oncolytika. ValiRx will provide samples of VAL201 to enable the testing program. Subject to a successful outcome, ValiRx will receive 40% of any licensing income generated by the project.

Outlook

After a period of re-alignment and consolidation throughout 2020, we look forward to the new strategy beginning to have the desired impact in 2021.

Over the course of the new financial year, we are targeting up to four new projects entering the evaluation stage of our process, with at least two of those progressing to a full license. R&D expenditure during this period will increase to cover the initial evaluation costs and support programmes as they enter the fully licensed period. The expected costs are budgeted and incorporated into our cash forecasts.

Where appropriate, in-licenced programmes will be positioned in a subsidiary company, or a Special Purpose Vehicle ("SPV") and third-party funding and/or partners will be sought towards the end of the preclinical development period, subject to successful outcomes of the required experiments.

Our research strategy aims to mitigate risks by two means. Firstly, by carrying out initial evaluations of therapeutic candidates prior to incorporation into our pipeline we will be able to establish suitability with minimal cost before making long term commitments. Secondly, we intend to evaluate multiple projects each year across a range of technologies and applications with the aim of creating a risk balanced portfolio and a steady flow of opportunities for further development.

Dependent on the nature and the specific requirements of each programme, additional personnel may be required, either recruited directly into ValiRx or into the relevant SPV. The objective would be to build on the expertise of the

existing team, while maintaining the flexibility of a virtual biotech model. Team growth is built into our financial planning over the next 2-3 years but will ultimately be determined according to the needs and resources available to the Company.

As a result of the funds raised in 2020 and significant costs reductions, and assuming no major unforeseen circumstances, we anticipate that our current cash balance will be sufficient to progress the strategy as described over the twelve month period. Subject to successful outcomes, the ongoing out-licencing discussions for the Company's clinical assets will further extend the cash runway and potentially allow an expansion of activities.

Suzanne Dilly
Chief Executive Officer
26 April 2021

Financial overview

Our financial results show the total comprehensive loss for the year ended 31 December 2020 of £1,443,248 (2019: £2,388,707) and a loss per share of 3.81p (2019: Loss 33.08p).

Research and developments costs were £230,115 for the year ended 31 December 2020 as compared to £984,457 in 2019, a decrease of £754,342.

Administrative expenses, before loss on disposal of intangible assets of £154,968, were £1,276,619 for the year ended 31 December 2020 as compared with £1,860,379 in 2019, a decrease of £583,760.
I would like to thank the staff and Board members for all their contributions and shareholders for their continued support during these difficult times.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020

	2020	2019
	£	£
CONTINUING OPERATIONS		
Other operating income	**11,077**	146,517
Research and development	**(230,115)**	(984,457)
Administrative expenses	**(1,431,587)**	(1,860,379)
OPERATING LOSS	**(1,650,625)**	(2,698,319)
Discount on settlement of financial liability	**122,000**	-
Finance costs	**(14,880)**	(21,175)
LOSS BEFORE INCOME TAX	**(1,543,505)**	(2,719,494)
Income tax credit	**75,182**	293,738
LOSS AFTER INCOME TAX	**(1,468,323)**	(2,425,756)

Non-controlling interest	**25,075**	37,049
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(1,443,248)**	(2,388,707)
LOSS PER SHARE - BASIC AND DILUTED	**(3.81p)**	(33.08p)

Consolidated Statement of Financial Position for the year ended 31 December 2020

	2020	2019
	£	£
ASSETS		
NON-CURRENT ASSETS		
Goodwill	**1,602,522**	1,602,522
Intangible assets	**1,329,188**	1,620,207
Property, plant and equipment	**-**	-
Right-of-use assets	**20,995**	-
	2,952,705	3,222,729
CURRENT ASSETS		
Trade and other receivables	**66,735**	90,083
Tax receivable	**71,346**	291,787
Cash and cash equivalents	**1,846,901**	-
	1,984,982	381,870
TOTAL ASSETS	**4,937,687**	3,604,599
EQUITY		
SHAREHOLDERS' EQUITY		
Called up share capital	**9,669,828**	9,417,225
Share premium	**24,380,356**	20,596,143
Merger reserve	**637,500**	637,500
Reverse acquisition reserve	**602,413**	602,413
Share option reserve	**540,803**	830,449
Retained earnings	**(30,919,728)**	(29,729,817)
	4,911,172	2,353,913
Non-controlling interests	**(155,888)**	(130,813)
TOTAL EQUITY	**4,755,284**	2,223,100

LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	**44,486**	-
Lease liabilities	**13,439**	-
	57,925	-
CURRENT LIABILITIES		
Trade and other payables	**111,342**	1,182,084
Bank overdraft	**-**	5,634
Borrowings	**5,514**	193,781
Lease liabilities	**7,622**	-
	124,478	1,381,499
TOTAL LIABILITIES	**182,403**	1,381,499
TOTAL EQUITY AND LIABILITIES	**4,937,687**	3,604,599

Consolidated Statement of Changes in Equity for the year ended 31 December 2020

	Share capital	Share premium	Merger reserve	Reverse acquisition reserve	Share-based payment reserve	Non-controlling interest	Retained earnings	Total
	£	£	£	£	£	£	£	£
Balance at 1 January 2019	8,680,694	19,779,905	637,500	602,413	885,963	(93,764)	(27,461,771)	3,030,940
Changes in equity								
Loss for the year	-	-	-	-	-	(37,049)	(2,388,707)	(2,425,756)
Issue of shares	736,531	1,105,969	-	-	-	-	-	1,842,500
Costs of shares issued	-	(289,731)	-	-	-	-	-	(289,731)
Lapse of share options and warrants	-	-	-	-	(120,661)	-	120,661	-
Movement in year	-	-	-	-	65,147	-	-	65,147
Balance at 31 December 2019	9,417,225	20,596,143	637,500	602,413	830,449	(130,813)	(29,729,817)	2,223,100
Changes in equity								
Loss for the year	-	-	-	-	-	(25,075)	(1,443,248)	(1,468,323)

Issue of shares	252,603	3,993,579	-	-	-	-	-	4,246,182
Costs of shares issued	-	(245,675)	-	-	-	-	-	(245,675)
Exercise of warrants	-	50,447	-	-	(50,447)	-	-	-
Lapse of share options and warrants	-	-	-	-	(253,337)	-	253,337	-
Movement in year	-	(14,138)	-	-	14,138	-	-	-
Balance at 31 December 2020	**9,669,828**	**24,380,356**	**637,500**	**602,413**	**540,803**	**(155,888)**	**(30,919,728)**	**4,755,284**

Merger reserve

The merger reserve of £637,500 exists as a result of the acquisition of ValiRx Bioinnovation Limited. The merger reserve represents the difference between the nominal value of the share capital issued by the Company and the fair value of ValiRx Bioinnovation at 3 October 2006, the date of acquisition

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.

Consolidated Statement of Cash Flows for the year ended 31 December 2020

	Notes	**2020**	2019
		£	£
Cash flows from operations			
Cash outflow from operations	1	**(2,200,088)**	(1,801,714)
Interest paid		**(6,252)**	(3,093)
Tax credit received		**295,623**	463,144
Net cash outflow from operating activities		**(1,910,717)**	(1,341,663)
Cash flows from investing activities			
Proceeds from sale of investments		**-**	146,517
Proceeds from sale of intangible fixed assets		**2,000**	-
Purchase of intangible fixed assets		**(93,287)**	(396,776)
Net cash outflow from investing activities		**(91,287)**	(250,259)
Cash flows from financing activities			
Loan repayments		**(80,000)**	(138,000)
Bank loan		**50,000**	-

Repayment of lease liabilities		**(2,500)**	-
Share issue		**4,132,714**	1,576,000
Costs of shares issued		**(245,675)**	(224,584)
Net cash inflow from financing activities		**3,854,539**	1,213,416
Increase/(decrease) in cash and cash equivalents		**1,852,535**	(378,506)
Cash and cash equivalents at beginning of year	2	**(5,634)**	372,872
Cash and cash equivalents at end of year	2	**1,846,901**	(5,634)

Notes to the Consolidated Statement of Cash Flows for the year ended 31 December 2020

1. RECONCILIATION OF OPERATING LOSS TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
Operating loss	**(1,650,625)**	(2,698,319)
Amortisation and impairment of intangible assets	**227,338**	400,519
Depreciation of right-of-use assets	**2,157**	
Decrease in trade and other receivables	**23,348**	84,006
(Decrease)/increase in trade and other payables	**(957,274)**	346,097
Loss on disposal of intangible fixed assets	**154,968**	-
Profit on sale of investments	**-**	(146,517)
Share-based payments charge	**-**	212,500
Net cash outflow from operations	**(2,200,088)**	(1,801,714)

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 2020	**1 January 2020**
	£	**£**
Cash and cash equivalents	**1,846,901**	**(5,634)**

	31 December 2019	1 January 2019
	£	£

Cash and cash equivalents	(5,634)	372,872

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

1. STATUTORY INFORMATION

ValiRx Plc is a company incorporated in the United Kingdom under the Companies Act 1985, which is listed on the AIM market of the London Stock Exchange Plc. The address of its registered office is Stonebridge House, Chelsmford 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 (£).

Basis of preparation

The Group's financial statements have been prepared in accordance with 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 2020. The Company's financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as they apply to the financial statements of the Company for the year ended 31 December 2020 and as applied in accordance with the provisions of the Companies Act 2006. 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.

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 will continue in the current accounting year to 31 December 2021.

The Company carries out regular fund-raising exercises in order that it can provide the necessary working capital for the Group. Further funds will 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 addition, there are significant uncertainties around the continuing impact of the COVID-19 pandemic including the extent and duration of social distancing measures, the inability to travel, the closure of academic institutions and the impact on the economy. Management has considered the current economic uncertainty and market volatility caused by the COVID-19 outbreak. In assessing whether the going concern assumption is appropriate, management has reviewed the impact on the business to date and developed a range of downside scenarios that could impact the business together with mitigating actions.

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 £1,846,901 held by the Group as at 31 December 2020 together with known receivables 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.

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.

2. LOSS PER SHARE

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

	2020	2019
	£	£
Loss for the financial period	**(1,468,323)**	(2,425,756)
Non-controlling interest	**25,075**	37,049
Loss attributable to owners of Parent Company	**(1,443,248)**	(2,388,707)
Basic:		
Weighted average number of shares	**37,898,019**	7,221,102
Loss per share	**(3.81p)**	(33.08p)

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 would have the effect of reducing the loss per share and would therefore not be dilutive under IAS 33 'Earnings per Share'.

The comparative weighted average number of shares has been adjusted to account of the share capital reorganisation which took place during 2020 whereby 1 new ordinary share of 0.1p each was issued in exchange for 125 existing ordinary shares of 0.1p each.

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company are responsible for the release of this announcement.

Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should" "envisage", "estimate", "intend", "may", "plan", "potentially", "expect", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting the Company will be those that it anticipates.

Factors that could cause actual results to differ materially from those in the forward-looking statements include risks relating to unanticipated costs, liabilities or delays; failure or delays in research and development programs; the safety and efficacy of the Company's product candidates and the likelihood of clinical data to be positive and of such product candidates to be approved by the applicable regulatory authorities; unanticipated changes relating to competitive factors in the Company's industry; risks relating to the Company's capitalisation, resources and ownership structure, the availability of sufficient resources for company operations and to conduct or continue planned clinical development programs; the outcome of any legal proceedings; risks related to the ability to correctly estimate operating expenses; risks related to the ability to project future cash utilisation and reserves needed for contingent future liabilities and business operations; risks related to the changes in market prices of the Company's ordinary shares; the Company's ability to hire and retain key personnel; changes in law or regulations affecting the Company; international, national or local economic, social or political conditions that could adversely affect the Company and its business; conditions in the credit markets; risks associated with assumptions the Company makes in connection with its critical accounting estimates and other judgments.

Ends

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