

PsychCapital

PSYCH CAPITAL PLC
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 APRIL 2022

Registered number: 13351629

PSYCH CAPITAL PLC

ANNUAL REPORT AND ACCOUNTS

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COMPANY INFORMATION

DIRECTORS	J Colliver (appointed upon Admission to the AQSE on 9 June 2022) S Murphy (appointed 21 June 2021) W Potts (appointed 22 April 2021) N Ragoonanthun (appointed 1 June 2021, resigned 3 May 2022) R Reid (appointed 22 April 2021, resigned 11 June 2021)
COMPANY SECRETARY	K Mildwaters (appointed 3 May 2022)
REGISTERED NUMBER	13351629
REGISTERED OFFICE	17 Hanover Square London England W1S 1BN
INDEPENDENT AUDITORS	Adler Shine LLP Chartered Accountants and Statutory Auditor Aston House Cornwall Avenue London N3 1LF
CORPORATE ADVISOR	Peterhouse Capital Ltd 80 Cheapside London EC2V 6EE
REGISTRAR	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD
COMPANY WEBSITE	https://psych.capital/

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PSYCH CAPITAL PLC

WELCOME TO PSYCH CAPITAL PLC

FOR THE YEAR ENDED 30 APRIL 2022

WELCOME TO PSYCH CAPITAL PLC

Psych Capital Plc (AQSE: PSY), (or “Psych”, “Psych Capital”, or “the Company”), the first listed pure-play psychedelic company in London, is pleased to announce its results for the year ended 30 April 2022.

Highlights:

- The Company raised gross proceeds of £1.05m prior to Admission to the AQSE, between 13 May 2021 and 23 August 2021.
- A £0.3m investment in Awakn, a clinical biotech company developing medicines to treat addiction and other mental health conditions, showing a 12.9% increase in market value as of 30 April 2022.
- The acquisition of the PSYCH platform, a global B2B resource for networking, intelligence, and insights, servicing the industry through publications, newsletters and engaging events.
- Publication of the third edition of the Psychedelics as a Medicine Report, generating £62,228 in revenues.
- Subscription agreement signed with the Conservative Drug Policy Reform Group Ltd (“CDPRG”), who provide strategic advice to the Company to assess market opportunities in the UK and Europe.
- PSYCH platform grows subscriber base by 38% since acquisition to 37,000 regular readers.

Post year end:

- The successful inaugural PSYCH Symposium was held at The National Gallery on the 11 May 2022, with over 350 delegates in attendance including leaders from science, advocacy, regulation, and finance, generating over £150,000 in revenues.
- Admission to AQSE Growth Market on 09 June 2022, listing the listed pure-play psychedelic company in London, raising gross proceeds of £810,000.
- Investee company Awakn announces Phase III clinical trial approved for CA\$2.5m, with the UK state covering 66% of the costs.
- Appointment of CDPRG, represented by Crispin Blunt MP, a pioneering politician leading regulatory reform, to the Company’s Psychedelic Medicines Technical Advisory Board.

CHAIRMAN'S STATEMENT

We are pleased to present the results for Psych Capital Plc (or "Psych", "Psych Capital", or "the Company") for the year ended 30 April 2022. The Company was admitted to the AQSE Growth market in June 2022, and is the first pure-play psychedelic company to list in London.

The nascent and growing medical psychedelic industry has attracted a significant base of investors seeking to establish and scale businesses in a landscape showing scientific and commercial promise. The Company seeks to uncover opportunities at the forefront of the rapidly evolving regulatory landscape, developments in healthcare delivery frameworks, and scientific and clinical research, to address the unmet needs of patients in the UK and other markets, in the context of an escalating mental health crises.

The Company is pursuing two core strategies:

- Identify, fund and support the building of future companies conducting clinical research programs to develop psychedelic drug development and therapeutic treatments; and
- Scaling and growing its business-to-business media and content platform (PSYCH) for the psychedelic science and healthcare industry.

Overview

During 2021, the Company invested in Awakn Life Sciences Corp. ("Awakn"), acquiring approximately 2% per cent of Awakn's issued share capital at the time of the investment. Awakn is a clinical biotech company researching, developing and delivering evidence-based psychedelic medicine to treat addiction and other mental health conditions. The team at Awakn have delivered progress on a number of fronts in 2022, including the successful completion of Phase One of its Drug Discovery Program, and the approval of Phase III of its Ketamine assisted therapy for alcohol use disorder program, with the National Institute for Health and Care Research (NIHR), a UK government agency who provided funding of CA\$2.5m, which covers 66% of the costs.

The Company also acquired the PSYCH platform from Prohibition Holdings Limited. The platform is a business-to-business media and content platform for the psychedelic science and healthcare industry, and provides a resource for networking, intelligence and insights, servicing the industry through publications, newsletters and engaging events. The PSYCH Platform is revenue generative, with £62,228 of sponsorship revenue recognised during the year ended 30 April 2022.

PSYCH has amassed a significant global B2B audience, with subscribers to the platform growing by 38% since acquisition, to 37,000 readers. This is particularly impressive given the Company's lack of marketing activity. The platform also produces "The Psychedelics as a Medicine Report" series, now in its 3rd Edition, which has become one of the leading resources for the global industry, with over 2,000 downloads per edition, and which is recording record revenue in sponsorship from premium psychedelic companies, including Beckley Psytech, Atai, Braxia, Filament Health and Diamond.

Post year end

The inaugural PSYCH Symposium was held in The National Gallery on 11 May 2022 in London with over 350 delegates in attendance and generated revenues of over £150,000 from client sponsorship and ticket sales. The symposium attracted over 35 global thought leaders from science, advocacy, regulation and finance, to participate in a full day programme sharing insights, research and inspiration for the future of the industry.

We are committed to advancing the case for regulatory reform in the UK and beyond, to improve patient access to innovative drugs and therapy treatments. The Company welcomed the appointment of the Conservative Party Drug Reform Group, represented by Crispin Blunt, a pioneering politician leading regulatory reform, to the Company's Psychedelic Medicines Technical Advisory Board.

While most of the attention in the industry is focused on R&D and drug development, Psych Capital has conducted a full analysis of potential healthcare delivery frameworks to identify early-stage opportunities related to the implementation of psychedelics as medicine. This included a full mapping of companies, initiatives and projects that could impact the development of the sector. Alongside market analysis, Psych Capital explored investment opportunities into several companies and while no investment has been finalised to date, we have identified potential investments that could make a positive impact to the group in the future.

The management team and board has been strengthened by the appointment of an independent non-executive director upon admission to the AQSE, and subsequently a CFO, both of whom are seasoned finance professionals, with public markets, and regulatory expertise.

Outlook and prospects

Whilst macroeconomic pressure stemming from the conflict in Ukraine, concerns regarding inflationary pressures, and political uncertainty have led to market volatility, the nascent psychedelic industry continues to develop rapidly. The publication of potentially transformative clinical trial results expected in late 2022 / early 2023 are eagerly anticipated by the market, with MDMA and psilocybin-assisted therapy expected to be regulated by the FDA.

Our latest PSYCH reports forecast that the European economies stand to save over US\$60 billion each year through innovations in psychedelic healthcare, with the market for psychedelic-assisted therapies expected to be worth US\$1.5 billion by 2030. In the United States, where healthcare costs are far greater, the economy stands to save US\$270 billion. Across the Atlantic the market could exceed US\$4 billion by 2030, driven by the regulation of MDMA and psilocybin.

Psych Capital, with our network of experts, proprietary market intelligence, and access to deal flow, is in a strong position to invest in early-stage opportunities in the medical psychedelic industry. We have been exploring several potential M&A transactions which have come to us at preferential valuations compared to the prior six months, and we look forward to updating the market on developments.

Financial Review

Psych Capital Plc is pleased to announce the Company's first set of results for the year to 30 April 2022.

The Company issued an aggregate total of 183,333,335 Ordinary Shares raising gross proceeds of £1,050,000 pursuant to subscriptions received from investors prior to Admission to the AQSE.

In the year the Company actively pursued its investment strategy, purchasing £300,000 of shares in Awakn Life Sciences Corp., acquiring the assets, contracts and intellectual property (including the audience, data, digital properties and design) of the PSYCH platform for a consideration of £450,000, and entered into a license agreement with Blossom for access to a database of psychedelic research and drug development for £22,932.

Revenues of £62,228 were reported in the year, relating to sponsorship of the third edition of the "The Psychedelics as a Medicine Report" by the PSYCH platform, derived from clients in the UK, Europe and the rest of the world. A gross profit margin of 64% was achieved, after the deduction of direct costs associated with producing the report. Administrative expenses of £622,445 incorporated non-cash charges of £62,500 relating to the amortisation of the intangible assets from the PSYCH platform asset purchase. Other administrative expenses included consultancy and advisory fees (including £25,000 subscription to the CDPRG), £107,510 of professional fees relating to preparation for the post year end Admission to the AQSE, and advertising and marketing expense building the presence of the PSYCH platform.

A statutory pre-tax loss of £543,933 was reported in the year, resulting in a basic loss per share of £0.012.

Net assets totalled £476,067 at 30 April 2022, incorporating £322,634 in cash and cash equivalents. The investment in Awakn appreciated by 12.9% at the year end, resulting in a net gain of £38,541, and a net book value of £338,541. Intangible assets, relating to the acquisition of the PSYCH platform, had a net book value of £387,500, after amortisation. Trade and other receivables totalled £150,568, predominately relating to prepayments for the PSYCH Symposium event in May and a VAT balance. Trade and other payables of £723,177 were recorded at the year end, £450,000 of which related to the shares issued to Prohibition Holdings Ltd upon the Company's Admission to AQSE, in relation to the acquisition of the PSYCH assets, with a further £147,126 of deferred revenues relating to the May Symposium, and accruals.

The Company incurred net cash outflows from operations of £397,365, as it invested in advisory and professional fees establishing operations in the nascent psychedelic sector and in preparation for Admission to the AQSE, and in building the PSYCH brand and platform. A cash investment of £240,000 was made in acquiring shares in Awakn Life Sciences Corp. from the Company's directors. The Company raised net proceeds from the issue of shares of £960,000, net of £30,000 in broker commission, and £60,000 of Company shares issued to Directors in relation to the acquisition of Awakn shares.

The Company has over 290 million shares in issue, post Admission to AQSE.

Corporate Governance Statement

Introduction

The Board is committed to effective corporate governance as the basis for delivering long-term value growth and for meeting stakeholder expectations for proper leadership and oversight of the business.

The Board has chosen to apply the Corporate Governance Code for Smaller and Mid-Size Quoted Companies published by the Quoted Companies Alliance (the 'QCA Code'), as far as it considers appropriate for the size and nature of the Group.

Key performance indicators

At this early stage in the Company's lifecycle, the Board seeks to maximise shareholder value by investing in, acquiring and growing businesses within the psychedelic healthcare sector.

As the Board execute this strategy, more detailed KPIs will be established, depending on the specific nature of operations of investee / operating companies. The Board has identified the following KPIs as relevant measures.

Performance Indicator	30 April 2022	Commentary
Basic loss per share	£0.012	The calculation of basic loss per share is detailed in note 8 to the accounts.
Net Assets	£476,067	Total assets less liabilities.
Cash used in operations	£397,365	Total comprehensive loss for the year, adjusted for non-cash items and for changes in working capital.
Number of PSYCH subscribers	37,030	Total active subscribers following PSYCH on social media and e-mail CRM database.

Financial Risk Management

The Company's financial instruments comprise cash, liquid resources and various items, such as trade receivables and trade payables that arise directly from its operations. The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign exchange and price risk. These risks are monitored by the Board of Directors.

Liquidity risk: In keeping with similar sized investment companies, the Company's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital or debt. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed and the Board regularly manage the working capital requirements of the Company, maintaining a forecast of working capital that is reviewed and updated monthly, and actively manages its financial risk to ensure forecasted cash outgoings can be met in the short and medium term.

Credit risk: The Directors consider there to be minimal credit risk in respect of the Company's cash balances as they are held with a reputable institution.

Price risk: The Company's management of price risk, which arises primarily from quoted equity instruments, is through the selection of financial assets within specified limits as approved by the Board of Directors. For quoted equity securities, the market risk variable is deemed to be the market price itself. A 10% change in the price of those investments would have a direct impact on the statement of comprehensive income and statement of financial position. At 30 April 2022, the effect of such a change in market price would have been approximately £34,000.

Foreign exchange risk: The Company's holds a Canadian Dollar denominated investment which exposes the Company to the risk that the exchange rate of the Canadian Dollar against the pound will change in a manner which adversely impacts the Company's net profit and net assets attributable to shareholders. The Company does receive payment in foreign currency from certain clients, but there is minimal delay transferring funds into Sterling upon receipt, and therefore relatively minimal risk of adverse currency movements.

Principal Risks and Uncertainties

The Board formally reviews and documents the principal risks to the Company's business within a formal Risk Register at least annually.

Risk	Description and mitigation
<p>Strategic</p>	<p>Regulatory risks associated with medical psychedelic drugs The Company's chosen sector is highly regulated and non-compliance with relevant national law or practices could result in the commission of civil, as well as criminal offences. The Board will have particular regard to the potential risk of money laundering or proceeds of crime offence(s) under POCA 2002. It will also ensure that the Company complies with relevant national laws and good practice in respect of its continuing operations. The Board will adopt a cautious and conservative approach when weighing up any future business development, acquisition, or investment opportunity, and the Company will ensure that appropriate advice is obtained, including from the Psychedelic Medical Technical Advisory Board.</p> <p>Change of laws Expectations of growth within the medical psychedelic sector also assumes national regulators will liberalize their laws and policies associated with the availability and use of medical psychedelic drugs in response to the demands of patients, public sentiment and an increase in credible data indicating the efficacy of psychedelic medicines in the treatment of various conditions. However, the nature, extent and timing of such developments are often very difficult to predict. There can be no guarantee that laws and policies of national authorities will develop in a manner which helps to support the growth of the Company, and it is conceivable that even stricter laws and controls could be implemented by national governments over time in response to negative public sentiment or negative results produced by further medical and scientific study. A materialization of such risks could impact the growth and development of the Company. The Company has a close working relationship with the Conservative Drug Policy Reform Group Ltd (CDPRG), and recently announced their appointment to the Psychedelic Medical Technical Advisory Board.</p>
<p>Financial</p>	<p>Cashflow The Company's cash reserves need to be managed effectively to ensure that the Company maintains sufficient capital to meet its financial commitments. The Company have very little committed expenditure and as such the Board are able to manage its payments to ensure adequate liquid resources are available.</p>
<p>Operational</p>	<p>Impact of COVID-19 Disruptions to holding in-person events due to COVID-19 restrictions (or measures to address other pandemics) remains a risk. The experienced events team had been monitoring in-person event guidelines. Covid clauses are built into all contractual obligations, from suppliers, venue, sponsors, speakers and delegates allowing the organiser to move the date to a time that is more appropriate.</p>
<p>Compliance</p>	<p>Compliance with legal requirements In the United Kingdom, Psychedelic drugs (predominantly) are class A controlled drugs (the most restricted category) and are generally only available for use in the field of scientific research and development under licence. The misuse of such controlled substance is subject to a strict regime of criminal penalties including, significant fines and imprisonment. At present, operations are not directly exposed to any controlled drugs, as the Company is yet to engage in any research or drug development operations. A full risk assessment will be conducted and control framework implemented before any such operations are conducted.</p>

Forward looking statements

The Strategic Report has been prepared for the Shareholders of the Company, and no other persons. The Strategic Report may contain forward-looking statements or anticipated outcomes that are subject to the principal risks noted above, along with the economic and sector specific circumstances within the markets which the business operates. The purpose is to assist Shareholders of the Company to assess the strategies adopted by the Company and the potential for those strategies to succeed, and for no other purpose. The Directors believe that the expectations reflected in the Strategic Report are reasonable, but they may be affected by all of the principal risks, which could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements in the Strategic Report will be realised. The forward-looking statements reflect the data and knowledge available at the time.

Employment without discrimination

The Company is committed to offering employment on the basis of aptitude and ability. We hire and promote our people regardless of gender, orientation, origin, creed, disability or any other inappropriate discrimination.

Board composition and operation

The comprises one Non-Executive Chairman, and two Executive Directors. The Company does not have two independent non-executive directors, as recommended under Principle 5 of the QCA Code. The Company does not consider it appropriate to appoint and maintain a senior independent director, at this time.

The Board believes that it has an effective mixture of skills, capabilities and experience required for the effective operation of the Company. The Board has public company, financial and sectoral experience relevant to its proposed investment and acquisition strategy. The Directors will seek to ensure that an appropriate balance of skills and experience is maintained over time. All Directors have access to the advice and services of the Company Secretary.

Board Committees

The Company has established an executive committee, audit committee, remuneration and AQSE compliance committee with formally delegated duties and responsibilities. The composition of the committees is briefly described below:

Executive Committee

The Company has established an Executive Committee to promote and maintain a prudent and effective allocation of capital across the Company's portfolio and the Executive Committee will report to the Board on a regular basis and will be responsible for monitoring investments. From Admission to AQSE, the Executive Committee comprised of two executive members, Stephen Murphy and William Potts, and one non-executive member, Joseph Colliver. Joseph Colliver serves as chair of the committee.

Prior to undertaking an investment, the Executive Committee will undertake due diligence on a prospective opportunity, with the assistance of the Medical Psychedelic Technical Advisory Board. The Executive Committee will then present its findings in a comprehensive report to the main Board for review. The Board will in turn decide whether the Company should pursue the prospective investment. Any investment undertaken must first be approved by the Board, as well as any comments made by the Company's AQSE Corporate Adviser, who will review the potential investment and the application of the AQSE Rules implications in regard to a proposed investment.

As part of the analysis of prospective investments, appropriate operational and financial due diligence will be performed by the Directors, and where applicable, external legal and financial advisors will be commissioned and managed by Stephen Murphy. Due to the nature of the Company's strategic focus on the medical psychedelic sector, it will be necessary for the members of the Executive Committee to consider and address any specific legal and regulatory risks

Audit Committee

The committee comprises Joseph Colliver and William Potts, with Joseph Colliver serving as chairperson. The audit committee will determine the terms of engagement of the Company's auditors and will determine, in consultation with the auditors, the scope of the audit. The audit committee will receive and review reports from management and the Company's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The audit committee will have unrestricted access to the Company's auditors.

Remuneration Committee

The committee will comprise William Potts and Joseph Colliver, with Joseph Colliver serving as chairman. The remuneration committee will determine the scale and structure of the executive directors' and senior employees' remuneration and the terms of their respective service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the non-executive directors of the Company will be set by the Chairman and executive members of the board.

AQSE Rules Compliance Committee

The AQSE Rules compliance committee will ensure that procedures, resources and controls are in place to ensure that AQSE Rules compliance by the Company is operating effectively at all times and that the executive directors are communicating effectively with the Company's corporate adviser regarding the Company's ongoing compliance with the AQSE Rules and in relation to all announcements and notifications and potential transactions.

The composition of these committees may change over time as the composition of the board changes.

Directors

Joseph Tregonning Colliver (Non-Executive Chairman) (Aged 42)

Joseph built and led a team at one of the UK's first publicly listed CBD wellness and medicinal cannabis company. Joseph led the reverse-takeover via a scheme of arrangement of a listed Canadian CBD wellness business, merging the two companies and listing the combined group on the CSE and AQSE. In his CFO / COO role he had accountability for all regulatory matters, leading the company's novel food application process with the Food Standards Agency, obtaining a Home Office controlled drugs licence, and liaising with regulators such as Trading Standards, VMD, MHRA. Joseph had P&L accountability for the analytical laboratory (achieving ISO 107025) and wholesale CBD extraction operations and sales in Europe, as well as finance, HR, legal, fund-raising, investor relations, and M&A. Joseph was also responsible for the research partnership with King's College London and recruited and oversaw the Scientific Advisory Board.

William Christopher Potts (Chief Investment Officer) (Aged 26)

William Potts is the co-founder of Psych Capital Plc as well as Goodplant Ventures Plc. He has been an active investor in psychedelics healthcare since 2020, and brings an extensive network of high net worth and institutional investors to the table. William has been specifically focused on the healthcare sector for a number of years.

Stephen Murphy (Executive Director) (Aged 36)

Stephen Murphy is the co-founder of Psych Capital Plc. He is also the CEO and co-founder of Prohibition Holdings which owns some of the cannabis industry's best known B2B companies and brands including Prohibition Partners and Cannabis Europa. Stephen's background is in technology, digital media and corporate finance.

Attendance at Meetings

Prior to Admission to AQSE, the Company held seven board meetings from incorporation to the year end, with all Directors who were appointed at the time of the meeting in attendance.

Section 172 Statement

Under section 172 of the Companies Act 2006 ("Section 172"), a director of a company must act in a way that they consider, in good faith, and would most likely promote the success of the company for the benefit of its members as a whole, taking into account the non-exhaustive list of factors set out in Section 172.

Section 172 requires directors to

- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Group,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Group's employees,
- Foster the Group's relationships with suppliers, customers and others, and
- Consider the impact of the Group's operations on the community and the environment.

Regulatory Bodies

The Board takes regulatory compliance extremely seriously, and has retained the services of experts in the field of psychedelic medicines and drug policy reform, with the appointment of Dr Anne Katrin Schlag, a Chartered Psychologist and Head of Research at Drug Science, and the Conservative Drug Policy Reform Group Ltd (CDPRG), represented by Crispin Blunt MP, to the Psychedelic Medicines Technical Advisory Board. Members of the Advisory Board report to the Executive Committee on a regular basis, to ensure the Company has assessed potential regulatory implications of investment decisions.

Shareholders

The directors promote engagement with shareholders via the publication of newsletters, RNS announcements and press releases, the AGM, Annual Report, Company Website, informal communication directly with key shareholders, and invites to industry events hosted by PSYCH. As the Company delivers on its investment strategy, the Board will further engage with Investor Relation activity.

Internal Stakeholders

Other than the Board of Directors, the Company does not have full-time or part-time employees, running operations through consultants retained on a contract basis. The Directors regularly engage with consultants to support their continued professional development, discussion of Company and project objectives and targets, compensation, and Company strategy.

Psychedelic Medicines Community

The Company actively brings together key decision makers and advocates of the nascent Psychedelic Medicines Community at forums and events hosted by the PSYCH platform, including academics, patient groups, medical bodies, healthcare delivery and clinical research companies, in a forum to collaborate and share information and insights. The Directors will also continue to engage via the ongoing relationship with Drug Science and the CDPRG.

Corporate Social Responsibility

In addition to the above key stakeholder relationships, the Board endeavours to minimise environmental impact of its operations by encouraging team members to work from home, hosting team meetings and Board meetings via web platforms, and by working with external suppliers, and reviewing their environmental policies, to minimise the footprint of in-person events hosted by the PSYCH platform. The Company ensures PSYCH events are open to a wide group of delegates both in terms of diverse programming and affordable pricing and access. The Company will evolve its approach to environmental and social considerations as the sophistication of operations continue to advance. The Company adopted an anti-bribery and corruption policy on 1 March 2022.

The above statement should be read in conjunction with the rest of the Strategic Report, incorporating the Company's Corporate Governance Statement.

The Strategic Report was approved by the Board of Directors on 31 October 2022 and was signed on its behalf by:



Joseph Colliver
Chairman

DIRECTORS' REPORT

The Directors present their report together with the audited financial statement for the year ended 30 April 2022.

Principal Activity

The principal activity of the Company is to identify and invest in companies conducting clinical research programs to develop psychedelic drug development and therapeutic treatments; and business-to-business media and content marketing for the psychedelic science and healthcare industry.

Strategic Report

The principal activity of the Company, its strategy and business model are set out on pages 2 to 8.

Corporate Governance

The Corporate Governance Report is included in the Strategic Report on pages 4 to 8.

Results and dividends

A review of the results for the year and the financial position of the Company is included in the Strategic Report on page 3 and details are set out in the financial statements on pages 21 to 35.

In line with the strategy set out at the time of incorporation, and subsequently upon Admission to the AQSE, the Directors do not intend to pay dividends for the foreseeable future until the Company has achieved sufficient profitability and requirements for working capital are such that it is prudent to do so and, even then, the Directors may not determine to pay any dividend or make any other form of distribution.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Company financial review, together with the financial position of the Company, its cash flows, liquidity position and borrowing facilities. Financial projections have been prepared into Q1 2024, including discretionary funds earmarked for investment activity. Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and they have adopted the going concern basis of accounting in preparing the annual financial statements.

Substantial shareholders

On 30 April 2022 the following shareholders held an interest of 3% or more of the ordinary share capital of the Company:"

Christopher Potts*	24.00%
Oscillate Plc	16.36%
Peterhouse Capital Limited	9.45%
Stephen Murphy**	8.35%
William Potts	7.31%
Robert Reid***	7.17%
Thomas Grant & Company Limited	5.45%
Danielle MacInnes	3.90%

* Christopher Potts is the father of William Potts. Christopher Potts' Ordinary Shares are held through nominees, Oberon Investments Group plc.

**Mr Stephen Murphy has a direct holding of 7,960,000 Ordinary Shares and an indirect holding of 7,340,000 Ordinary Shares through Santony Trading Ltd of which he is the sole shareholder.

***7,150,000 Ordinary Shares are held by Danielle Mac Innes, wife of Robert Reid and 1,500,000 Ordinary Shares are held by Marcus Mac Innes, brother of Danielle Mac Innes.

Directors

The directors who held office during the year were as follows:

Narisha Ragoonanthun - resigned 3 May 2022

Robert Reid – resigned 11 June 2021

William Potts

Stephen Murphy

Joseph Colliver – appointed post-year end, upon Admission to AQSE

Directors' emoluments

	Salary/Fees/ Benefits	Share- based payment	Total Emoluments	2021
	£	£	£	£
W Potts	30,000	Nil	30,000	Nil
S Murphy	20,000	Nil	20,000	Nil
N Ragoonanthun	27,500	Nil	27,500	Nil
R Reid	Nil	Nil	Nil	Nil

£4,000 of S Murphy's Fees were paid to Santony Limited, a company which he controls.

£4,000 of S Murphy's Fees were paid to Neaufort Limited, a company which is the accountant to Santony Limited.

£27,500 of N Ragoonanthun's Fees were paid to RSVN Associates Limited, a company which she controls.

R Reid (a shareholder and former director) was paid £23,200 for consulting services via RPR Advisory Limited after he was no longer a director.

J Colliver was paid £5,250 for consulting services via Colliver Advisory Limited during the year.

Statement of compliance with the Corporate Governance Code

The Company complies with the Quoted Companies Alliance's Corporate Governance Code (the "QCA Code") as revised and reissued in May 2018.

Joseph Colliver, in his capacity as Non-Executive Chairman, has assumed responsibility for leading the Board effectively and ensuring that the Company has appropriate corporate governance standards in place and that these standards are observed and applied within the Company as a whole.

The corporate governance arrangements that the Board has adopted are intended to ensure that the Company delivers medium and long-term value to its shareholders. The Board maintains a regular dialogue with its major investors and other professional investors, providing them with such information on the Company's progress as is permitted by the AQSE rules, MAR and the requirements of the relevant legislation.

It should be noted that all the Directors are shareholders and/or option holders in the Company and that both William Potts and Stephen Murphy are founders and significant shareholders. The Directors therefore view their own medium and long-term interests to be integrally linked to the medium and long-term value of the Company and, as such, the interests of the Directors are directly aligned with those of the shareholders.

The Board currently consists of one Independent Non-Executive, Joseph Colliver, and two Executive Directors, William Potts and Stephen Murphy.

The Company has constituted an advisory committee of selected individuals with experience in areas relevant to the business growth, whose remit is to provide strategic input and direction to the Board and to assist with introductions to key counterparties.

The QCA Code sets out ten principles that should be applied. The ten principles, and how the Company adheres to the principles, are set out below:

Principle 1

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

The Company intends to identify, fund and support the building of future companies across two core pillars:

- Identify, fund and support the building of future companies conducting clinical research programs to develop psychedelic drug development and therapeutic treatments; and
- Scaling and growing it's business-to-business media and content platform (PSYCH) for the psychedelic science and healthcare industry.

Principle 2

Seek to understand and meet shareholder needs and expectations

The Board recognises the importance of providing all shareholders with clear and regular information relating to the Company's activities. Primary communications will be through Regulatory Information Service announcements, after review by the AQUIS Corporate Advisor, which will also be made available on the Company's website.

The Board will provide regular updates in relation to the following items, which it considers to be key in managing shareholders' expectations and understanding of how the Company is delivering its strategy:

- Latest investor presentations;
- Up to date technical information and results;
- All annual and half-yearly financial statements;
- All notifications made via a Regulatory Information Service; and
- Results and details of all resolutions voted on at the latest Annual General Meeting.

The Board aims to communicate with shareholders, both private and institutional, on a regular basis and are primarily responsible for shareholder liaison. Investor views will be formally reported back to the Board. Contact details for shareholder communication will be found in the Investor Relations section of the Company's website.

The Board will encourage all shareholders to attend the Company's Annual General Meetings, and understands its importance in allowing shareholders to have open and direct dialogue with management. Shareholders will be given opportunities to ask questions during the Annual General Meeting or to speak informally with the Board following the Annual General Meeting. Where the voting decisions at a general meeting are not in line with the Company's expectations, the Board will engage with those shareholders to understand and address any issues.

The Board believes that the above methods of communication will be sufficient in order to ensure shareholders' needs and expectations are met.

The Company is required under Rule 4.14 of the AQSE Rules to comply with its obligations under the Disclosure Guidance and Transparency Rules and Market Abuse Regulation, and any failure to do so would be a breach of the Company's continuing obligations.

Principle 3

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

The Board is committed to maintaining open and honest relations with all of its stakeholders, both internal and external. The Company's business model and operations will enable the Board to clearly identify the key stakeholders upon which the Company's business will rely, which includes employees, investee companies, consultants, any public or regulatory bodies, as well as shareholders, partners and suppliers.

The Company will endeavour to take account of feedback received from all stakeholders, making amendments to working arrangements and operational plans where this is deemed appropriate and where such amendments are consistent with its longer-term strategy. In addition, the Non-Executive Director will have direct oversight of the implementation of the business strategy and is able to gain feedback on the operations. It is intended that any concerns raised will be reported to the Board.

Ultimate responsibility for ensuring that the Company delivers on its corporate responsibility to its stakeholder's rests with the Board.

Principle 4

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

All members of the Board will be responsible for ensuring that the risks faced by the Company are appropriately managed in order to allow for the execution and delivery of the strategy. When identifying, assessing and managing risks, the Board is assisted by the Audit Committee, with day-to-day risks being monitored and managed by the Executive Directors, with oversight by the Non-Executive Director.

The Board intends for the Company's general risk appetite to be a moderate, balanced one that allows it to maintain appropriate growth and scalability, whilst ensuring regulatory compliance.

From Admission, the Board will have procedures in place for reviewing and evaluating risk. At least six Board meetings are to be held per year, where the members of the Board will review ongoing operational performance, discuss budgets and forecasts and new risks associated with the Company's ongoing operations. This will be to allow for new significant risks and changes to known risks to be identified by the Board and communicated to the Audit Committee as needed.

The Board intends to formally review and document the principal risks to the Company's business within a formal Risk Register at least annually as part of the annual audit process and as noted above these, together with mitigating actions, will be set out in its annual report and accounts.

The Company is implementing a framework of internal financial controls, the effectiveness of which is reviewed by the Audit Committee and the Board.

Principle 5

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

On Admission, the Board will comprise of one Independent Non-Executive and two Executive Directors. The Independent Non-Executive Director will lead the Board in all matters related to corporate governance, with the Executive Directors being responsible for overseeing the Company's business and strategies.

The QCA Code suggests that the board should comprise of a balance of executive and non-executive directors. The QCA Code suggests that independence is a board judgement, but where there are grounds to question the independence of a director, through length of service or otherwise, this must be explained.

The Board considers Joseph Colliver to be an independent Non-Executive member of the Board.

The Board notes it does not have an equal number of Executive and Non-Executive Directors, but considers that its composition and structure from Admission will be appropriate to maintain effective oversight of the Company's activities. As the Company advances with its development activities, the Board will review its structure on at least an annual basis in order to maintain an appropriate corporate governance environment and independent oversight, and consider whether the appointment of additional Directors is required, based on the size and complexity of the Company's operations and investments.

The Board will be updated regularly on the operations by the Executive Directors. Relevant information will be circulated to the Board prior to board and committee meetings. The company secretary is directly accessible by all of the Board's members, who will also be able to take independent professional advice, if needed, in order to perform their duties. Such advice would be taken at the Company's expense. In addition, all of the Board's members will have access to independent professional advice in the furtherance of their duties, at the Company's expense.

The Company will implement effective procedures to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

The Board will be assisted in its duties by the Audit Committee, the Remuneration Committee, the AQSE Rules Compliance Committee, the Executive Committee, and the Psychedelic Medicines Technical Advisory Board.

Principle 6

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

The Board considers that its members have an effective, diverse and appropriate balance of skills and experience, most notably in areas of psychedelics and related research, the running of public companies, M&A activity, capital markets and capital raising.

The Board believes that its members possess the relevant qualifications and skills necessary to effectively oversee and execute the Company's strategy.

The Board can draw on the talents and skills of the Psychedelic Medicines Technical Advisory Board to implement the Company's strategy.

The Executive Directors will update the Board on a regular basis on operational and financial matters, with such relevant information circulated to the Board prior to meetings. The Board's members intend to keep their skillsets up to date through attending industry specific events and by monitoring activity within the sector amongst other things. The Board's members are free to seek advice from their corporate advisers (for example, financial advisors, company secretary, brokers, lawyers and accountants) as needed.

Principle 7

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

Following Admission, the Board recognises the need to put in place an annual performance and effectiveness evaluation process for the Board, its committees and the individual Directors. Due to the early stage in the Company's life-cycle, it is not envisioned that a formal review will take place within the first year post admission.

Succession planning is the responsibility of the Board as a whole and will be reviewed by the Board at least on an annual basis. When considering succession planning, the Board will take into account the skills and experience required as the Company grows and develops.

Principle 8

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

The Board intends to lead by example in its dealings with all its stakeholders. The Board intends to establish a culture of responsible and ethical behaviour and will regularly monitor the Company's cultural environment and seek to address any concerns that may arise. The Board will consider the Company's cultural environment when seeking to recruit staff and additional Directors.

From Admission, the Board intends to monitor conduct and behaviour within the Company to ensure that the ethical values and standards are recognised and respected. The Board is prepared to take appropriate action against unethical behaviour, violation of the Company's policies or misconduct.

Principle 9

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

The Board will meet at least six times per year, either in person or by telephone. Prior to each Board meeting, the Board and its committees will receive relevant and timely information that will be addressed at each meeting, together with a formal meeting agenda. Additional Board meetings may be called as needed, if specific matters need to be considered.

In addition to formal board meetings, the Directors will maintain open and regular communications channels with all Board members and advisors, and provide regular updates on the financial position and activities of the Company. All members of the Board will be responsible for ensuring the success of the Company, while delivering on its strategy.

The Company will be committed to the evolution of its corporate governance in line with best practice, to the extent the members of the Board judge it appropriate considering the size, stage of development and resources. However, at present the Board is satisfied with the Company's corporate governance arrangements to be implemented at Admission and as such there are no specific plans for changes to the Company's corporate governance arrangements in the short-term.

Principle 10

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

From Admission, the Board will strive to ensure that all shareholders are kept up to date on the Company's operations, with clear and transparent information being provided on a regular basis. The Board intends to maintain an active dialogue with institutional and private shareholders, and all material information will be released through notifications made via a Regulatory Information Service, which are also made available on the Company's website.

PSYCH CAPITAL PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2022

When appropriate, a corporate presentation will be prepared that provides more detailed updates on the Company's progress. This will be made available on the Company's website.

Going forward, the Company's website will display:

- Historical annual reports and other governance-related material, including notices of all general meetings over the last five years.

The Company's annual report and accounts will be published together with notice of the Company's annual general meeting. The Company's interim results will be notified via Regulatory Information Service announcements and also made available on the Company's website.

Directors' interests

The beneficial interests of the directors of the Company in the ordinary share capital of the Company were:

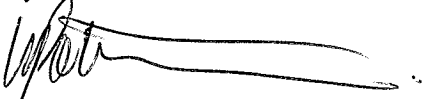
Director	Number of Shares
William Potts	13,400,000
Stephen Murphy directly	7,960,000
Stephen Murphy through Santony Limited	7,340,000
Robert Reid, a former director	13,150,000

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information.

The directors are not aware of any relevant audit information of which the auditors are unaware.

By order of the Board



William Potts
Director

31 October 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 30 APRIL 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Company financial statements in accordance with UK adopted International Financial Reporting Standards ("IFRSs"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AQSE.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs subject to any material departures disclosed and explained in the financial statement year; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdiction.

Independent Auditor's Report to the Members of Psych Capital Plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 April 2022 and of the loss for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Psych Capital Plc (the "Company") for the year ended 30 April 2022 which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

- A critical evaluation of the Directors' assessment of the entity's ability to continue as a going concern, covering the period of at least 12 months from the date of approval of the financial statements by;
 - Evaluating the process the Directors followed to make their assessment, including confirming the assessment and underlying projections were prepared by appropriate individuals with sufficient knowledge of the detailed figures as well as an understanding of the entities markets, strategies and risks. Understanding, challenging and corroborating the key assumptions included in their cash flow forecasts against prior year, our knowledge of the business and industry, and other areas of the audit.
 - Searching through enquiry with the Directors and review of external resources for any key future events that may have been omitted from cash flow forecasts and assessing the impact these could have on future cash flows and cash reserves.
 - Considering the adequacy of the disclosures relating to going concern included within the annual report against the requirements of the accounting standards and consistency of the disclosures against the forecasts and going concern assessment.

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 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.

The directors' assessment of going concern involves a number of highly subjective judgements, therefore, this was accordingly identified as a Key Audit Matter.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be £27,300 based on 2% of Gross Assets per pre-year end management accounts. Materiality was subsequently reviewed based on final results with no amendments being required.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Our level of performance materiality was £20,500.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and Directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £1,400. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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) that 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.

Aside from the going concern key audit matter identified above, we identified the following areas as the key audit matters relevant to our audit of the financial statements.

Key audit matter		How the scope of our audit addressed the key audit matter
Impairment of intangible assets	<p>The Directors perform annual impairment reviews of intangible assets for all cash generating units (CGUs). The estimated recoverable amount of these balances is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows, which form the basis of the value in use calculation and assessment of the carrying value of goodwill and intangible asset values.</p> <p>We have determined as part of our risk assessment that the value in use calculation used in the assessment of carrying value of intangible assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.</p> <p>Key assumptions include revenue, gross margin, and cash flow forecast assumptions.</p> <p>The impairment test is also based on key assumptions in respect of the appropriate discount rates and longer-term growth rates. As a result of the review, management did not identify any impairments.</p>	<p>We assessed management's allocation of assets for each CGU based on our knowledge of the Company and its operations.</p> <p>We reviewed management's assumptions and assessed the achievability of the forecasts included in the impairment model using a number of techniques including a review of post year-end performance.</p> <p>We considered whether the revenue, and where relevant associated costs, used in the value in use calculations was reasonable</p> <p>We benchmarked the key assumptions applied and considered whether these fell within our acceptable ranges.</p> <p>Key observations: Based on the procedures we performed, no issues arose from our work that suggested intangible assets are materially misstated.</p>
Fair value of investments	<p>Investments were considered to be a key audit matter due to the size of the balance.</p>	<p>We considered the ownership and existence of investments as well as the valuations placed on investments at the year end and whether there were any indications of impairment.</p> <p>Our audit procedures in this area also included:</p> <ul style="list-style-type: none"> - assessing compliance with the Company's accounting policy. - verifying ownership to supporting documentation. - assessing the valuation adopted by management. <p>Key observations: Based on the procedures we performed, no issues arose from our work that suggested investments are materially misstated.</p>

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 APRIL 2022

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report 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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Directors' responsibilities statement, 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 is 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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 obtained an understanding of the legal and regulatory frameworks that are applicable to the company and the industry in which it operates. We determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those related to the reporting framework, including UK adopted international accounting standards, and significant regulations relating to the sector in which the company operates are employment and taxation laws and regulations in the jurisdictions in which the Company operates.

- We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.
- We designed our audit procedures to detect irregularities, including fraud. Our procedures included journal entry testing, with a focus on large or unusual transactions based on our knowledge of the business; existence of revenue, enquiries with Company management; and focussed testing as referred to in the Key Audit Matters section above.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

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



Christopher Taylor FCA (Senior Statutory Auditor)

For and on behalf of Adler Shine LLP, Statutory Auditor
Aston House
Cornwall Avenue
London

31 October 2022

Adler Shine LLP is a limited liability partnership registered in England and Wales (with registered number OC301724).

PSYCH CAPITAL PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2022

The Statement of Comprehensive Income of the Company is stated below:

	Note	Year ended 30 April 2022 £
Revenue	3	62,228
Cost of sales		(22,257)
Gross profit		<u>39,971</u>
Administrative expenses	4, 5	(622,445)
Operating loss		<u>(582,474)</u>
Fair value gains on fixed asset investments	9	38,541
Loss on ordinary activities before taxation		<u>(543,933)</u>
Income tax	7	-
Total comprehensive loss for the financial year		<u><u>(543,933)</u></u>
Basic loss per share attributable to owners of the company	8	0.012

The notes on pages 25 to 35 form part of these financial statements.

PSYCH CAPITAL PLC

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 APRIL 2022

Company number: 13351629

The Statement of Financial Position of the Company is stated below:

	Note	As at 30 April 2022 £
Non-current Assets		
Intangible assets	13	387,500
Investments	9	338,542
Total Non-current Assets		<u>726,042</u>
Current Assets		
Cash and cash equivalents	10	322,634
Trade and other receivables	11	150,568
Total Current Assets		<u>473,202</u>
Current Liabilities		
Trade and other payables	12	723,177
Total Liabilities		<u>723,177</u>
Net Current Assets/(Liabilities)		(249,975)
Net Assets		<u>476,067</u>
Equity		
Issued share capital	14	183,333
Share premium		836,667
Retained earnings		(543,933)
Total Equity		<u>476,067</u>

These financial statements were approved and authorised by the Board on 31 October 2022 and signed on its behalf by:

William Potts
Director



The notes on pages 25 to 35 form part of these financial statements.

PSYCH CAPITAL PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2022

	Share capital £	Share premium £	Retained earnings £	Total equity £
Transactions with equity owners				
At incorporation – issue of share capital				
2 ordinary shares at £0.0001 each	-	-	-	-
Ordinary Shares issued				
39,998 shares at £0.0001 each	4	-	-	4
Ordinary Shares issued	183,329	836,667	-	1,019,996
Total comprehensive income				
Total comprehensive income for the year ended 30 April 2022	-	-	(543,933)	(543,933)
As at 30 April 2022	183,333	836,667	(543,933)	476,067

The notes on pages 25 to 35 form part of these financial statements.

PSYCH CAPITAL PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2022

The Statement of Cash Flows of the Company is as follows:

	Note	Year ended 30 April 2022 £
Cash flows from operating activities		
Loss before tax		(543,933)
<i>Adjusted for:</i>		
Fair value gain on investments	9	(38,541)
Amortisation of intangible assets	13	62,500
(Increase) in trade and other receivables	11	(150,568)
Increase in trade and other payables	12	273,177
Net cash used in operating activities		<u>(397,365)</u>
Cash flows from investing activities		
Purchase of investments	9	(240,001)
Net cash used in investing activities		<u>(240,001)</u>
Cash flows from financing activities		
Proceeds from the issue of shares	14	960,000
Net cash generated from financing activities		<u>960,000</u>
Net increase in cash and cash equivalents		322,634
Cash and cash equivalents at beginning of year		-
Cash and cash equivalents at end of year		<u><u>322,634</u></u>

The notes on pages 25 to 35 form part of these financial statements.

1 General information

The Company was incorporated on 22 April 2021 as Psych Capital Plc in England and Wales with Registered Number 13351629 under the Companies Act 2006.

The principal activity of the business will be to identify, fund and build future leaders in psychedelic science and healthcare, with a focus in UK and Europe.

The registered address of the Company is 17 Hanover Square, London, England, W1S 1BN.

2 Accounting policies

2.1 Basis of preparation

The Company's financial statements have been prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention and using the measurement bases specified by IFRS for each type of asset, liability, income, and expense. The measurement bases are more fully described in the accounting policies below.

The financial statements are presented in Sterling, which is the Company's functional and presentational currency and has been prepared under the historical cost convention.

New and amended standards

The Company has adopted all the new and amended standards and interpretations issued by the International Accounting Standards Board that are relevant to its operations and effective for accounting years commencing on or after 1 May 2021.

There are no new standards issued but not yet effective that are considered to have a material impact on the Company.

2.2 Critical accounting estimates and judgements

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Investments

The Company holds investments that have been designated at fair value through profit or loss on initial recognition. The Company determines the fair value of these financial instruments by reference to quoted market prices. Due to the illiquid nature of certain markets, the Company may or may not be able to realise the full market value of the investments should a decision be taken to dispose of them.

Intangible assets

The Company is required to test, on an annual basis, whether 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. Changes in the assumptions would provide different outcomes but none of the scenarios applied would result in any impairment of the intangible assets.

2.3 Going concern

The financial statements have been prepared on a going concern basis. In June 2022, the Company listed on the Aquis Stock Exchange Growth Market and raised gross proceeds of £810,000. This, together with the existing cash resources, ensures the Directors have a reasonable expectation that the Company will have to access adequate resources to continue in operational existence for the foreseeable future.

2.4 Revenue recognition

Revenue represents amounts receivable for goods and services provided in the normal course of business, and excludes intragroup sales, Value Added Tax and trade discounts. Revenue to date comprises of sponsorship income derived from the PSYCH report which is recognised upon the publication of the report.

2.5 Intangible fixed assets

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably, the asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Amortisation is charged on a straight-line basis through the profit or loss. The rates applicable, which represent the Directors' best estimate of the useful economic life, are:

PSYCH Platform and related assets – 6 years.

2.6 Investments

Investments are accounted for at cost less impairment. An impairment review of investments is conducted annually, and any resulting impairment loss is measured and recognised on a consistent basis.

2.7 Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities are offset if there is a legally enforceable right to set off the recognised amounts and interests and it is intended to settle on a net basis.

Financial assets

The Company classifies its financial assets at fair value through profit or loss.

Financial assets designated at fair value through the profit or loss are those that have been designated by management upon initial recognition. Management designated the financial assets, comprising equity shares at fair value through profit or loss upon initial recognition due to these assets being part of the Company's financial assets, which are managed and their performance evaluated on a fair value basis.

Financial assets at fair value through the profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in "Fair valuation movements in financial assets designated at fair value through profit or loss".

Financial assets, comprising equity shares and warrants, are valued in accordance with the International Private Equity and Venture Capital ("IPEVC") guidelines.

Quoted investments: such investments are valued using the quoted market price, discounted if the shares are subject to any particular restrictions or are significant in relation to the issued share capital of a small quoted company.

At each balance sheet date, a review of impairment in value is undertaken by reference to funding, investment or offers in progress after the balance sheet date and provisions is made accordingly where the impairment in value is recognised.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

2.9 Trade and other receivables

Trade and other receivables are recognised initially at their fair value. There is no material variance between book and fair values.

2.10 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accruals and accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value There is no material variance between book and fair values.

2.11 Share capital and share premium

Ordinary shares are classified as equity in share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity, as a deduction, net of tax, from the proceeds provided there is sufficient premium available. Should sufficient premium not be available placing costs are recognised in the Statement of Comprehensive Income.

2.12 Reserves

The retained earnings reserve includes retained profits since the Company's incorporation on 22 April 2021.

2.13 Dividends

No dividend has been declared or paid by the Company during the year ended 30 April 2022 (2021: NIL).

2.14 Financial risk management

The Company's activities expose it to credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Credit Risk

Credit risk arises from cash and cash equivalents as well as outstanding receivables. Management does not expect any losses from non-performance of these receivables.

The Company considers the credit ratings of banks in which it holds funds, in order to reduce exposure to credit risk.

Liquidity Risk

In keeping with similar sized investment companies, the Company's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital or debt. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed and the Board regularly manage the working capital requirements of the Company. The Company have very little committed expenditure and as such the Board is able to manage its payments to ensure adequate liquid resources are available.

Price Risk

The Company's management of price risk, which arises primarily from quoted equity instruments, is through the selection of financial assets within specified limits as approved by the Board of Directors.

For quoted equity securities, the market risk variable is deemed to be the market price itself. A 10% change in the price of those investments would have a direct impact on the statement of comprehensive income and statement of financial position. At 30 April 2022, the effect of such a change in market price would have been approximately £34,000.

Foreign Exchange Risk

The Company's holds a Canadian Dollar denominated investment valued at £338,541 at 30 April 2022, exposes the Company to the risk that the exchange rate of the Canadian Dollar against the pound will change in a manner which adversely impacts the Company's net profit and net assets attributable to shareholders. A 10% increase in the Canadian Dollar exchange rate against the pound would result in an increase in fair value of the investment of approximately £34,000. A 10% decrease in exchange rates against the pound would have an equal and opposite effect.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to both enable the Company to continue its investment activities, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the issue of shares or sell assets to reduce debts.

The Company defines capital based on the total equity of the Company. The Company monitors its level of cash resources available against future planned operational activities and the Company may issue new shares in order to raise further funds from time to time.

2.15 Taxation

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the United Kingdom. Management yearly evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022

3 Revenue

	2022
	£
Revenue arises from the following streams:	
Revenues from sponsorship of the PSYCH Report	62,228
	<u>62,228</u>

	2022
	£
Sales by geographic area:	
Rest of World	32,719
United Kingdom	15,170
Europe	10,863
United States of America	3,476
	<u>62,228</u>

4 Expenses by nature

	2022
	£
Consultancy fees	177,438
Advertising and marketing	79,602
Audit and accountancy	17,988
Legal and professional fees	14,291
Advisor fees for AQSE application	107,510
Amortisation of intangible assets	62,500

Consultancy fees includes:

R Reid (a shareholder) was paid £23,200 for consulting services via RPR Advisory Limited after he was no longer a director

J Colliver was paid £5,250 for consulting services via Colliver Advisory Limited during the year

5 Auditor's remuneration

Fees payable to the Company's auditor and in respect of:	2022
	£
Audit of financial statements	12,500

There were no fees payable to the Company's auditor for non-audit services.

6 Employees and directors' remuneration

The average number of employees for the Company in the year was three, being the three directors.

Directors' emoluments

	Salary/Fees/ Benefits	Share- based payment	Total Emoluments	2021
	£	£	£	£
W Potts	30,000	Nil	30,000	Nil
S Murphy	20,000	Nil	20,000	Nil
N Ragoonanthun	27,500	Nil	27,500	Nil
R Reid	Nil	Nil	Nil	Nil

£4,000 of S Murphy's Fees were paid to Santony Limited, a company which he controls.

£4,000 of S Murphy's Fees were paid to Neaufort Limited, a company which is the accountant to Santony Limited.

£27,500 of N Ragoonanthun's Fees were paid to RSVN Associates, a company which she controls.

7 Income tax expense

	2022
	£
Current tax	-
Deferred tax	-
Income tax expense	-

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate to the profits and losses of the Company as follows:

	2022
	£
Loss before tax	(543,933)
Tax calculated at the rate applicable to loss (19%)	(103,347)
Tax losses for which no deferred tax asset was recognised	103,347
Tax charge	-

Factors affecting future tax charges

On 24 May 2021, the Government enacted that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022

8 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. The Company is loss making for the year presented in these financial statements, therefore diluted earnings per share has not been presented.

	2022
	£
Loss attributable to equity holders of the Company	543,933
Weighted average number of ordinary shares in issue	45,397,485
Loss per share (£)	0.012

9 Investments

	2022
	£
Fair value movements in investments	38,541
Fair valuation movements in financial assets designated at fair value through profit or loss	38,541

	2022
	£
Additions to level 1 investments	300,000
Net fair value (loss)/gain for the year	38,541
Acquisition of Blossom Labs Limited	1
At 30 April 2022	338,542

On 11 June 2021, the Company purchased 426,000 shares in Awakn Life Sciences Corp, a Canadian biotechnology company listed on the NEO Exchange and OTCQB markets. The shares were purchased from the Company's directors, William Potts, Stephen Murphy and Rob Reid, in equal tranches of 142,000 shares for £100,000 each.

On 12 January 2022, Psych Capital Plc acquired 100% of the share capital (one Ordinary Share) of Blossom Labs Limited for £1. Blossom Labs Limited is a company registered in the United Kingdom with company number 12661129. Blossom Labs Limited did not trade during the year to 30 April 2022.

10 Cash and cash equivalents

	2022
	£
Cash	322,634
Total	322,634

11 Trade and other receivables

	2022
	£
Other receivables	96,966
Prepayments	30,528
Trade receivables	23,074
Total	150,568

12 Trade and other payables

	2022
	£
Other payables	475,000
Deferred revenue & accruals	147,126
Trade payables	101,051
Total	723,177

Included in other payables is an outstanding balance of £450,000 relating to the acquisition of an intangible asset during the year, and £25,000 relating to consulting services which were to be part satisfied through the issue of shares. Shares were issued to settle both these liabilities post-year end, on the Company's Admission to AQSE.

13 Intangible fixed assets

	Software	Total
	£	£
Cost		
Additions	450,000	450,000
At 30 April 2022	450,000	450,000
Amortisation		
Amortisation charge	62,500	62,500
At 30 April 2022	62,500	62,500
Net book value		
At 30 April 2022	387,500	387,500

The intangible asset acquired on 01 July 2021 relates to the intellectual property relating to the Psych platform, including trademarks, CRM database, designs and digital properties including domains.

14 Share capital and share premium

	Number of ordinary shares	Share capital £	Share premium £	Total £
At incorporation of £0.0001 each	2	-	-	-
Ordinary shares issued at £0.0001 each	39,998	4	-	4
Total shares at £0.0001 each	40,000	4	-	4
Share consolidation:				
40,000 shares at £0.0001 each consolidated into				
4,000 shares at £0.001 each	4,000	4	-	4
Total shares at £0.001 each	4,000	4	-	4
Ordinary shares issued at £0.001 each	49,996,000	49,996	-	49,996
Ordinary shares issued at £0.005 (of £0.001 each)	100,000,000	100,000	400,000	500,000
Ordinary shares issued at £0.015 (of £0.001 each)	33,333,335	33,333	436,667	470,000
At 30 April 2022	183,333,335	183,333	836,667	1,020,000

The authorised share capital of the Company is £5,000,000; being 5,000,000,000 ordinary shares at a nominal value of £0.001.

On incorporation, the Company issued 2 ordinary shares of £0.0001 nominal value.

On 29 April 2021, the Company issued 39,998 ordinary shares at £0.0001 nominal value, and immediately consolidated the 40,000 shares of £0.0001 in issue into 4,000 shares at £0.001 each.

On 13 May 2021, the Company issued 49,996,000 new ordinary shares at £0.001 per share.

On 14 June 2021, the Company issued a further 100,000,000 ordinary shares of £0.001 nominal value at £0.005.

On 23 August 2021 the Company issued a further 33,333,335 ordinary shares of £0.001 nominal value at £0.015. Transaction costs of £30,000 have been offset against the share premium associated with this share issue.

15 Financial instruments**Categories of financial assets and liabilities**

The following tables set out the categories of financial instruments held by the Company:

Financial assets	Note	Loans and receivables
		2022 £
Trade and other receivables	11	150,568
Cash and cash equivalents	10	322,634
		<u>473,202</u>

	Note	Designated upon initial recognition		Total
		Held for trading	Fair value through profit or loss	
		£	£	£
At 30 April 2022				
Investments	9	-	338,542	338,542
Total financial assets		<u>-</u>	<u>338,542</u>	<u>338,542</u>

Financial liabilities	Note	Financial liabilities measured at amortised cost
		2022 £
Trade and other payables	12	(723,177)
		<u>(723,177)</u>

16 Controlling party

The directors consider that as at 30 April 2022 there was no controlling party.

At the date these accounts were approved, Prohibition Holdings Limited was considered to be the controlling party.

17 Related party transactions

At 30 April 2022 the company was owed £62,228 by, and owed £45,302 to PP Intelligence Limited, a company of which S Murphy is the sole director.

The company paid Pistol Studio Limited £8,138 of S Murphy's expenses.

The company paid £8,400 for administrative support services to a close family member of W Potts.

On 11 June 2021, the Company purchased 426,000 shares in Awakn Life Sciences Corp, a Canadian biotechnology company listed on the NEO Exchange and OTCQB markets. The shares were purchased from the Company's directors, William Potts, Stephen Murphy and Rob Reid, in equally tranches of 142,000 shares for £100,000 each.

On 11 June 2021, the Company purchased the Psych platform for a total consideration of £450,000 from Prohibition Holdings Limited, a company in which Stephen Murphy is also a director and Rob Reid was a director until 20 April 2021.

18 Events after the reporting date

On 23 May 2022, the Company granted 31,835,832 share options to 10 of its directors, senior management, and advisors. The options are exercisable upon a successful Admission to AQSE and lapse after two years from this date.

On 9 June 2022, the Company admitted its shares to trading on the AQSE Growth Market. The Company raised gross proceeds of £810,000 from the issue and allotment of 16,200,000 Placing Shares, taking the total number of shares to 290,033,335.